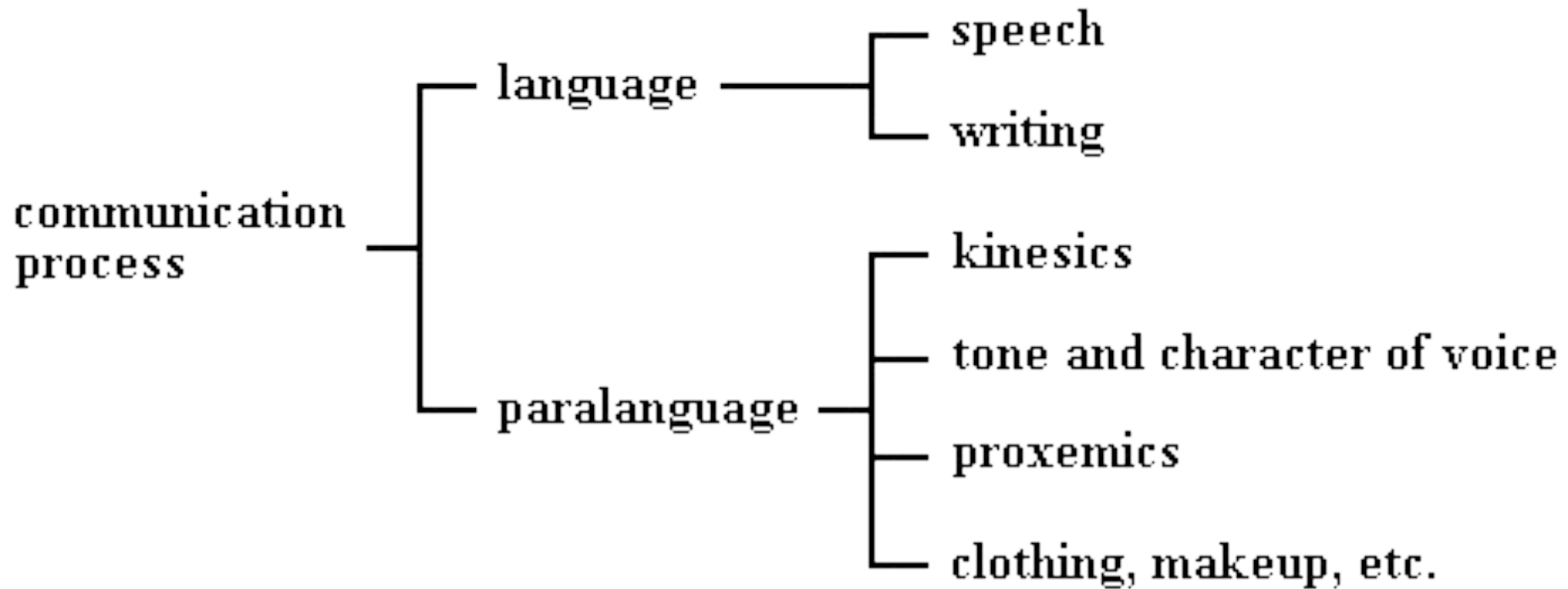


# **Cross-cultural business behavior**

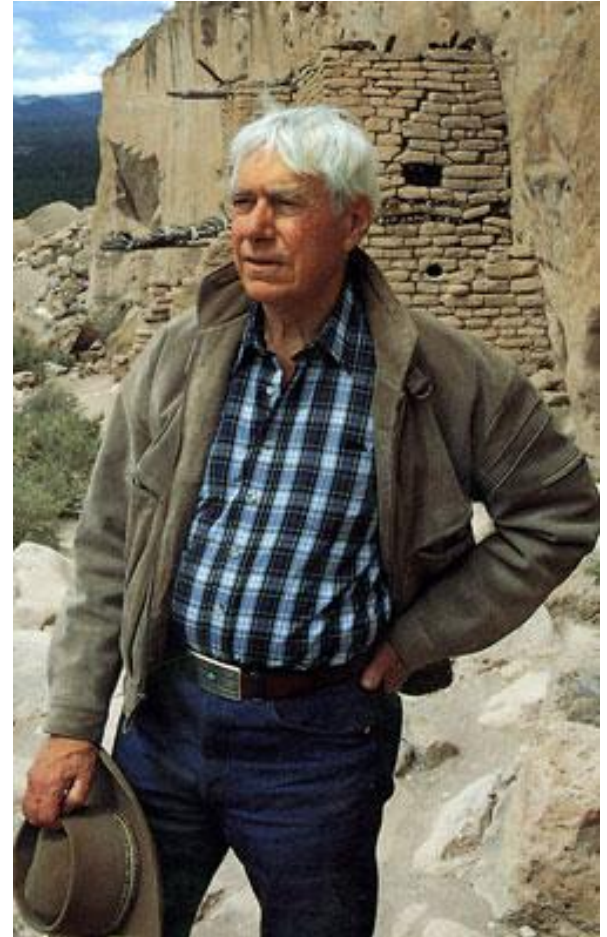
PART 1

# Communication process



# High vs. Low Context Cultures

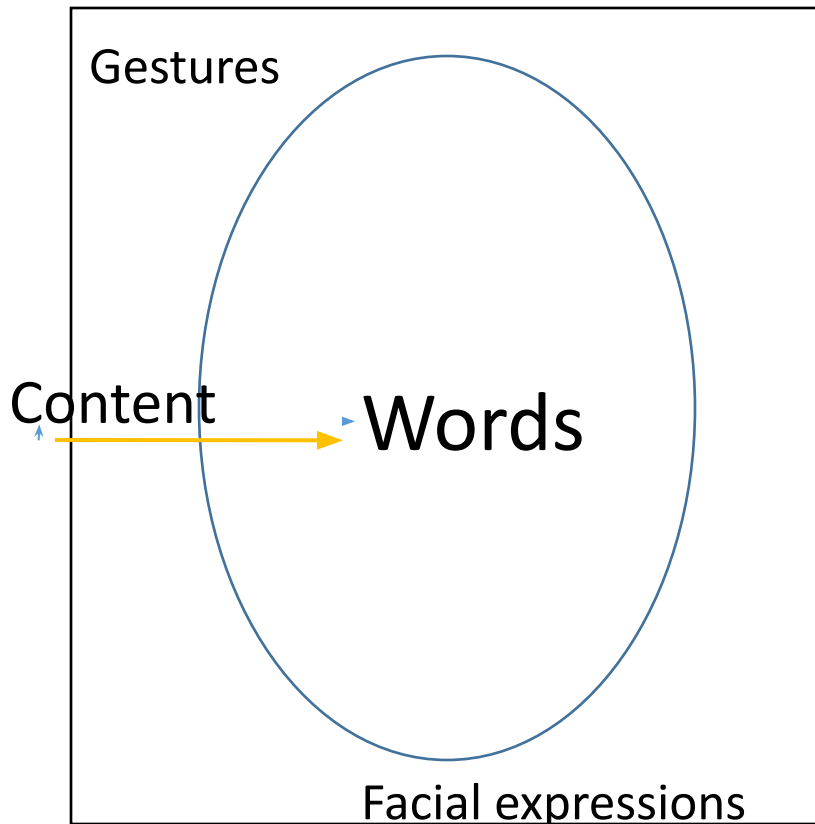
Edward Hall <http://edwardthall.com/>



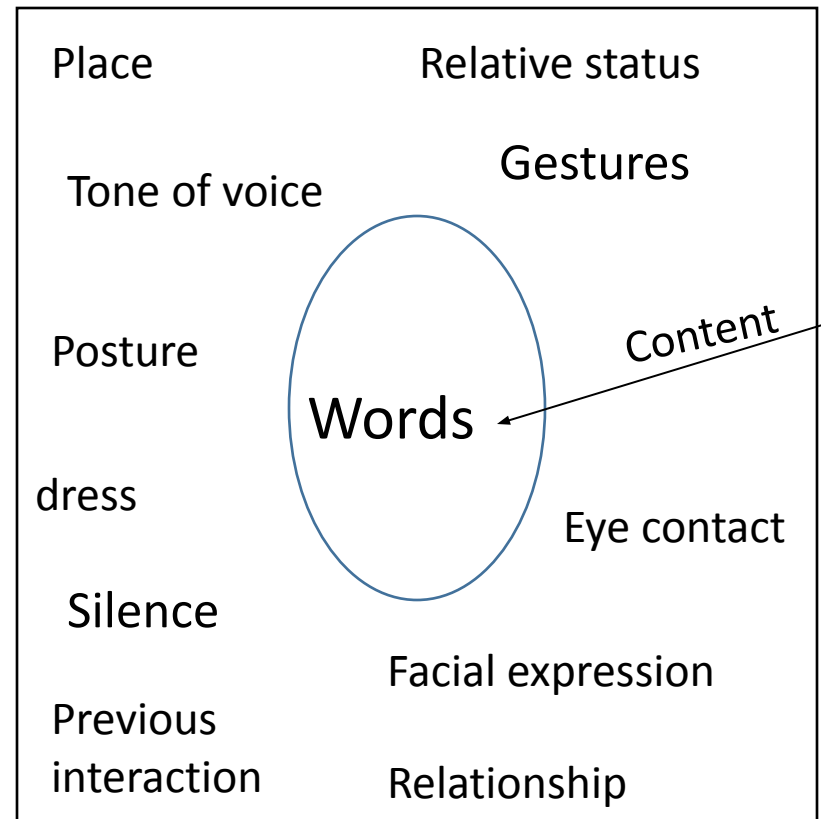
- **Low-Context cultures:** What is said is precisely what is meant
  - Messages are explicit
  - Words carry most of the information in communication
- **High-Context cultures:** The context of the message— the message source, his or her standing in society or in the negotiating group, level of expertise, tone of voice, and body language—are all meaningful
  - Less information is contained in the verbal part of the message
  - More information resides in the context of communication (background, associations, basic values of communicators)

