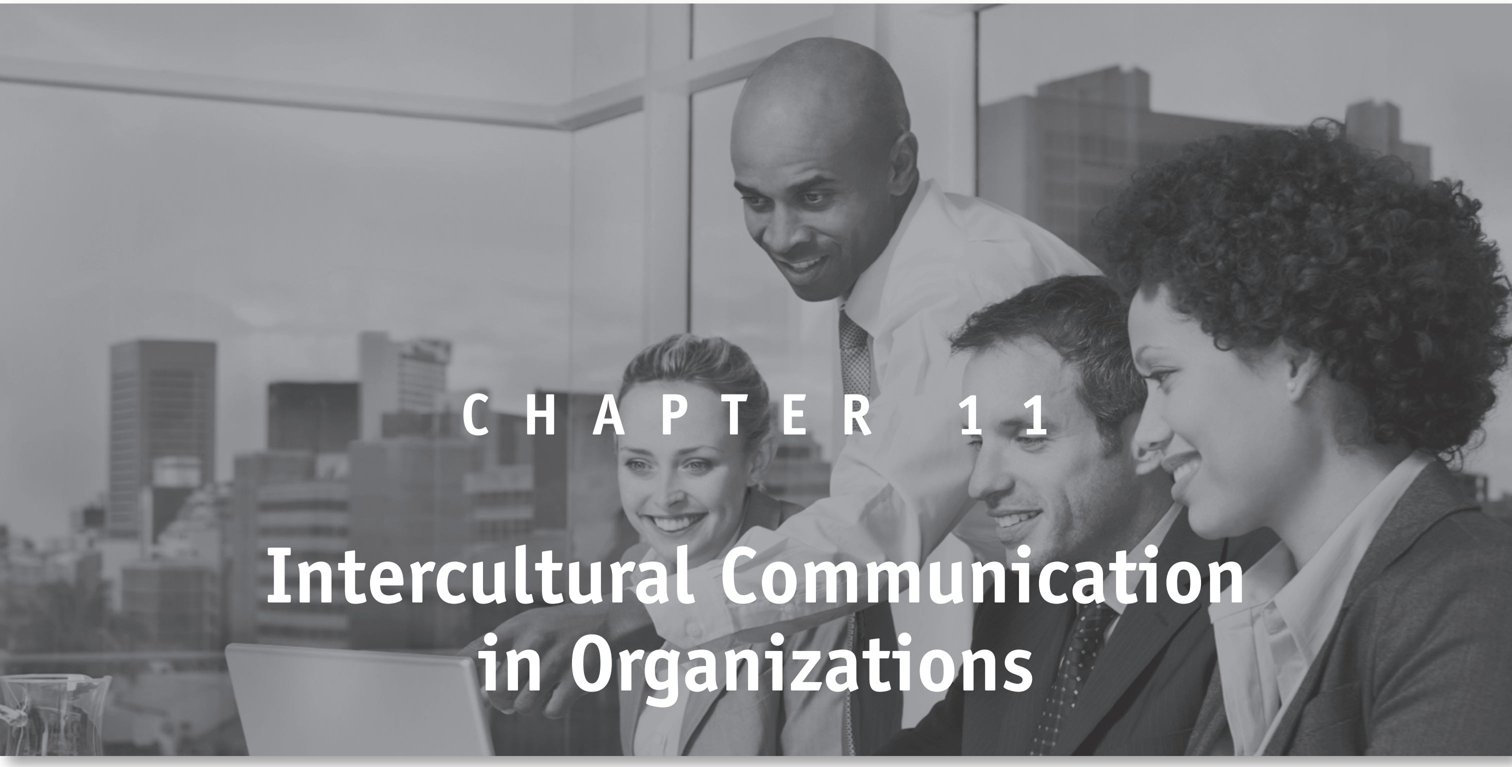


CHAPTER 11

Intercultural Communication in Organizations

CHAPTER OBJECTIVES

After reading this chapter, you should be able to

1. discuss how dimensions of the cultural context affect organizations across cultures;
2. identify how the environmental context affects doing business in other cultures;
3. identify variables in the perceptual context and how they influence business with other cultures;
4. compare and contrast sociorelational contexts on the job across cultures;
5. discuss some verbal and nonverbal differences across cultures;
6. compare managerial styles of Japanese, Germans, Mexicans, Chinese, and Arabs; and
7. describe differences in manager–subordinate relationships in Japan, Germany, Mexico, China, and Arab countries.

> *However objective and uniform we try to make organizations, they will not have the same meaning for individuals from different cultures.*
>
> —Fons Trompenaars[1]

Imagine the following scenario:

> You have just graduated from college and accepted a management job with Acme Corporation. Acme has placed you in one of its Mexican offices. During your first week in your new job, you decide to schedule a meeting with your Mexican employees. The meeting is scheduled for 9:00 a.m. on Wednesday. On Wednesday morning, you show up a bit early to prepare for your meeting. By 9:00 a.m., not a single employee has arrived for the meeting. By 9:20 a.m., two people finally show up. Not until 9:45 a.m. are all the members of the team in attendance. What has happened? You are confused, frustrated, and feeling a bit angry.

Doing business in Mexico (and in many other countries) is different from doing business in the United States. Mexican cultural values, such as collectivism and large power distance; Mexican social expectations; and Mexican workplace practices of workers and managers are different from those of U.S. workers and managers. To be sure, they are so different that U.S. managers working in Mexico often find themselves ineffective. The U.S. manager who does not take the effort to learn about these differences and adjust his or her managerial style accordingly will end up just as you did in the above scenario—frustrated and disillusioned.

Wal-Mart has more than 4,000 stores in the United States. Of all Americans, 90% live within 15 miles of a Wal-Mart. On average, every American household spends just more than $2,000 each year at Wal-Mart. In the United States, every seven days, 100 million people shop at a Wal-Mart. Wal-Mart is also successful internationally. It is the largest retailer in both Canada and Mexico, and the second largest in Britain. Worldwide, more than seven billion people shop at Wal-Mart. That's more than the world's population. So, this year, the statistical equivalent of every person on the planet will shop at a Wal-Mart.[2]

Wal-Mart is clearly a financial success, both nationally and internationally. But as Landler and Barbaro note in 2006 Wal-Mart closed its stores in Germany. The chain has had difficulty breaking into the Korean and Japanese markets as well. Something was not working in Germany, and many believe that some of Wal-Mart's international problems stem from the company's arrogance and overestimation of its competence. For a company that boasts seven billion customers a year, a certain degree of confidence is understandable. But in some places, Wal-Mart's attempts to impose its values on the market just do not work—at least not in places such as Germany, Korea, and Japan.

Referring to its failure in Germany, a Wal-Mart international spokesperson commented that it was a good lesson for the company and that they have learned to be more sensitive to cultural differences. For example, many Germans found the idea of a smiling greeter at the door of every Wal-Mart off-putting. In fact, many male shoppers interpreted it as flirting. The company also failed to foster good relations with German labor unions (Wal-Marts in the United States are not union). At one point during its tenure in Germany, Wal-Mart closed the headquarters of one of its chains and moved it to another geographic location—a common occurrence in the United States, usually accompanied by employees packing up and moving with the company. But in Germany, most of the employees quit rather than moving. A major problem was that the American managers in Germany just did not understand the German market or customers.

