Patterns of Cross-Cultural Business Behavior

Marketing, Negotiating and Managing Across Cultures

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Two Iron Rules of International Business

In International Business,

- the Seller Is Expected to Adapt to the Buyer
- the Visitor Is Expected to Observe Local Customs
THE PATTERNS OF CROSS - CULTURAL BUSINESS BEHAVIOR

1. Deal-Focus vs. Relationship-Focus
2. Informal vs. Formal Cultures
3. Rigid-Time vs. Fluid-Time Cultures
4. Expressive vs. Reserved Cultures
I. Deal-Focus vs. Relationship-Focus

This is the "Great Divide" between business cultures. Deal-focused (DF) people are fundamentally task-oriented while relationship-focused folks are more people-oriented.

Conflicts arise when deal-focused export marketers try to do business with prospects from relationship-focused markets. Many RF people find DF types pushy, aggressive and offensively blunt. In return DF types often consider their RF counterparts dilatory, vague and inscrutable.
## Countries: Deal- and relationship-Focus

<table>
<thead>
<tr>
<th>Deal-focused Cultures:</th>
<th>Moderately Deal-focused:</th>
<th>Relationship-focused:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic and Germanic Europe</td>
<td>Great Britain, South Africa Central and Eastern Europe Caribbean, southern Brazil, northern Mexico Hong Kong, Singapore</td>
<td>The Arab World Most of Africa, Latin America and Asia</td>
</tr>
</tbody>
</table>
MAKING INITIAL CONTACT

• in DF cultures the marketer can make initial contact with the prospective buyer *without any previous relationship or connection*. Having an introduction or referral is helpful but not essential.

• *The Indirect Approach*
  RF firms do not do business with strangers. The proper way to approach someone who doesn't yet know you is to arrange for the right person or organization to introduce you. A third-party introduction bridges the relationship gap between you and the person or company you want to talk to
DEAL FIRST OR ...?

• Getting down to Business

In deal-focused markets you can usually get down to business after just a few minutes of small talk
... OR RELATIONSHIP FIRST?

• Getting to Know Each Other

*building trust and rapport with your customer is important everywhere in the world, not only in relationship-oriented markets. The big difference is that with Arabs, Africans, Latin Americans and most Asians you have to develop that climate of trust before you start talking business. In RF markets, you first make a friend, then you make a deal.*

You Need to Develop a Personal Relationship

The Importance of Face-to-Face Contact
The Role of the Contract

Deal-oriented business people rely on written agreements to prevent misunderstandings and solve problems. U.S. business people in particular tend to take a rather impersonal, legalistic, contract-based approach when disagreements and disputes arise.

Many U.S. companies bring a lengthy draft contract and a lawyer to the negotiating table with them. They then proceed to discuss the proposed agreement clause by clause, consulting the legal adviser every time a question arises.

But it can be counter-productive in RF cultures where business people rely more on personal relationships rather than on lawyers and detailed contracts. In strongly RF markets a better approach is to keep the lawyers in the background until the late stages of the discussions, conferring with them during breaks.
DIRECT VS INDIRECT LANGUAGE

RF and DF business cultures also differ in the way they communicate.

Deal-oriented negotiators tend to value direct, frank, straightforward language, while their relationship-focus counterparts often favour a more indirect, subtle, roundabout style.
Harmony vs. Clarity

It is all a question of priorities. When communicating with others, the priority for DF business people is to be clearly understood: they usually say what they mean and mean what they say. German and Dutch negotiators for example are known for their frank, even blunt language.

RF negotiators in contrast give top priority to maintaining harmony and promoting smooth interpersonal relations. Because preserving harmony within the group is so important, RF people carefully watch what they say and do to avoid embarrassing or offending other people.
Communication and "Face"

In the highly relationship-focused cultures of East and Southeast Asia, both sides lose face when a negotiator on one side of the bargaining table loses his temper.

**Saying It Like It Is vs. Saving Face**

A Dutch or German negotiator will choose his words carefully so that his counterparts will understand exactly what he is saying. He wants no ambiguity, no beating around the bush.

Meanwhile his Arab, Japanese or Indonesian counterparts are choosing their words even more carefully - but for a completely different reason. RF negotiators want to make sure that no one at the meeting will be offended. No rude directness, no crude bluntness, no loss of face.

**The Two Meanings of "Sincerity"**

To English speakers from the deal-centered part of the world, sincerity connotes honesty and frankness. A sincere friend for instance is one who tells you the truth even when that truth happens to be unpleasant.

In contrast, for RF people a sincere friend is one who always shows his willingness to be helpful.
"High-Context" Communication

RF negotiators tend to use indirect language in order to avoid conflict and confrontation. The polite communication of Asians, Arabs, Africans and Latins helps maintain harmony.

The meaning of what they are saying at the bargaining table is often found more in the context surrounding the words rather than in the words themselves.

The U.S. anthropologist Edward T. Hall, guru of cross-cultural communication, coined the useful term "high-context" for these cultures.
"Low-Context" Communication

In contrast, when northern Europeans, North Americans, Australians and New Zealanders speak, more of the meaning is explicit - contained in the words themselves.

A listener is able to understand what they are saying at a business meeting without referring much to the context.

Hall termed these cultures "low-context".
II. Informal vs. Formal Cultures

Formality actually is about status, hierarchies, power and respect.

Whereas informal cultures are supposed to value *status equality*, formal cultures value hierarchies and *status differences*.

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.
Countries: informal - formal

INFORMAL CULTURES
Australia USA Canada
New Zealand
Denmark, Norway, Iceland

FORMAL CULTURES
Most of Europe and Asia
The Mediterranean Region and the Arab World
Latin America
Informal vs. Formal Cultures

People from egalitarian societies are often unaware of the importance of status distinctions in hierarchical cultures.