# Communication Context

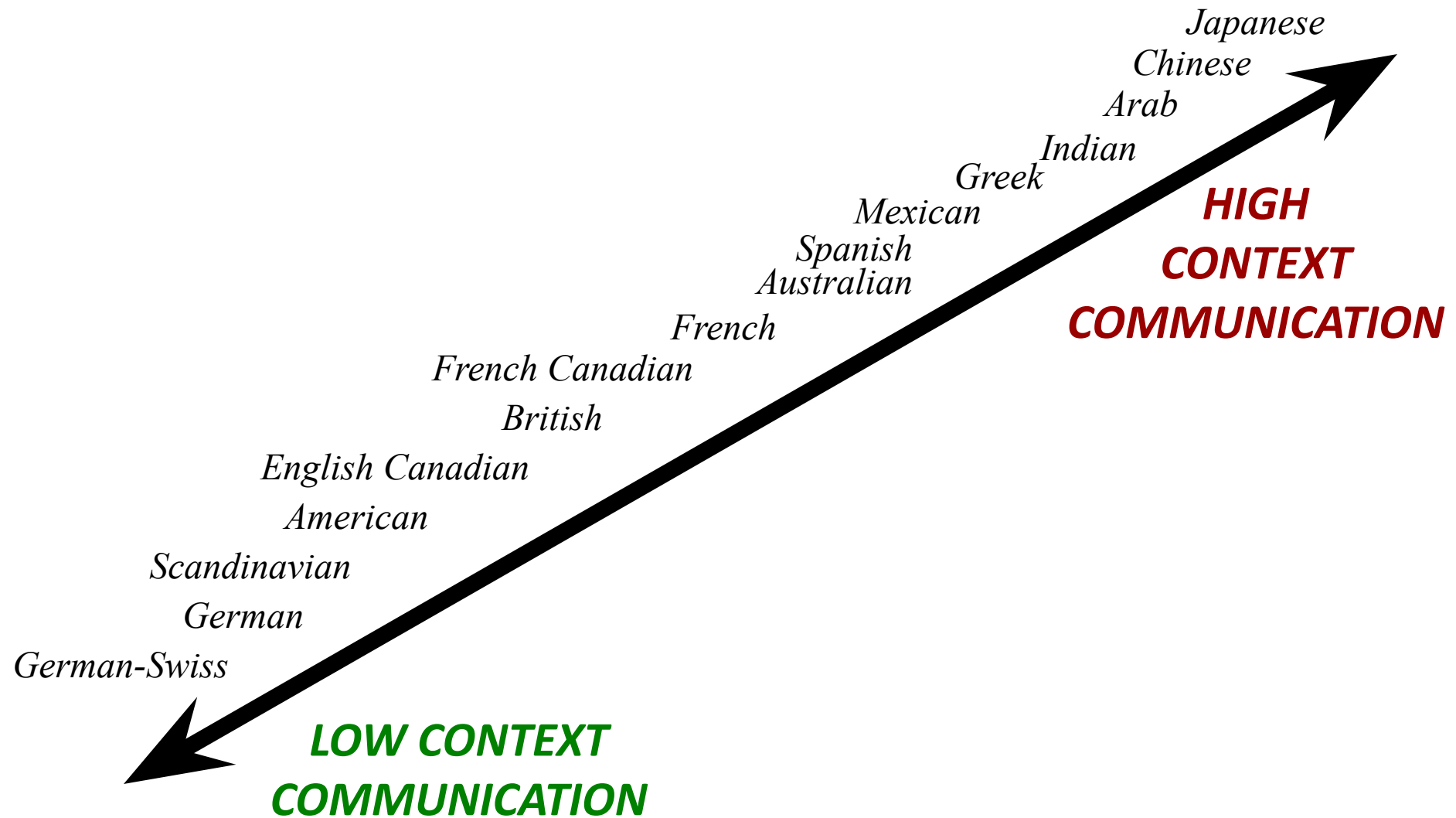
Communication in a  
LOW-context culture



Communication in a  
HIGH-context culture



# Cultural Communication Context



# Space

Space is organized and perceived differently in cultures.

Space has the function of giving order, organization and even clues about the social position of an individual.

There exist several boundaries around us.

Innermost the physical boundary of our body,  
outermost our “territorial border”.

Any border beside the physical border is individually perceived and chosen and shaped by culture.

Violating or accepting the borders is communication.

# Monochronic/Polychronic Cultures

## Monochronic People

- do one thing at a time
- concentrate on the job
- are committed to the job
- are accustomed to short-term relationships

## Polychronic People

- do many things at once
- are highly distractible
- are committed to people
- tend to build lifetime relationships