Landler and Barbaro point out that the conglomerate also has made cultural gaffes in Brazil and Mexico. In Brazil, the company focused a campaign on golf clubs, in a country where many do not play golf. In Mexico, it emphasized ice skates! In Korea, the Wal-Mart product shelves were so tall that customers had to use ladders to reach the products! The point of this account is that the management and sales tactics of one country, no matter how successful they may be in that country, probably are not suitable for another country. Even if you can boast seven billion shoppers, you still need to be perceptive of cultural differences.[3]

Coordinating and managing people from different cultures within an organizational context represents one of the greatest challenges for the corporate world in the new millennium. Few managers will survive and function effectively without an understanding of the subtleties and complexities of managing others in a multicultural and multinational business environment. Businesses and organizations from virtually every culture have entered into the global marketplace. The top 10 countries with which the United States trades, in terms of both imports and exports, are, in order, Canada, China, Mexico, Japan, Germany, the United Kingdom, South Korea, France, Taiwan, and Brazil. In 2010, U.S. trade with these 10 countries accounted for nearly $3 trillion (i.e., $3,000,000,000,000).[4]

Within U.S. borders as well, the face of business is becoming more and more intercultural. In 2007, Hispanics owned 2.3 million businesses in the United States, an increase of 44% from 2002. These firms accounted for 1.6% of total U.S. employment. That same year, African Americans owned nearly two million U.S. businesses, an increase of 60.5% from 2002. These businesses employed nearly one million people and generated $140 billion of business. Asians owned 1.6 million U.S. businesses in 2007, an increase of 40% from 2002. These firms accounted for 6% of all nonfarm businesses in the United States, 2.4% of total employment, and 2% of total receipts. The government defines Asian-owned businesses as firms in which Asian Indians, Chinese, Filipinos, Japanese, Koreans, Vietnamese, and other Asians own 51% or more of the stock or equity of the business.[5]

Given the dramatic cultural transformation in today's marketplace, the relevance of intercultural communication competence cannot be overstated. To compete in the global and U.S. markets, today's managers must possess the skills to interact with people who are different from themselves.

INTERCULTURAL MANAGEMENT

The purpose of this chapter is to introduce some of the salient issues affecting intercultural management. This chapter will take the components of the model of intercultural communication introduced in Chapter 1 and apply them to intercultural management. First, the cultural context within organizations will be explored prior to a discussion of the environmental context. Next, the chapter will identify the variables in the perceptual context and how they affect business in other cultures. The chapter will then compare and contrast sociorelational job contexts across cultures, along with discussing some verbal and nonverbal differences. Finally, the chapter will examine managerial practices among Japanese, German, Mexican, Chinese, and Arab managers.

There is no culture-free theory of management. Managing other people is the responsibility of people who, like everyone else, have been enculturated and socialized into a cultural set of values and beliefs that governs their thinking, emotions, and behaviors. Like communication, management is culture bound. Moreover, managerial perceptions regarding the factors that lead to organizational success vary across cultures. Unfortunately, many U.S. managers are ill equipped to handle overseas assignments. In fact, roughly 40% to 50% of all U.S. managers sent abroad receive no formal cross-cultural training.[6] As a result, up to 40% of overseas assignments are unsuccessful.[7] Although fostering competent intercultural managerial skills represents an enormous challenge, the rewards of successful international commerce are extraordinary.

Professor Philip Rosenzweig of Harvard University argues that successful cross-cultural management depends on the abilities of managers to communicate effectively. Rosenzweig points out that communication is especially important during the initial stages of a business relationship. Depending on the culture, the process of building trust among business partners may take days, weeks, or even months. Moreover, Rosenzweig asserts, this process cannot be accelerated. Rosenzweig recognizes that many American managers prefer to "get down to business" without spending much time getting to know their business partners. In fact, according to Rosenzweig, many American managers view such relationship building as a waste of valuable time. Rosenzweig argues that investing time and energy into building trust and developing relationships may earn huge benefits in terms of confidence and trust.[8]

Perceptions of time and timing are also important considerations in cross-cultural business exchanges. Rosenzweig recommends that American managers allow the pace of negotiations to develop on its own. He cautions managers not to impose artificial deadlines for the sake of efficiency. How agreement and disagreement are communicated is another important factor during cross-cultural negotiations. Rosenzweig points out that American managers tend to favor forthrightness during negotiations. In many other cultures, such directness may be seen as rude and discourteous. Finally, Rosenzweig points out that the specificity with which a contract is written may vary considerably across cultures. In the United States, we tend to favor explicit contracts that include a great deal of precise wording covering all aspects of the agreement. In some cultures, this may be interpreted as a sign of distrust. Many cultures prefer general contracts, and such cultures place significance on trust and mutual obligation rather than on formalized agreement.[9]

Most of what you have been exposed to in this textbook can be applied to your role in organizational settings across cultures. The topics and issues discussed in each chapter can guide you in becoming a successful intercultural manager. Most businesses and organizations can be thought of as mini-cultures, each representing a pattern of values held by a recognizable group of people with a common goal that is pursued by means of a collective verbal and nonverbal symbol system (Figure 11.1). Like cultures themselves, organizations

Figure 11.1 The values of an organization often mirror those of its culture.

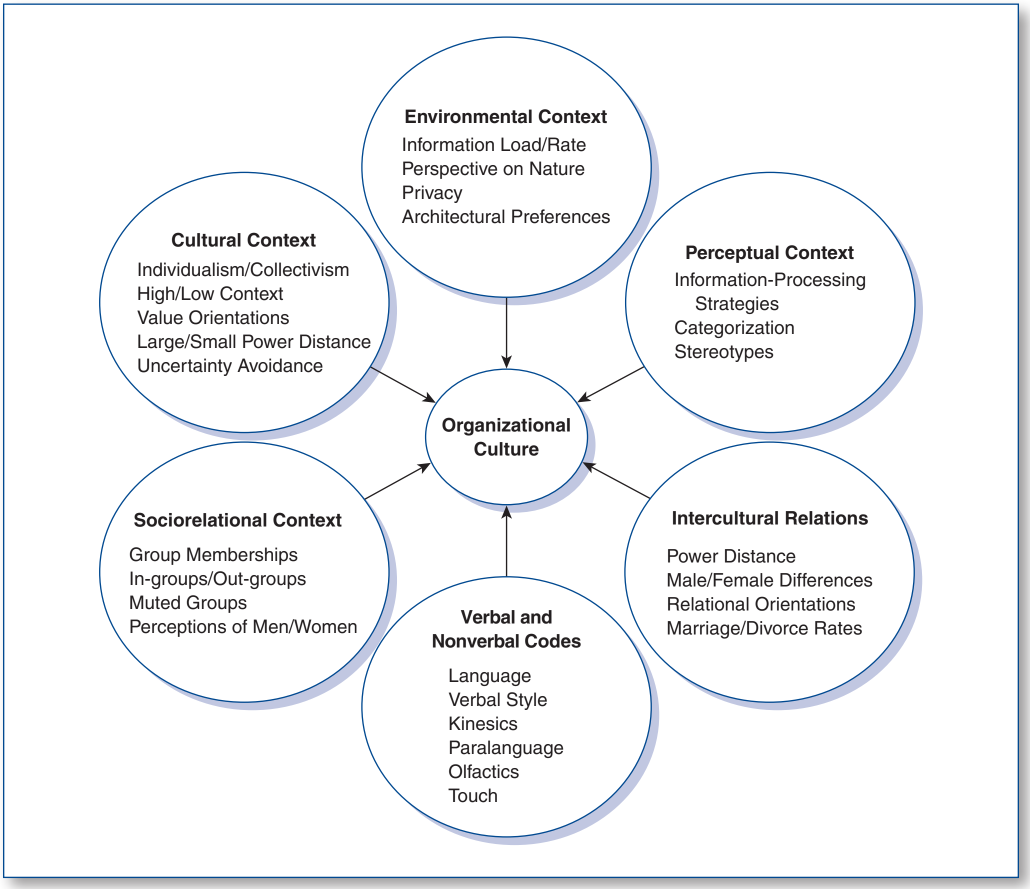
possess value systems, exist in some environmental context, process information with a unique perceptual perspective, develop sociorelations with others, and communicate using distinctive verbal and nonverbal codes. As you prepare to conduct business with persons in organizations from different cultures or microcultures, you cannot assume that your business practices will be understood or accepted by your counterparts. Figure 11.2 outlines some of the more salient issues that affect the development of organizational culture in any country culture.

Prior to entering into a business transaction with an organization from a different culture or microculture, you should conduct an extensive organizational analysis. This model can help. In your analysis, take into account your foreign partner's cultural, environmental, perceptual, and sociorelational contexts, as well as the verbal and nonverbal code system and the nature of the relationships you are about to initiate.