Nonverbal Ways of Showing Respect

When dealing with government officials in hierarchical countries it is important to show proper respect and deference. This advice is particularly important for Europeans, Americans and Australians negotiating with senior officials in countries with a history of Western colonial domination.

Status Barriers

- People on the lower rungs of the corporate ladder in their own company,
- Young people of either sex,
- Women,
- Men and women of any age involved in international sales and marketing.
III. Rigid-Time vs. Fluid-Time Cultures

One group of the world's societies worships the clock and venerates their Filofaxes. The other group is more relaxed about time and scheduling, focusing instead on the people around them.

Conflict arises 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 martinets enslaved by arbitrary deadlines.
Rigid-Time vs. Fluid-Time Cultures

In rigid-time societies punctuality is critical, schedules are set in concrete, agendas are fixed and business meetings are rarely interrupted. Edward T. Hall invented the term "monochronic" for these clock-obsessed, schedule-worshipping cultures.

In direct contrast are "polychronic" cultures, where people place less emphasis on strict punctuality and are not obsessed with deadlines. Polychronic cultures value loose scheduling as well as business meetings where several meetings-within-meetings may be taking place simultaneously.
## Countries: monochronic - polychronic

<table>
<thead>
<tr>
<th>MONOCHRONIC BUSINESS CULTURES</th>
<th>MODERATELY MONOCHRONIC</th>
<th>POLYCHRONIC BUSINESS CULTURES</th>
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<tbody>
<tr>
<td>Nordic and Germanic Europe</td>
<td>Australia/New Zealand</td>
<td>The Arab World</td>
</tr>
<tr>
<td>North America</td>
<td>Russia and most of East-Central Europe</td>
<td>Most of Africa, Latin America</td>
</tr>
<tr>
<td>Japan</td>
<td>Southern Europe</td>
<td>South and Southeast Asia</td>
</tr>
<tr>
<td></td>
<td>Singapore, Hong Kong, Taiwan, China</td>
<td></td>
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<td></td>
<td>South Korea</td>
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<td></td>
<td>South Africa</td>
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</table>
Rigid-Time vs. Fluid-Time Cultures

Europe: The North/South Divide
Polychronic Culture Shock
Monochronic Culture Shock
Agendas: Fixed vs Flexible

Monochronic meetings tend to follow an agreed outline or agenda. At a typical negotiation in Germany, Switzerland or the Netherlands you can expect that to start off with a few minutes of small talk and then proceed in linear fashion from Item 1 to the last item on the agenda with no major digressions.

In France or Italy however the "warm up" chat is likely to last several times as long. And if there is an agenda at all you may start with Item 5, proceed to Item 2 and then wander off in several different directions at once. Polychronic meetings tend to follow their own inner logic rather than a fixed outline. The important thing is that everyone has his or her say.
Schedules and Deadlines

Some strongly polychronic cultures have an aversion to rigid deadlines.

With counterparts from polychronic cultures it can be a mistake to set rigid deadlines and try to enforce them.
IV. Expressive vs. Reserved Cultures

Expressive people communicate in radically different ways from their more reserved counterparts. This is true whether they are communicating verbally, paraverbally or nonverbally.

The confusion that results from these differences can spoil our best efforts to market, sell, source, negotiate or manage people across cultures. The expressive/reserved divide creates a major communication gap.
Three types of interpersonal communication:

- **Verbal** communication has to do with words and the meaning of words.

- **Paraverbal** language refers to how loudly we speak those words, the meaning of silence and the significance of conversational overlap.

- With **Nonverbal** communication (also called *body language*) we communicate without using any words at all.
## Countries: expressive - reserved

<table>
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<th>VERY EXPRESSIVE CULTURES</th>
<th>VARIABLY EXPRESSIVE CULTURES</th>
<th>RESERVED CULTURES</th>
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<tr>
<td>The Mediterranean Region</td>
<td>USA and Canada</td>
<td>East and Southeast Asia</td>
</tr>
<tr>
<td>Latin Europe</td>
<td>Australia and New Zealand</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>South Asia, Africa</td>
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Paraverbal Negotiating Behavior:

Vocal Volume and Inflection
The Meaning of Silence
Conversational Turntaking vs Conversational Overlap
Conversational behavior across the international bargaining table

**EXPRESSIVE NEGOTIATORS:** Overlapping each other.

1st Speaker: 

2nd Speaker: 

**RESERVED NEGOTIATORS:** Taking turns to avoid overlap.

1st Speaker: 

2nd Speaker: 

**JAPANESE NEGOTIATORS:** Intervals of silence between speakers.

1st Speaker: 

2nd Speaker: 

Nonverbal Negotiating Behaviour

PROXEMICS: Spatial Behaviour, Interpersonal Distance.

HAPTICS: Touch Behaviour.

OCULESICS: Gaze Behaviour, Eye Contact.

KINESICS: Body Movement, Gestures.
Distance Behaviour: The Use of Space

CLOSE: 20 to 35 cms (8 to 14 inches)

- The Arab World
- The Mediterranean Region
- Latin Europe, Latin America

DISTANT: 40 to 60 cms

- Most Asians
- Northern, Central and Eastern Europeans
- North Americans
Touch Behaviour

**HIGH CONTACT CULTURES**
- The Arab World and Mediterranean Region
- Latin Europe and Latin America

**VARIABLE CONTACT**
- Eastern Europe, North America, Australia

**LOW CONTACT CULTURES**
- Most of Asia
- UK and Northern Europe
<table>
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<th>INTENSE EYE CONTACT</th>
<th>FIRM</th>
<th>INDIRECT EYE CONTACT</th>
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