## Chronomics—Country Comparison with Differing Time Orientation Systems

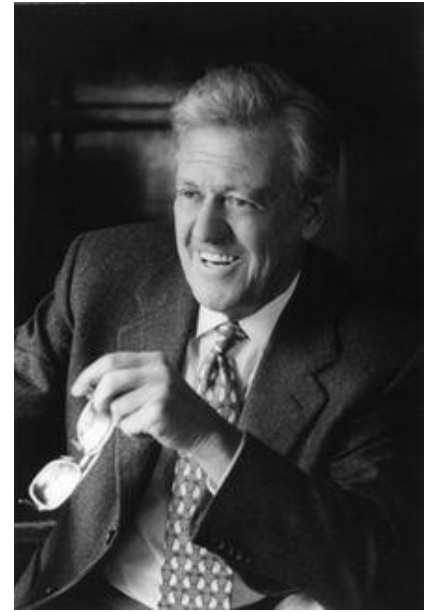
### Monochronic

- Germany
- Canada
- Switzerland
- Australia
- United States
- Scandinavia

### Polychronic

- Saudi Arabia
- France
- Egypt
- Greece
- Mexico
- Philippines

# Richard D. Lewis



- **Richard Donald Lewis (born 1930) is a British polyglot, cross-cultural communication consultant, and author.**
- **He claims to speak 11 languages (English, French, Spanish, Italian, Portuguese, German, Swedish, Danish, Norwegian, Finnish and Japanese).**
- “When Teams Collide: Managing the International Team Successfully” (2012)
- “When Cultures Collide: Leading across Cultures” (2006, 1999, 1996)
- “The Cultural Imperative: Global Trends in the 21st Century” (2007, 2003)

# Richard R. Gesteland



- Author of the Copenhagen Business School Press best-seller *Cross-Cultural Business Behavior* (5th edition 2012), cited in *Harvard Business Review*, with German, Russian, Chinese, Polish, Lithuanian, Swedish and India editions.
- Richard's articles on international negotiating have appeared in the *Asian Wall Street Journal*, *Chief Executive Asia*, *Foreign Trade*, *Purchasing Executives Journal*, *Singapore Economic Journal*, *China Online* and many other publications.

## ***Two Iron Rules of International Business***

Why is a thorough knowledge of international business customs and practices especially important for people involved in international sales and marketing? It's because of Iron Rule # 1:

- In International Business, the Seller Adapts to the Buyer.

- In International Business, the Visitor Is Expected to Observe Local Customs.

The Chinese proverb *Ru xiang, sui su* says the same thing with fewer words: “Enter village, follow customs.” Is this just another way of saying, “When in Rome, do as the Romans do?” No. I disagree with that old saw. My advice is not to mimic or copy local behavior. Instead, just be yourself. But of course, ‘being yourself’ includes being aware of local sensitivities and honoring local customs, habits and traditions.

# Patterns of cross-cultural business behavior

– Deal-Focus vs. Relationship-Focus

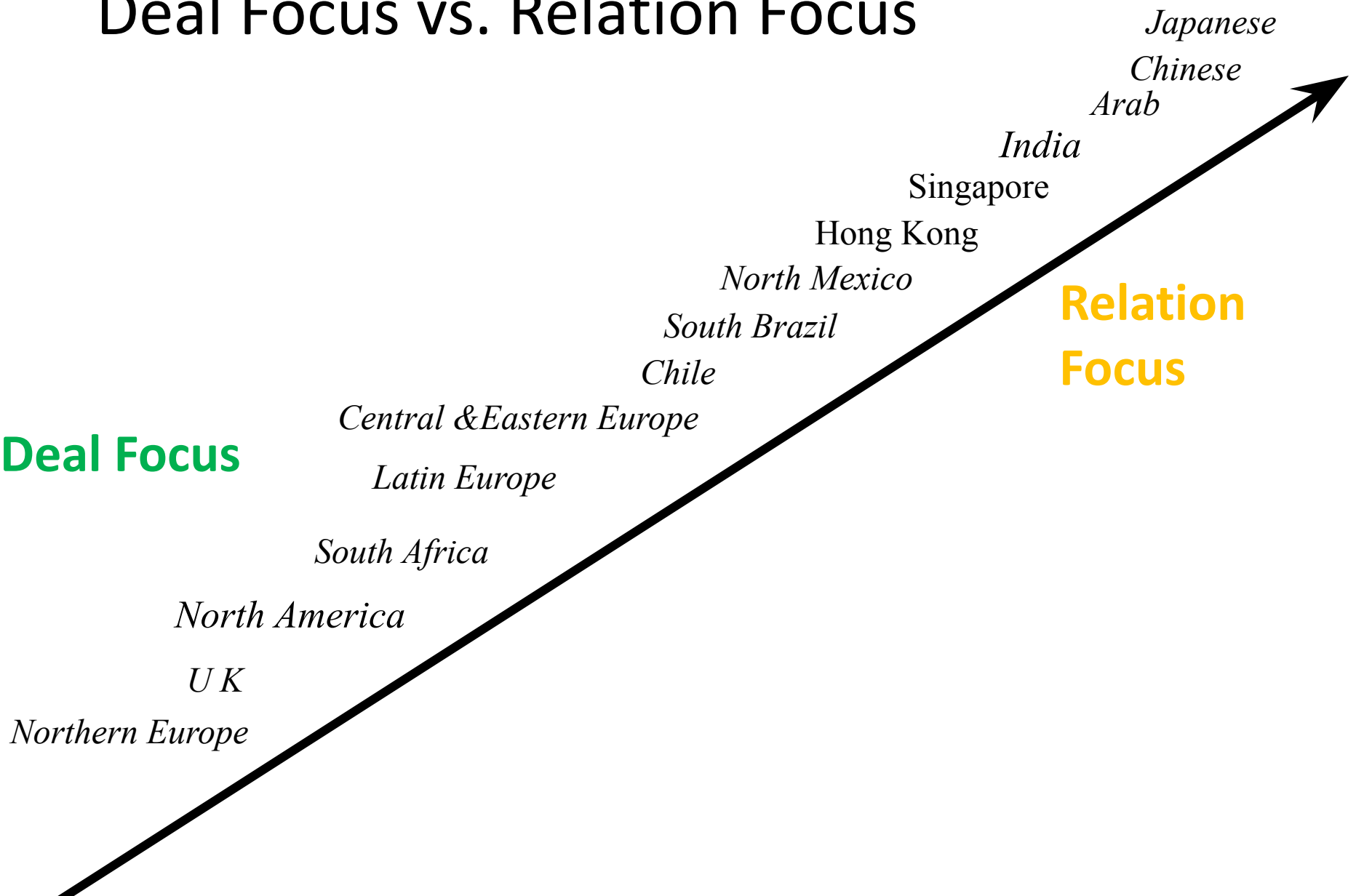
This is the ‘Great Divide’ between business cultures all over the world. Deal-focused (DF) people are fundamentally task-oriented, while relationship-focused folks are more people-oriented. Of course, relationships are important in business everywhere. It’s a question of degree. But deal-focused people need to know for example that in RF cultures you need to develop rapport *before* talking business.