The Cultural Context

First, consider the **cultural context** of an organization. **Organizational culture** often parallels country culture. Hence, if values differ significantly across cultures, then the management practices of those cultures are also likely to differ. When managing people from other cultures, try to ascertain where on the individualism–collectivism continuum an organization

Figure 11.2 Dimensions of Culture and the Organizational Culture



falls. Organizations in collectivistic cultures are more likely to emphasize group harmony and teamwork. In this way, the organization may be more like a community than like an entity. Individualistic corporations emphasize personal goals and within-organization promotion. Employees often compete for organizational resources and promotions, and the organization is seen more as an entity than as a community.

AN INTERCULTURAL CONVERSATION: CLASHING CULTURAL CONCEPTS ON THE JOB

In the following conversation, American businessman Jim Neumouth is applying for a job in Japanese businessman Kietaro Matsumoto's corporation, located in Kyoto, Japan.

Kietaro:	So, Mr. Neumouth, why would you like to work for our corporation?
Jim:	I believe I have the necessary skills and experience for this position. I'm very independent, I set very high goals for myself, and I believe your company will allow me to pursue them.
Kietaro:	What do you mean by "goals"?
Jim:	I have very high sales objectives. I try to reach the top in whatever I do. One of my goals is to become your leading salesperson. For example, I had the highest percentage of sales of anyone in the company I worked for in the United States. I was named salesperson of the year in 2008.
Kietaro:	I see, that's very impressive.
Jim:	Thanks. Now, I'd like to expand into an international market, and I'd like to bring my experience and motivation to your company. I think I can be the best here, too.

In the above conversation, Mr. Neumouth does a good job of expressing his talents and experience. In the United States, he might appear to be the ideal candidate; however, to Mr. Matsumoto, he does not appear to be a team player because he may disrupt the harmony of the sales teams. Therefore, when doing business with companies in collective cultures, it may be wise to formulate strategies that are consistent with group unity. Strategies that are perceived to promote the individual within the organization may be frowned on. Also, keep in mind that reaching a decision in collectivistic organizations sometimes takes much longer than in individualistic organizations. Often, collectivists go to great pains to win everyone over in order to achieve consensus.

Power distance is another important cultural influence to assess when dealing with organizations across cultures. Organizations in large power distance cultures will be status conscious (e.g., a person's position, degree), will employ top-down communication, and will be mindful of employee welfare. Formality between employer and employee will be the rule. Employees will not be expected to participate in management's decision making. In small power distance cultures, such as that of the United States, employees are routinely asked for their opinion on work-related issues. This style of management is labeled "participatory." The thought is that if workers are allowed to participate in decision making, they will be more committed to the decision. Uncertainty avoidance is another important consideration. Because the United States is a low uncertainty avoidance culture, the U.S. marketplace is associated with a great deal of risk. Risky business propositions are likely to be rejected by cultures high in uncertainty avoidance, however.

Detelin Elenkov has investigated cultural differences between Russia and the United States. He argues that Russia is more collectivistic and exhibits larger power distance and higher uncertainty avoidance than does the United States. In his comparison of managers and business students from Russia and the United States, Elenkov found that the Russians scored higher than did the persons from the United States on measures of collectivism, power distance, and uncertainty avoidance. In discussing his research, Elenkov argues that the results of his study support the contention that managerial values closely parallel cultural values.[10]

The Environmental Context

Consider the following scenario:

> You have traveled to Korea to meet with your Korean counterpart, whom you have never met in person but with whom you have communicated through letters, e-mail, and so forth. You arrive at his office building at the appointed time. The weather in Seoul today is incredibly hot and humid. As you enter the floor of your partner's office, you notice that there are no walls separating the various desks. The scene appears relaxed to you. Most of the men are sitting around in their undershirts. When you locate your partner, you find him sitting with his feet up on the desk, in his undershirt, fanning himself. When you introduce yourself, your Korean partner acts as if nothing has happened and puts on a shirt, tie, and jacket in a very matter-of-fact way. Your meeting then begins.[11]

In addition to assessing an organization's cultural context, it is important to assess its **environmental context**—that is, its perspective on the environment, including such issues as information load, privacy, and the company's overall orientation to nature. Recall from Chapter 4 that some cultures believe they can master nature, whereas others attempt to live in harmony with it, and still others believe they are subjugated by it. International business expert Fons Trompenaars suggests that a culture's perspective on nature often translates into its organizational practices. Paralleling their culture's attitude toward nature, some organizations believe they can control market forces and create new markets where none exist. Others attempt a balancing act with the market, sometimes trying to influence it and at other times adjusting to its fluctuations. Still others believe that the market is in control and that they simply react to it. Trompenaars points to Indonesia as a culture that sees itself as controlled by external forces (e.g., nature, the marketplace). In Indonesia, incentive programs designed to motivate employees may fail because they consider market changes to be natural and arbitrary. To them, it makes no sense to attribute blame or lack of incentive to those who are caught in a market downturn. Moreover, it makes even less sense to reward those who have the fortune of being in a market upturn. As Trompenaars notes, to either blame or reward may deplete the morale of the team by simply adding to the randomness of events.[12]

Assumptions about privacy are also important to take into account. In collectivistic cultures, for example, in which group harmony is paramount, employees may prefer to work together in the same physical location, not isolated by office walls and doors. Many U.S. corporations have borrowed the Japanese model of an open working environment devoid of private offices. Imagine what the reaction might be if a U.S. corporation hired a group of Japanese managers and put each in his or her own private office, or if a U.S. manager in Japan requested a private space. The scenario presented at the beginning of this section is based on a fascinating discussion of privacy in Korea by Philip Harris and Robert Moran. They report that in Korea, privacy is a luxury that few possess or can afford. Because privacy may be impossible to obtain physically, Koreans build imaginary or psychological walls around themselves. A client calling on a Korean on a typically hot and humid day may actually find this person in his undershirt with his feet on his desk, fanning himself. Because there are no physical walls, the informed visitor coughs to announce his arrival. Harris and Moran allege that although the person he has come to visit is in clear view, the visitor pretends not to "see" him. Moreover, the Korean does not "see" the visitor. Only after he has risen, put on his shirt, coat, and tie, and adjusted himself do they "see" each other and introduce themselves. According to Harris and Moran, in order to secure some level of privacy, Koreans retreat behind a psychological curtain and do what they have to do, not being seen by those who are in plain view. To violate the screen of privacy once it has been created is rude and discourteous.[13]

The Perceptual Context

The **perceptual context** of the individual, learned through enculturation, is often manifest in the organization. Understanding how the organization processes information is crucial to establishing and maintaining effective communication. One information-processing strategy in which people from all cultures engage is categorizing and stereotyping. Before embarking on a business venture with people from a foreign culture, it may be useful to know of the culture's perceptions of Americans and their business practices. In 2005, the Pew Research Center conducted its Pew Global Attitudes Project, a 16-nation attitude survey conducted among nearly 17,000 people in the United States and 15 other countries. The results show that the United States remains disliked in most of the countries surveyed, particularly in Muslim countries. Ironically, opinions of the United States are the most unfavorable among America's traditional allies, such as Canada. Even more ironically, in Russia, against whom America fought the Cold War, favorable opinion of the United States has increased from 36% in 2002 to 52% in 2005. America's image is strongest in India, where 71% of those polled expressed a positive opinion of the United States.[14]

As mentioned earlier, Canada is the United States' largest trading partner, yet Canadians hold some of the most negative views of the American people. In most of the Western countries surveyed, perceptions of Americans are positive. Characteristics such as "honest," "inventive," and "hardworking" are typical. But they also associate Americans with negative traits such as "greedy" and "violent." Canadians, in particular, do not view Americans as honest, and Canada is the only Western nation in which the majority regard Americans as rude.[15]

According to the survey, Muslim countries are much more likely than others to view the American people as immoral. Yet Muslim countries also see Americans as hardworking and inventive. The Chinese are critical of Americans. They are the least likely of the 16 countries surveyed to consider Americans hardworking, and just more than 35% of the Chinese surveyed view Americans as honest. A majority of Chinese associate Americans with being violent and greedy. The one positive trait most Chinese associate with Americans is inventiveness.[16] To be sure, these perceptions of Americans are unpleasant; moreover, they will be reflected in the workplace as U.S. managers relocate abroad and attempt to supervise people in other cultures.

The Sociorelational Context

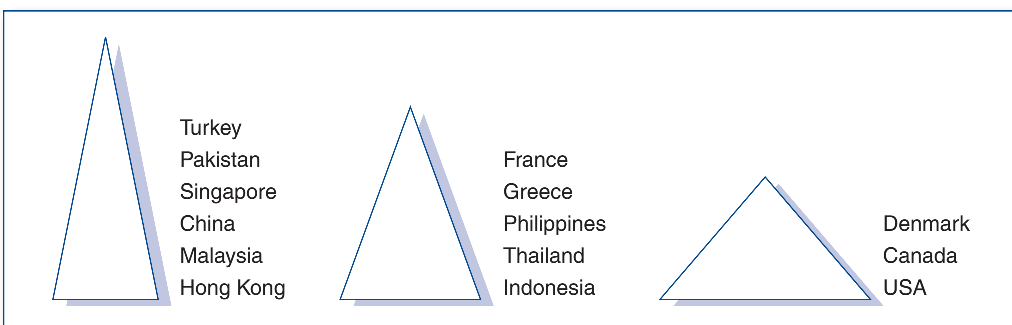
An organization's emphasis on group membership is clearly something that U.S. managers should know about their foreign counterparts. As mentioned in Chapter 6, all people of all cultures belong to groups. One of the primary groups to which all people belong is the family. Recall that Chapter 6 profiled family life across a variety of cultures. Trompenaars employs a family metaphor in describing a particular type of ideal corporate culture seen often in Turkey, Venezuela, Hong Kong, Malaysia, India, Singapore, and Spain. This does not mean that all corporations in these countries are family-like; it simply means that this prototype is seen more frequently in these cultures than in others. According to Trompenaars, the family corporation culture is simultaneously personal, with close face-to-face relationships, and hierarchical, in the sense that everyone knows his or her place in the rank order. At the top of the hierarchy are the parents (i.e., the chief executives), who are regarded as caring and as knowing better than the children (i.e., the subordinates). The power at the top is perceived not as threatening but as intimate and benign. The philosophy of the employees is to do more than is required contractually to please the older brother or father (i.e., the person of higher rank).

Trompenaars notes that the primary reason for working hard and performing well in this type of corporate culture is the pleasure derived from familial relations. To please one's elders is a reward in itself. The main sanction for poor performance is loss of affection and place in the family. In the family corporate culture, pressures to perform are moral and social rather than financial or legal. Trompenaars argues that family corporate cultures sometimes experience difficulty with project–group organization, in which authority is divided. Moreover, U.S. businesses dealing with family-oriented cultures often see them as nepotistic (i.e., as practicing favoritism or patronage, usually with family members). In many instances, such corporations literally hire and promote bona fide family members over other candidates who may be more qualified. Trompenaars notes that the strict hierarchy in family corporations is akin (metaphorically) to the gradient angle of a triangle. The steeper the angle, the stricter the hierarchy. The hierarchy in the family-oriented corporation is analogous to the steep triangles depicted in Figure 11.3.[17]

Verbal and Nonverbal Codes

Obviously, understanding the verbal and nonverbal codes of your foreign counterparts is an essential part of a successful business venture. Although it is true that most of your foreign business partners will speak some English, your knowledge and use of their language

Figure 11.3 Organizational Hierarchies in Various Cultures



SOURCE: Adapted from Trompenaars, F. (1994). *Riding the Waves of Culture: Understanding Diversity in Global Business.* Burr Ridge, IL: Irwin.

demonstrates your willingness to meet them halfway and will be much appreciated. International business expert Roger Axtell argues that although most of the representatives of international corporations speak English, the English spoken in the United States is of such a type that it is not understood by foreigners. In a survey of persons doing business overseas with a foreign corporation, Axtell found that 80% had difficulties interacting with foreigners because of the latter's misunderstanding of American English. However, the same respondents reported that the problem lay with them, not with their foreign counterparts. The type of English spoken in the United States is so laden with jargon, colloquialisms, and slang that English-speaking foreigners have a difficult time understanding us. Most foreigners learn standard English and are unfamiliar with how Americans actually use the language. As Axtell notes, American business is perhaps the worst offender in language proliferation. Axtell points out what he calls the "seven deadliest sins" of international misunderstanding: local color, jargon, slang, officialese, humor, vocabulary, and grammar.[18]

When conducting business with your foreign counterparts, be conscious of terms and phrases that may be well understood within your corporation but misunderstood by an outsider. At St. Norbert College, for example, women's groups such as sororities annually select an "Ugly Man" to represent their group in homecoming activities. An "Ugly Man" is analogous to a homecoming king. Imagine how a foreigner might respond to seeing "Ugly Man" on a potential client's resume! Axtell recalls a U.S. firm that lost an international client by using the phrase "This is a whole new ballgame" during sensitive renegotiations of a contract. Apparently, the client did not consider the negotiations a "game" and terminated their relationship. Consider the slang, jargon, and colloquialisms listed in the next section and how they might be misinterpreted across cultures. Axtell recommends that when verbally communicating with your foreign host, you should not speak too quickly or too slowly. Fast speech is difficult to comprehend, whereas slow is offensive and condescending. Finally, Axtell remembers a piece of advice given to him by a well-traveled vice president, who recommended talking with your foreign host as if answering a somewhat hard-of-hearing, wealthy old aunt who just asked you how much money to leave you in her will.[19]

Another important consideration here is the use of a mediator. Unlike U.S. businesspeople, who enjoy face-to-face encounters and direct bargaining, some Asian cultures, such as that of China, save face by negotiating through the use of a mediator. In addition, because of their emphasis on the group in such cultures, the overuse of personal pronouns, for example, is perceived negatively.

AN INTERCULTURAL CONVERSATION: MISINTERPRETATION OF COMMON U.S. PHRASES

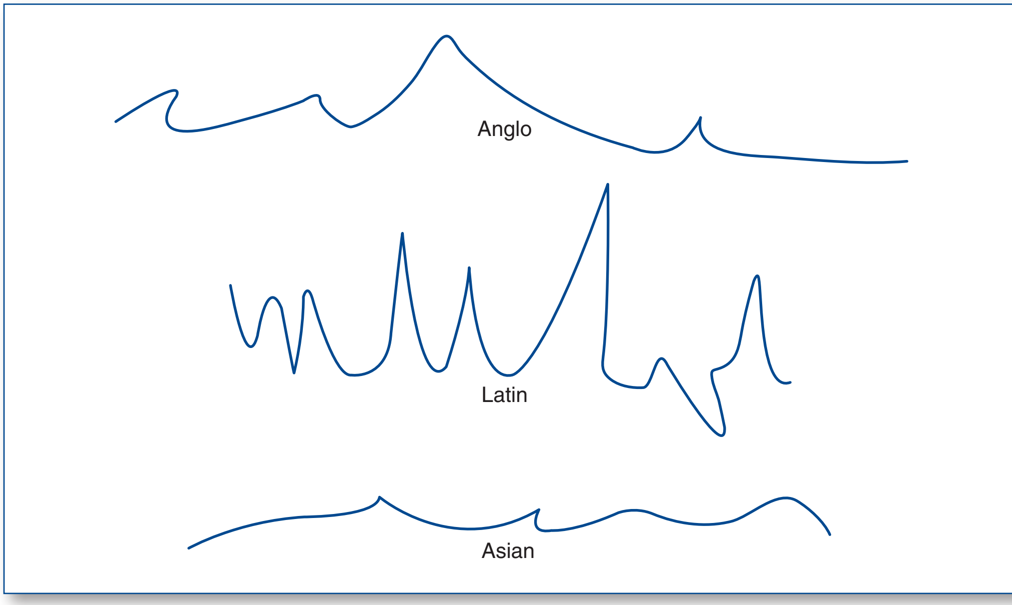
One's verbal style is of utmost importance in situations where managers need to resolve conflicts with coworkers from different cultures. For example, American managers often misinterpret silence used by their Asian (e.g., Chinese, Japanese, Korean) coworkers. Asians characteristically express objection with silence. U.S. managers often interpret the silence as an expression of consent. Similarly, many Asian managers misread U.S. managers' directness in communication. Asians often see directness as unreasonable and disrespectful. Morris and his colleagues point out that Asian managers typically use an avoiding style of conflict resolution characterized by low levels of assertiveness and cooperativeness. The avoiding manager tends to evade conflict. Conversely, U.S. managers favor a competing style of conflict resolution, characterized by high levels of assertiveness and low levels of cooperativeness. The competing manager confronts conflict directly and forcefully.[20]