Conflicts often arise when deal-focused marketers who are unaware of this fundamental difference try to do business with prospects in relationship-focused markets. Many RF people find DF types pushy, aggressive and offensively blunt. In return, DF types sometimes consider their RF counterparts dilatory, vague and inscrutable.

# Deal Focus vs. Relation Focus

**Deal Focus**

**Relation Focus**





– Informal vs. Formal Cultures

Problems also occur when informal business travelers from relatively egalitarian cultures cross paths with more formal counterparts from hierarchical societies. Breezy informality offends high-status people from hierarchical cultures, just as the status-consciousness of formal people may offend the egalitarian sensibilities of informal folks.

## – Rigid-Time vs. Fluid-Time Cultures

One group of the world's societies worships the clock. The other group is more relaxed about time and scheduling, focusing instead on the people around them. Conflicts arise because some rigid-time visitors regard their fluid-time brothers and sisters as lazy, undisciplined and rude, while the latter often regard the former as arrogant martinetts enslaved by clocks and arbitrary deadlines.

– Emotionally Expressive vs. Emotionally Reserved Cultures

Emotionally expressive people communicate differently from their more reserved counterparts. This is true whether they are communicating verbally, paraverbally or nonverbally. The resulting confusion can spoil our best efforts to market, sell, source, negotiate or manage people across cultures. The expressive/reserved divide creates a major communication gap, one largely unexplored in most books on international business.

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

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



# Doing Business In India



- Indians have a special and unique culture that varies considerably from those of East Asia. Their communicative style is more loquacious than the Chinese, Japanese and Korean, and they are as dialogue-oriented as most Latins.
- They make little attempt to conceal their feelings—joy, disappointment and grief are expressed without inhibition.
- Indians accept a hierarchical system with its obligations and duties.
- Nepotism is way of life in traditional Indian companies. Family members hold key positions and work in close unison.

# Communication Pattern

- Indians are fairly tactile, but a certain restraint is visible regarding closeness in public. Women are clearly subordinate to men.
- The language of the Indian manager emphasizes the collective nature of the task and challenge.

# Cultural Differences Explained

## Low Context Cultures **U.S.**

- Priority = Fact
- Value independence, individuality
- Compartmentalization; separation of work from personal life
- Results-oriented
- Communication is explicit; verbal or written

## High Context Cultures **India**

- Priority = Harmony
- Value interdependence, group orientation
- Holistic; including work and personal life, interconnected
- Process-Oriented
- Communication is implicit; often non-verbal



## American Norm

- “Yes” means “Yes.” It’s like a verbal contract.
- “Maybe” means “It might be possible for me to do it, I’m not sure but I’ll try.”
- “No” means “No.”

## Indian Norm

- To save face and not be disagreeable, “Yes” may mean “Yes, I will try.”
- Maybe = No, much of the time. It’s less harsh than “No.”
- “An absence of “Yes” may mean “No.”

**Bureaucratic Red Tape.** Regulatory obstructionism provides one of the toughest obstacles for foreigners trying to do business in the world's second most populous country.