Although knowing your foreign partner's language (and he or she knowing yours) is certainly an advantage, there are other communication considerations, independent of verbal language, that can affect your business propositions—most notably, nonverbal communication. As discussed in Chapter 8, nonverbal communication varies a great deal across cultures. One's kinesic, paralinguistic, olfactory, haptic, and proxemic behaviors can be interpreted differently depending on with whom one is interacting. For example, greetings occur in all cultures and are typically ritualized within a particular culture. In the United States, businesspersons typically greet each other with a firm handshake and direct eye contact. In the Middle East, however, a limp handshake is preferred. Moreover, many Middle Eastern men will hold hands with their male counterparts as a display of trust in the business deal. Most U.S. businessmen would find such behavior disquieting, to say the least. Direct eye contact should also be avoided during greetings in many Asian cultures, where it is interpreted as a challenge or as an instigation of conflict. In what may seem like unusual rituals, some East African tribesmen greet each other by spitting at each other's feet, and Tibetan men greet each other by sticking out their tongues.[21]

American Phrase	*Foreign Interpretation*
"See ya later."	To schedule a definite future contact
"Y'all come for another visit."	Bring more people next time; "y'all" interpreted to mean "more"
"You're on a roll."	I look like a hot dog or hamburger?
"Let's use a shotgun approach."	Shoot our competition?
"Let's organize this like a Chinese menu."	Offensive to Chinese counterparts
"Send me your response ASAP."	Have no idea what you're talking about
"I have to find a bathroom."	You're going to take a bath now?
"It'll take me the better part of the day to finish this report."	Which is the better part? Morning, midday, or evening?
"We need to cover all the bases."	Do we need a blanket?

In addition to kinesics, Trompenaars notes that one's tone of voice may prove crucial during cross-cultural business transactions. Tone of voice can communicate much about the person speaking. Figure 11.4 shows characteristic paralinguistic patterns for Anglo, Latin, and Asian cultures. Trompenaars suggests that fluctuations and variations in vocal pitch carry different meanings across cultures. For example, in Latin American cultures, exaggerated ups and downs in pitch communicate that the individual is actively involved in what is being said.

Figure 11.4 Characteristic Paralinguistic Patterns for Anglo, Latin, and Asian Cultures



SOURCE: Adapted from Trompenaars, F. (1994). *Riding the Waves of Culture: Understanding Diversity in Global Business.* Burr Ridge, IL: Irwin.

Many Asian cultures, however, prefer a more monotonous style, which communicates self-control and respect for the person with whom one is communicating. Most Anglo speakers are in between the Latin and Asian models. Trompenaars recalls the story of a British manager in Nigeria who raised his voice during meetings and presentations. The Nigerians perceived his way of speaking as positive and as demonstrative of his concern for the issues. The same manager was relocated to Malaysia, where he employed the same vocal style, but in Malaysia he was perceived negatively and was quickly transferred out.[22]

Other channels of nonverbal communication are equally important in the cross-cultural business exchange but are often overlooked—for example, olfactics, or smell. Most Americans are taught to bathe frequently and to mask as much of the natural odor of the human body as possible. To other cultures, we smell antiseptic. Koreans, for example, have been known to call American businesspersons "butter-breath." Apparently, our use of dairy products is evident in our breath.

INTERCULTURAL RELATIONS

As mentioned throughout this textbook, especially in Chapters 6 and 9, perceptions of relationships vary dramatically across cultures. Especially important are male–female relations within corporations. Although women have made great strides in the U.S. corporate world, in many cultures, women still occupy a subordinate role and are treated as second-class citizens. Because of this situation, more than half (54%) of multinational corporations in North America say they are hesitant to send female managers abroad for fear that the host culture's perspective on women will have a negative impact on their effectiveness. According to Nancy Adler, many countries simply do not promote women into management positions. In Japan, reports Adler, women are encouraged to obtain the level of education that will enable them to *marry* managers rather than attain management positions for themselves. In fact, according to Adler, many large Japanese corporations encourage female employees to marry male employees and then use the company's anti-nepotism policies to force those women to retire.

Moreover, one third of Japanese companies indicate that they will not promote female college graduates even if they are as qualified as their male counterparts. Even in Europe, reports Adler, opposition to women in high-level management is quite strong. In one survey, nearly 70% of British managers said they preferred male applicants for executive positions. Likewise, two thirds of Italian managers said they did not want to receive orders from female managers. In Germany, nearly 95% of job advertisements for top executives use the masculine noun form, thereby discouraging women from even applying for the position. There are encouraging signs, however, especially for American women entering the international market. According to Adler, in many cultures, foreign women (e.g., Americans) are much better received in management positions than are local women. Moreover, many women managing abroad have achieved excellent results, thereby encouraging U.S. corporations to continue sending women abroad. In addition, the success of U.S. women abroad encourages the local community to hire more of their own women into management positions.[23]

As more and more U.S. businesses enter the intensely competitive global marketplace, they will be confronted with myriad management styles, especially within those cultures with whom we do much business. As mentioned at the beginning of this chapter, in 2008, four of the United States' top five trading partners were Japan, Mexico, the Federal Republic of Germany, and China. Because Japan, Mexico, Germany, and China represent such important trading partners, their cultures and management practices will be profiled next. Then, discussions about doing business in the Middle East will follow.

Japanese Management Practices

Japan is a country of nearly 130 million people, including a workforce of 67 million. According to the U.S. Department of State, per capita income is just more than $34,000 a year. Japan is considered an urban culture because only about 7% of the workforce is engaged in agriculture. Japan's $4.9 trillion economy is the third largest in the world. After maintaining one of the highest economic growth rates in the world from the 1960s through the 1980s, the Japanese economy slowed significantly in the 1990s. According to the U.S. State Department, the economic relationship between Japan and the United States is quite healthy. Although it has taken time and patience, American businesses are competing successfully in Japanese markets.[24]

Grainger and Miyamoto argue that Japanese organizations are essentially social organizations, of which two key features are lifetime employment (*shushin koyo*) and seniority grading (*nenko joretsu*). Based on these principles, the Japanese company is seen as a custodian of employee security and welfare. The lifetime employment system is based on a psychological contract between the employees and the company about the employee's lifetime dedication to the company in exchange for lifetime job security from the organization. Japanese organizations also practice a seniority-based wage and promotion arrangement where employees are promoted and compensated based on the number of years they have served the organization. The system rewards older and longer-serving employees. Conversely, employees who change their employers are penalized. Grainger and Miyamoto maintain that under these arrangements, employees willingly sacrifice their short-term losses for long-term company success. Hence, employees maintain high morale and loyalty to the company, which enables the company to invest more resources in employee career development.[25]

Ronald Dore is a British sociologist specializing in Japanese economy and society. Dore argues that the nature of the firm in Japan is much more like a community than in other countries. This is probably reflective of Japan's traditional collectivistic orientation. Dore also maintains that the lifetime employment system has survived to a remarkable degree. To be sure, Dore notes, there is a degree of career mobility for young Japanese. But, Dore points out, the proportion of young Japanese workers between the ages of 30 and 34 who have been working for their particular company for less than 1 year was 4% in 1985, rose to 5% in 1990, and was back to 3% in 2002. Hence, career mobility among young Japanese remains restricted. The same is true for the Japanese who are moving up by changing firms, which is still quite rare.