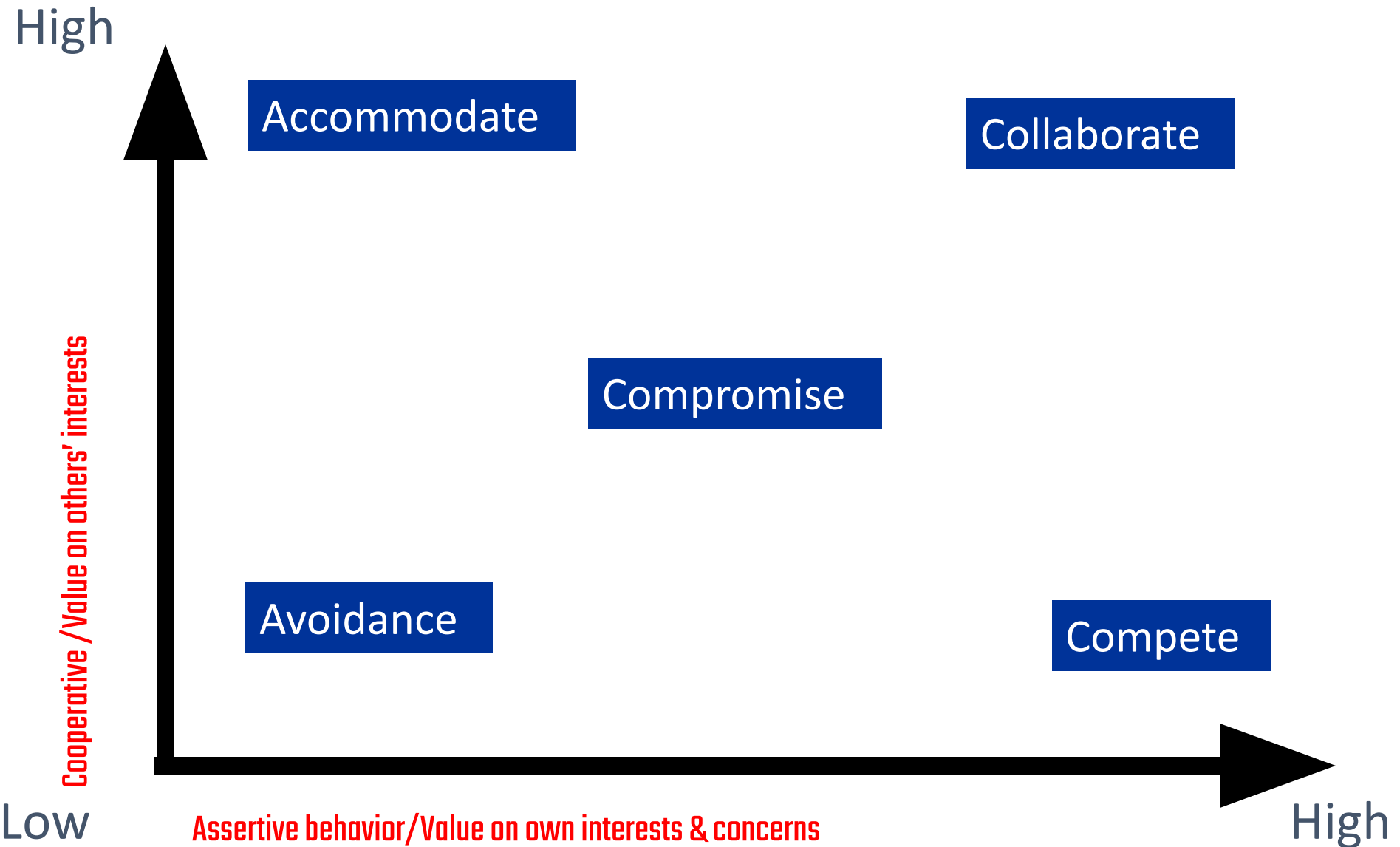
Any Old India Hand will tell you that there are three keys to success in this enormous market. One is patience. Another is the right local partner. And the third is a basic grasp of the business customs and practices.

## Build Relationships

- ❑ Relationship development is the key to success
  - ✓ (especially in high-context cultures)
- ❑ If possible, establish face-to-face meetings
  - ✓ Video conferencing
- ❑ Make small talk before you start to talk about work
  - ✓ Exchange some personal information
- ❑ Building a relationship establishes trust

**Negotiating Behavior.** Once you have built a comfortable relationship with your local counterpart the negotiation process can begin. Be prepared for a tough, drawn-out bargaining session. Indian business people are often real experts at bazaar haggling, so remember to build some fat into your opening position.

# Conflict/Negotiation Style



# Conflict/Negotiation Style

High

Indian Focus

Accommodate

Western Focus -

Collaborate<sup>2</sup>

Compromise

Indian Focus -

Avoidance<sup>2</sup>

Western Focus -1

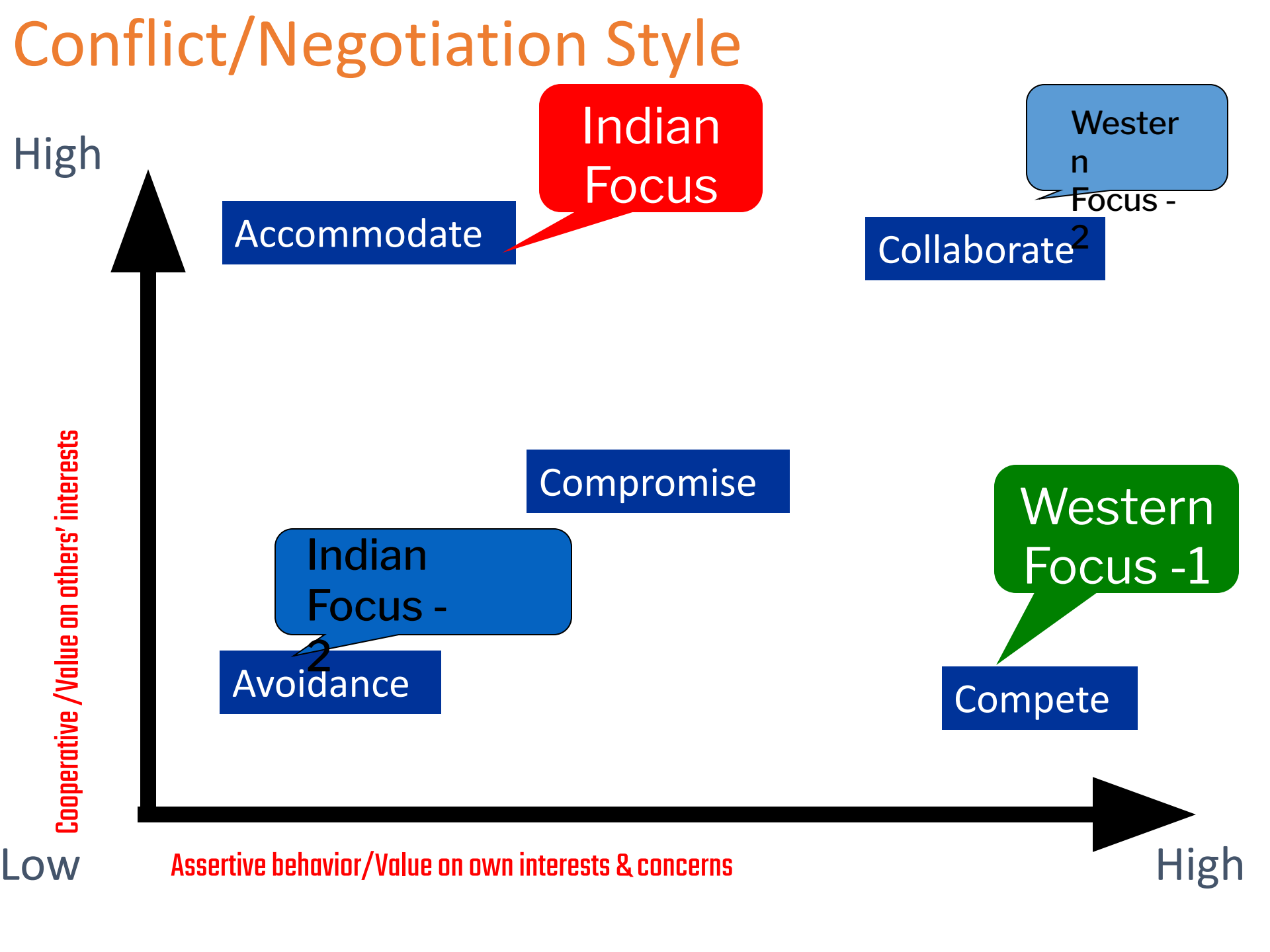
Compete

Cooperative / Value on others' interests

Assertive behavior / Value on own interests & concerns

Low

High



# Indian Working Practices

- Indians appreciate punctuality but may not reciprocate it. Try to be flexible.
- Make business appointments in the late morning or early afternoon, ideally between the hours of 11am and 4pm.
- Deadlines should not be rushed! Making decisions is often a slow and thoughtful process in Indian culture. Showing impatience is seen as rude and disrespectful.

# Behavior

- Never touch someone else's head. The head is considered the seat of the soul.
- Be careful with your feet. Feet are considered unclean. Never point your feet at a person. If your shoes or feet touch another person, apologize.
- Gifts are not opened in the presence of the giver.
- Business lunches are more popular than dinners. Keep in mind, Hindus do not eat beef.



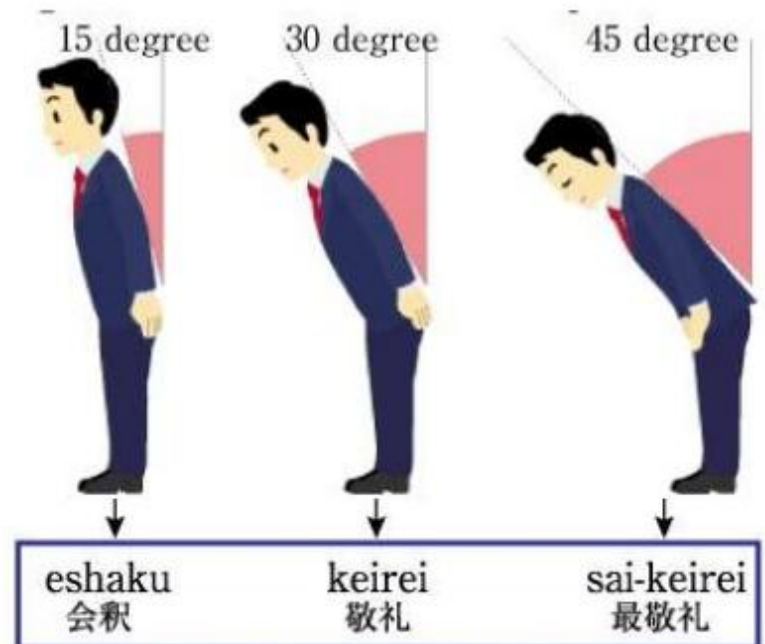
# **Group B: Relationship-Focused – Formal – Monochronic – Emotionally Reserved**

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

# Japan



## Bowing



# Doing business with Japanese

**Relationship First.** Developing rapport is an important and time-consuming part of the overall negotiating process. It is essential to get to know your counterparts before starting to discuss business. Socializing over drinks, meals and golf is a good way to build rapport.