Dore notes that one aspect of Japanese business has changed. The majority of Japanese firms now have a kind of performance-based pay, replacing the seniority-based merit system discussed above. But Dore is cautious about whether this change will endure. Many of the Japanese firms that introduced the new system in the mid-1990s have backtracked because of the heavy administration costs and dramatic effects on the morale of the workers. Also, objectively measuring differences in performance was seen as counterproductive by many Japanese.[26]

Many Japanese work groups begin their day by exercising together, an activity called *taiso*. Interestingly, the primary purpose of taiso is not for physical benefits but to engage the group members in coordinated activity. After the day's work is finished, businesses encourage their employees to eat and drink together to maintain harmonious group relationships. Though it may appear that such activity is for purely social reasons, the underlying motivation is to continue work. According to Brown, Lubove, and Kwalwasser, the typical Japanese worker spends more than 2,500 hours on the job every year, compared with about 1,900 hours for the typical U.S. worker. In their interviews of Japanese managers, Brown, Lubove, and Kwalwasser found that because many Japanese workers spend their entire working careers with one company, maintaining harmony with their colleagues is considered a prime motive. Brown and his colleagues also found that, on average, Japanese managers are less than satisfied with their jobs, perhaps because of the stress of long hours.[27]

Robert Bolda of the University of Michigan asked Japanese and American managers to list the skills, behaviors, traits, or other attributes that they thought were characteristic of productive supervisors. Although there was a broad range of agreement between the Japanese and American managers, there were some interesting disagreements.

Traits Characteristic of Productive Supervisors

Traits Endorsed by Japanese and American Managers	*Traits Endorsed by American Managers*	*Traits Endorsed by Japanese Managers*
Prioritizes tasks	Works well with people	Is open to innovation
Motivates employees	Delegates	Is a good listener
Communicates clearly	Considers alternatives	Puts right person in right job
Has leadership skills	States expectations	Thinks in future tense
Makes good use of resources	Is a good speaker	Thinks about the "big picture"
Has decision-making ability	Can shift attention	Helps other departments get job done
	Is knowledgeable of company	Monitors employee progress

Traits Where Japanese and American Managers Differed the Most

Believes in his or her ability to get job done (Americans agreed/Japanese disagreed)

Helps other departments get their job done (Americans disagreed/Japanese agreed)

Delegates (Americans agreed/Japanese disagreed)

Reprimands and disciplines employees (Americans agreed/Japanese disagreed)

Monitors employees (Americans disagreed/Japanese agreed)

SOURCE: Data from Bolda, R. A. (1990). Correlates of Personal Productivity of Supervisors: Perceptions of American and Japanese Managers. *Current Psychology, 9,* 339–346.

In reviewing the results of this survey, Bolda concluded that Japanese managers endorsed behaviors that were other oriented and principle oriented. For example, Japanese managers preferred traits that dealt with innovations, employee selection, and performance monitoring. The American managers, on the other hand, supported behaviors that were more instrumental—that is, goal oriented—such as individual supervisory skills, belief in one's own ability, and decision-making skills.[28]

Although the Japanese and American managers in Bolda's survey agreed on many of the traits that constitute good management, the differences expressed by the two groups of managers may lead to communication problems on the job. Neil Abramson and his colleagues maintain that contract negotiations between Japanese and American firms are often difficult and frustrating. Abramson points out that the American preference for individualistic, rational decision making often clashes with the Japanese tendency toward relationships and group harmony. Moreover, Abramson points out that American and Japanese managers may require different kinds of information to solve problems or negotiate contracts. Americans, for example, tend to negotiate by exchanging information with the expectation that the other side will reciprocate. Furthermore, Americans have a tendency to focus on efficiency and quick closure to negotiations by pinpointing disagreements and attempting to resolve them promptly. Additionally, Americans do not highly value interpersonal relationships with their negotiation partners, instead allowing legal contracts to define future alliances. On the other hand, contends Abramson, Japanese negotiate by trying to foster steady relationships with their partners with the ultimate goal of consensus. Whereas Americans negotiate a contractual agreement, Japanese think of it as negotiating a relationship. During initial stages of a negotiation, Japanese are more interested in interpersonal attraction and deference toward their partner (as opposed to clearly identifying any disagreements). Instead of quickly reaching closure, Japanese prefer to take their time in order to establish relationships built on trust and deliberate negotiations.

In their comparison of North American and Japanese management students, Abramson and his colleagues found that the North Americans preferred a thinking-based cognitive style that is logical, impersonal, and objective. Abramson claims that such a style may lead to quick, impersonal, and analytically based decisions. In such cases, there may be a tendency to subordinate human relationships by discounting some kinds of information (e.g., affiliation with a partner) in favor of theoretically based models of decision making. The Japanese management students, on the other hand, preferred a feeling-based cognitive style that emphasizes the human element in decision making. Such a style, according to Abramson, expresses a concern for group harmony and a preference for friendly relations with one's partner. In decision making and in contract negotiations, Japanese may resist fast decisions and remain open to new information.[29]

Negotiating With the Japanese

The *Manager's Intelligence Report* listed several recommendations for negotiating with the Japanese. The recommendations are based on case study analyses of a variety of U.S. firms doing business in Japan.

1. *Stay in the game.* Be prepared for long negotiations. The Japanese take their time to get to know you and your business. They want to establish a relationship before signing any deal.
2. *Understand the "need" principle.* The Japanese will try to create and count on the idea that you "need" their deal. Once you start believing that you might lose the much-needed deal, you lose face to them.
3. *Communicate with their top decision makers.* Too much time is wasted interacting with people who can't and won't make decisions.
4. *Suspend assumptions and expectations.* The deal isn't done until it's done. Do not assume that once you have an agreement, it's a done deal.
5. *Focus on the Japanese rather than yourself.* Attend to what the Japanese need from you and demonstrate how you can accommodate them.
6. *Instead of telling them, let the Japanese discover what you want.* Negotiations in the United States are often characterized by one side explicitly telling the other side what it wants and needs. But to the Japanese, the skill of negotiating is to allow your position to surface on its own.

SOURCE: What You Can Learn From Japanese Negotiation. (1996). *Manager's Intelligence Report,* pp. 8–10.

In related research, Brett and Okumura studied the negotiation styles of U.S. and Japanese managers. They reasoned that because U.S. culture is individualistic and egalitarian and Japanese culture is collectivistic and hierarchical, managers from the two cultures would exercise different styles of negotiation. Their results showed that Japanese negotiators paid significantly more attention to power during negotiations than did U.S. negotiators. Brett and Okumura also found a difference in the two cultures' focus on self-interest during negotiations. The American negotiators were much more focused on self-interest than were the Japanese. The two researchers also found that joint gains in negotiations were significantly higher in intracultural negotiations than in intercultural ones. In other words, when U.S. managers negotiated with other U.S. managers, there were higher gains than when U.S. managers negotiated with Japanese managers. The same result was found among Japanese managers.[30]

In most organizations across cultures, managers are in positions of power and influence. As such, managers engage in a variety of behavioral strategies to influence the attitudes and behaviors of their subordinates. In a recent study, Rao, Hashimoto, and Rao surveyed Japanese managers regarding their preferences for a variety of influence strategies. Although some of the Japanese managers preferred influence tactics similar to those preferred by U.S. managers, Rao, Hashimoto, and Rao identified several strategies that appear to be unique to the Japanese. One strategy is labeled firm's authority. In contrast to American managers, who may appeal to "higher-ups" to influence their employees, Japanese managers do not appeal to a specific person in the organizational hierarchy but, rather, to the entire organization itself, independent of their superiors. This strategy is probably linked to the Japanese concept of business organization as a family.

A second type of strategy, called personal development, occurs when a Japanese manager convinces his (most managers are men) employees to comply with a request to enhance their careers within the organization. This tactic may be effective because many Japanese remain with a single company for their entire lives. American managers, on the other hand, convince employees that by complying with a request, the employees will develop skills they can take with them when they leave the organization.

Another strategy is labeled "socializing." With this strategy, Japanese managers ask to spend time with their employees after hours. According to Rao, Hashimoto, and Rao, such a strategy allows for informal interaction between managers and subordinates that is impossible in the context of the formal work environment. Interestingly, they also report that Japanese managers in Canada were disappointed when their subordinates rejected their requests to socialize after work. The Japanese managers felt that this severely limited their influence potential, and they had to resort to using assertive tactics on the job.

Rao, Hashimoto, and Rao report that Japanese managers use a variety of tactics outside the work environment to influence their subordinates. In general, compared with American managers, Japanese managers use influence tactics that are subtle and indirect. For example, if a Japanese manager wants a subordinate to focus on the Canadian market for a specific product, the manager, rather than telling him or her directly, might funnel information about that market to the employee, hoping that the employee will sense his intent. In addition, Japanese managers use strategies that rely on the influence of the organization and group harmony.[31]

According to William Drake and Associates, work attitudes within an organization evolve from the senior members of the organization, who are ensured promotion and lifetime employment. One reason the older employees are so satisfied with their jobs is that they know they are secure; they do not have to worry about the younger, more energetic employees jeopardizing their jobs.

While interacting with Japanese businesspersons, Americans often notice behaviors that are widely misunderstood by non-Japanese (see Table 11.1). To be sure, the Japanese businessperson has perceptions of American behavior that may be misinterpreted as well. For example, Japanese are astonished by the typical American's informality and spontaneity. The quick pace of conversation and what are perceived to be ostentatious—that is, flashy or showy—nonverbal mannerisms are off-putting to most Japanese. In fact, many Japanese believe that Americans are inclined to make mistakes because of the fast pace with which they conduct business dealings. The "don't take it personally—it's just business" attitude portrayed by most American businesspersons intimidates Japanese because, to them, it disrupts the harmony of the business relationship. The Japanese tend to view conversations and negotiations as formalized rituals rather than as a meeting of minds.[32]

German Management Practices

Although there have been fluctuations in the German economy since reunification, in 2010, the German economy was growing at a rate of about 3.3%; it is now the fifth largest economy in the world. The average income per capita in U.S. dollars is $36,000. The U.S. Department of State maintains that the German market, the largest in Europe, is attractive to many

Table 11.1 American Perceptions and Japanese Realities

American Perception	Japanese Reality
The Japanese are really shy.	As a high-context culture, the Japanese do not feel a need to talk. They are comfortable with silence.
Japanese fall asleep a lot during class or presentations.	Many Japanese close their eyes when they are deeply concentrating.
Japanese say yes even when they mean no. Why can't they just say what they mean?	To save face (yours and theirs), Japanese will agree with you in principle.
It takes Japanese forever to make decisions or even to respond to a fax or written correspondence.	Japanese will not make a decision without first consulting relevant others to reach a consensus.
Japanese will never look you in the eye.	Indirect eye contact is a sign of deference in Japan.
When Japanese talk, they seem so ambiguous. I never know what they're trying to say or what they really mean.	Japanese language is vague. But even more than that, to the Japanese, communication is a two-way process. The burden of understanding rests with the speaker and the listener. Often, the speaker will only hint at what is meant. The listener must be an active participant.

SOURCE: Table adapted from pages 410–412 of *When Cultures Collide,* by R. D. Lewis. Copyright © 2000 Nicholas Brealey.

U.S. businesses. Germans are attracted to innovative products that display high quality and contemporary styling. They are especially interested in high-tech products, particularly those that assist them in entering the age of the Internet.[33]

Like the United States and Europe in general, Germany is a decentralized collection of states and regions. Many are quite diverse, with unique customs and conventions. The northern and southern regions are particularly different, so generalizing about Germany is difficult and should be approached with some degree of caution. According to intercultural consultants William Drake and Associates, most Germans believe that people are controlled by their own actions, that facts are more important than face (in sharp contrast to the Japanese), and that factual honesty is more important than politeness (again, clashing with Japanese conventions). According to Drake, German children are taught that useless people amount to nothing and that children are to be quiet and respectful. They are also taught to "save for a rainy day."[34]

Glunk, Wilderom, and Ogilvie point out that a unique feature of Germany's economic structure is a state-regulated apprentice system where young German adults learn a well-defined skill, for which they receive a state diploma. According to Glunk and her colleagues, the learning is both on-the-job and theoretical. The curriculum is determined by the government, an employers' association, and German trade unions. During their apprenticeship, the students are supervised by local chambers of commerce. This system leads to a remarkably well-trained workforce. According to Glunk, approximately 70% of German workers have been through this system. Glunk also notes that technical knowledge and engineering skills are highly valued in Germany. She maintains that German employees are continuously challenged with new procedures, tools, and techniques.

In addition, German managers are known to be specialists for which a technical background is more typical than a formal education. German foremen, supervisors, and managers typically have professional rather than academic degrees. Hence, quality of skill and amount of experience are the most important promotion considerations in German firms. Finally, Glunk and her colleagues note that many German organizations implement a shadow-worker program where managers choose and train their own replacements. Germans believe that this kind of program reduces the politics of promotion ploys and insecurity around who is succeeding whom. In this type of program, vacations, illness, and other periods of absence are covered by the designated replacement. Thus, the successor can temporarily experience his or her future position. Glunk maintains that this policy preserves smooth organizational functioning.[35]

Focusing their analysis primarily on West Germans, anthropologists Edward and Mildred Hall contend that compartmentalization is the most prominent structural feature of German culture—that is, that Germans have a tendency to isolate and divide many aspects of their lives into discrete, independent units. Germans are known to compartmentalize their daily schedules, educational system, office buildings, corporations, homes, and even lines of communication. In fact, Hall and Hall argue that on the job, Germans will not share information with others except within their own working groups. Hall and Hall maintain that such a restricted flow of information may be the biggest obstacle in doing business with the Germans. One result of German compartmentalization is a culture in which significant events and changes can take place without people knowing about them. Even informal information networks that connect public and private organizational boundaries are rare in Germany.[36] Given this condition, U.S. companies wishing to do business in Germany would be wise to understand that they may not be able to operate out of a centralized location. Instead, they may have to set up multiple sites from which to conduct commerce. German emphasis on compartmentalization manifests itself in many areas of German life and business, particularly with respect to privacy and specialization. Germans are a private (and formal) people. Most German managers isolate themselves in their offices behind closed doors, contrasting sharply with open-door policies exercised by American managers.

Doors are an important cultural symbol to the Germans. According to Hall and Hall, doors provide a protective shield between the individual and outsiders. Upon encountering a closed door in German businesses or homes, an "intruder" should always knock. As Hall and Hall note, closed doors uphold the honor of the space, afford a boundary between people, and eliminate the possibility of eavesdropping, interruptions, and accidental intrusions. Moreover, according to Hall and Hall, within corporations, the closed door indicates that a manager respects the privacy of subordinates and is not looking over their shoulders.[37]

German compartmentalization can also be seen in the overall market strategy of many successful German corporations. Unlike many U.S. or Japanese corporate conglomerates whose global market success is attributable to diversification, many German firms concentrate on specialization—that is, doing one thing and doing it right. German corporations with large shares of specialized markets can focus on design, quality, and service rather than on competitive pricing. Such corporations manufacture a smaller and narrower class of products, sell to fewer consumers, and contract with fewer suppliers than do their less successful competitors. To be sure, many of these exclusive products are expensive, but the Germans believe that specialization leads to quality and profit. German products are known worldwide for their high caliber and quality workmanship (e.g., Mercedes, BMW). Steiner Optik maintains 80% of the global market for military field glasses. Krones manufactures more than 70% of the world's bottle-labeling machines. The Germans seem to be teaching the rest of the world that, at least for them, specialization works.[38]

Like the United States, Germany is considered a low-context, monochrome culture, except even more so. According to Hall and Hall, the German language is quite literal, with individual German words having exact and precise meaning. For example, the Germans have no fewer than eight words for "comfort," each reflecting a slightly different type of comfort. Having been conditioned by their language, Germans are fairly formal, nitpicky about precision, punctual, and fanatic about facts. All these characteristics carry over into their business relations. On the job and in business dealings, Germans are absolutely obsessed with facts and precision. Lines of authority are carefully observed. Interactions between business partners and friends are reserved and formalized. Germans are conscious of rank and will always refer to someone by the person's appropriate title. Even neighbors who may have lived next door to each other for years address each other with their last names, as in "Herr (Mr.) Schmidt." If a person also carries a degree, such as a PhD or an MD, he will be called "Herr Doktor Neulieb," and so forth.[39] Women, however, are typically addressed with their first names, as in "Frau Batina Neulieb."