**Orientation to Time.** Japanese value punctuality and strict adherence to schedules and expect the same of their foreign counterparts, especially potential suppliers.

**Hierarchy, Status, and Respect.** Younger, subordinate individuals are expected to defer to older, higher-ranking persons. Since few women have reached positions of authority in this traditional, hierarchical society, most men are not used to dealing with females on the basis of equality in a business context.

# Doing business with Japanese

**Maintaining Surface Harmony.** Japanese regard open displays of anger or impatience as infantile and offensive. They quickly lose respect for people who cannot retain a calm exterior under stress. Visiting negotiators are advised to avoid open confrontation at all cost.

**Concern with 'Face'.** Face has to do with self-respect, dignity, reputation. You can *lose face* by appearing childish or lacking in self-control, for example by losing your temper. You can cause your counterparts to lose face by expressing sharp disagreement, embarrassing them, criticizing them in public or by showing disrespect in other ways. Causing loss of face can completely disrupt a promising business negotiation.

# Doing business with the Japanese

## *Communication Style*

Reserved and formal while they are getting to know you. Less reliance on written and telephone communication, more emphasis on face-to-face meetings.

**Indirect Verbal Communication.** Japanese negotiators frequently employ indirect, vague, oblique language wherein the meaning is deliberately ambiguous and implicit rather than clear and explicit.

They tend to employ circumlocutions, understatement, silence, and evasive language to avoid offending the other party.

For instance, many Japanese consider it offensive to reply to a request with a blunt 'no'. So a negotiator might answer "We will do our best," or "That will be difficult" instead. The result of this politeness might be confusion on the part of the foreigner; surface harmony has been maintained at the cost of clarity.

Japanese distrust glibness. They use fewer words than people from more expressive cultures, relying more on paraverbal and nonverbal language.

# Doing business with the Japanese

**Nonverbal Communication.** When meeting and greeting, expect a soft handshake. Avoid strong, direct eye contact, which may be misinterpreted as an attempt to intimidate or an indication of outright hostility. A smile may mask disapproval or anger. Body language is very restrained, formal, with small gestures. Avoid arm-waving and other vigorous gestures.

Japan is a low-contact culture. Expect very little touching. Taboo gestures include arm-grabbing and backslapping.

# Doing business with Japanese

## *Negotiation Style*

**Making a Presentation.** Avoid opening with a joke or humorous anecdote. This would show lack of respect for the topic and for the audience. Speak clearly and simply. Avoid using double negatives and convoluted sentences, jargon, slang or unusual words.

Take care not to over-praise your product or company. Instead use testimonials or articles written about your firm. Use visual aids, especially for numbers, and provide copies of the presentation.

# Doing business with the Japanese

**Decision-Making Behavior.** Although things are changing, many Japanese companies still make decisions by consensus. This is a time-consuming process, another reason to be patient at the negotiating table.

**Role of the Contract.** The final written agreement is less important than the strength of the relationship with your counterpart. But put everything in writing anyway. The Japanese side may expect to renegotiate the contract if circumstances change. For some Japanese companies the contract is an expression of intent.

Some Westerners like to hand the other side a draft contract to be used as the outline for the negotiation and then discuss each item point by point. With the Japanese it is better to keep the draft to yourself. Look for areas of agreement before discussing the difficult items. And call in the lawyers only towards the end of the negotiating process, after basic agreement has been reached.



# The following list includes those points most important to remember when negotiating with the Japanese:

- ◆ The Japanese normally negotiate in teams, each member of which has a different specialty.
- ◆ There will be a senior staff member present who will dictate tactics, but he is rarely the one who does the talking. **Each member will ask questions within the field of his or her competence, using the best linguist as the interpreter.**
- ◆ Their questions constitute an information-gathering process only. They are not about to make a decision based on your answers.
- ◆ However strong the team, they will have to refer back to the head office. **Therefore, no decision will be made at the first meeting and probably not at the second.**
- ◆ The second meeting tends to go over the same ground as the first, but the questions will be in more depth.
- ◆ The Japanese are willing to go over the same information many times to avoid later misunderstandings and achieve clarity.

## The following list includes those points most important to remember when negotiating with the Japanese:

- ◆ Their decisions are long-term, for example: **Do we want these people as partners in the future? Do we trust them? Is this the right direction for the company to be heading?**
- ◆ They never say no, never refute entirely another's argument and never break off negotiations as long as harmony prevails.
- ◆ They will cancel a meeting if they think the conditions on which it was set up have changed.
- ◆ Logic and intellectual argument alone cannot sway the Japanese. **They must like you and trust you, otherwise no deal!**

# Avoid

- ◆ Saying “No,” or “It’s impossible” or “We can’t.” **If you disagree, just be silent.**
- ◆ **Pushing documents at them until they are ready.**
- ◆ **Trying to extract decisions from them at meetings. Remember, they have to check with the head office.**