Even in social situations, Germans often appear unfriendly. They generally will not smile during a greeting and are intolerant of small talk. On the job, German workers expect that their managers will respect their privacy and that procedures will be executed precisely. Table 11.2 outlines some features of doing business with Germans that may help Americans transacting business in Germany.

Table 11.2 Interacting Effectively With Germans

1. Be prepared. In business, the Germans will be informed and will expect that you are, too.
2. Engage in only minimal small talk.
3. Be informed about, and use, appropriate titles.
4. Avoid emotional appeals. Emphasize facts and figures. Germans respect quantitative reports.
5. Observe hierarchical seating and order of speaking.
6. Organize your presentation in compartments, and have your specialists present their own areas separately and as distinct parts of the presentation.
7. Be punctual; start and stop as you planned. Follow your agenda closely.
8. Avoid humor. Be frank, direct, and honest. Demonstrate that you have done your homework.

SOURCES: Based on William Drake and Associates. (1997). Managing Business Relationships in Germany (www.culturebank.com/demo/demogermany/sld001.htm); E. T. Hall and M. R. Hall. (1990). *Understanding Cultural Differences*. Yarmouth, ME: Intercultural Press; P. R. Harris and R. T. Moran. (1996). *Managing Cultural Differences* (4th ed.). Houston: Gulf; R. D. Lewis. (1997). *When Cultures Collide*. London: Nicholas Brealey.

Although to many Americans, the outward appearance and demeanor of the typical German is aloof, intense, humorless, and quite formal and rigid, on the inside, Germans desire meaningful interpersonal relationships. As intercultural expert Richard Lewis asserts,

> Anglo-Saxons do not always see the way towards making quick friends with them, but when they succeed in entering into the somewhat complicated structure of a German friendship, they find rich rewards. A German is generally a loyal and true friend of incredible durability. Outwardly glum and cautious, they are inwardly desperate for affection and popularity. They want to be cherished just as the rest of us do. . . . A German friendship is indeed a very worthwhile investment.[40]

Mexican Management Practices

Mexico has a free-market economy, with a gross domestic product in 2010 of $1.3 trillion and a growth rate of 5%. The Mexican per capita income is $14,000, one third that of the United States. Income distribution remains highly unequal, with more than 45% of the population living in moderate poverty and 18% in extreme poverty. Trade with the United States and Canada has tripled since the implementation of NAFTA in 1994. As mentioned earlier, in 2010, Mexico was the United States' third most important trading partner, following Canada and China.[41]

As noted previously, a country's cultural orientation and values are typically reflected in the business practices of that culture. Three dimensions of cultural variability discussed in Chapter 2 are closely associated with Mexican business practices: individualism–collectivism, power distance, and uncertainty avoidance. Generally, in comparison with the United States, Mexico is more collectivistic and is considered a large power distance and high uncertainty avoidance culture.[42] Crouch points out that Mexicans are unusually group oriented. He maintains that Mexicans are exceptionally concerned about any behavior that would upset the harmony of their household, church, or workplace. In fact, Crouch argues that on a scale of individual- versus group-oriented work styles, Mexicans and Americans would fall at opposite ends of the continuum.

Mexican workers assume that working together is the ideal, because people who work better in solidarity with others, valuing loyalty to the group above individual effort, will prosper in a group-oriented work environment. Generally, Mexican organizations do not emphasize self-determination on the job. Unlike workers in the United States, Mexicans usually are not rewarded for initiative. Pelled and Xin point out that Mexicans see work as a “necessary evil.” To many Mexicans, work is required to appreciate the more important things in life, such as family and friends.

Crouch cautions American managers working in Mexico not to reward individuals within work groups. Generally, Mexican workers do not wish to call attention to themselves for outperforming coworkers and may be ashamed and embarrassed if recognized above others. In Mexico, individual effort and self-starting are met with suspicion. Even arriving early to work requires an explanation to coworkers, because they will think that person is trying to get ahead by showing off. Crouch points out that for a worker to leave his or her workstation to talk to the supervisor about mundane, work-related issues is disquieting to others in the group, unless the employee has explained his or her need to communicate with the supervisor beforehand. Moreover, Crouch asserts that the Mexican worker’s attitude toward the boss is virtually never confrontational. Mexican workers value harmony above all else. A manager expressing favoritism to an individual Mexican worker will upset the harmony and shatter the team spirit.[43]

In the United States, people often change jobs and switch organizations in order to get ahead and be promoted. U.S. workers are generally in charge of their own careers and strive to succeed individually. Schuler and his colleagues argue that under Mexican law, Mexican organizations are responsible for the life, health, and dignity of their workers. In this way, Mexican organizations are considered paternalistic. Consistent with a collectivistic orientation, Mexican workers value harmonious relations between union and management. Conversely, in the United States, union and management interactions are often antagonistic. De Forest points out that traditional Mexican ideals stress employee–employer interdependence, mutual responsibilities, loyalty between superiors and subordinates, belongingness, cooperation (rather than competition), and not exceeding boundaries. According to De Forest, Mexican employers rebuff employees who criticize others to higher authorities and are competitive on the job, because such behaviors disrupt the harmony of the organization.[44]

Mexico is considered a large power distance culture. Recall that in large power distance cultures, people expect and accept that the power within the culture and its institutions will be distributed unequally. De Forest contends that Mexico’s large power distance can be seen in the government, in the church, and throughout Mexican society. According to De Forest, most Mexican businesses have a rigid hierarchy where the power is centralized in the person or people at the top. Often, the top positions are not gained through hard work and initiative but are inherited or acquired through friendships or mutual favors. De Forest has observed that Mexican managers reward submission, taking direction, and loyalty to the person with power. Crouch explains that, historically, Mexicans have never known a world without hierarchy. For example, the Spanish had kings and queens, and the Aztecs had powerful *caciques* (warrior chiefs). To be sure, the Spanish language is replete with words and phrases that communicate hierarchy (e.g., proper titles, salutations, and honorifics) and emphasize the idea that some people hold superior positions over others. Crouch asserts that Mexicans hold to traditional hierarchical roles based on family, education, age, and position. According to Crouch, Mexicans are puzzled and offended by Americans' casual and informal communication style. He maintains that Mexicans find the relaxed and easy communication between people of different hierarchical levels off-putting. The Mexican distinction between superior and subordinate is part of a deeply rooted pattern dating back to Aztec divisions among priest, prince, and peasant, and among the Spanish queen, soldier, and citizen. For the small power distance Americans, the implications of superior and inferior status that accompany this pattern are unacceptable.[45]

Relationships between Mexican managers and their subordinates are generally distant, and communication is rather formal. For example, managers and subordinates are usually not on a first-name basis. Unlike U.S. manager–subordinate communication, interactive strategies that promote equality, participative decision making, open communication, and employee ownership are not considered necessary—or even desirable—in Mexican organizations. When interacting with Mexican employees, managers need not explain the reasoning behind a decision, because employees may perceive this as a sign of weakness. In fact, Mexican workers expect to be given orders. They accept their unequal status and prefer that those in power protect their interests, give clear direction, and treat them with civility. Communication channels should follow the hierarchical structure of the business.[46]

In low (or weak) uncertainty avoidance cultures such as the United States, employees are encouraged to innovate and take risks. In high (or strong) uncertainty avoidance cultures such as Mexico, innovative or risk-taking behavior is inappropriate. Mexican workers generally prefer close supervision. Likewise, compensation based on incentive is eschewed. Mexican workers prefer to know exactly what they are supposed to do, and they want to be rewarded for doing it.

De Forest maintains that one of the most frustrating aspects for Americans doing business in Mexico is the Mexican perception of time. American managers should be advised to be patient. According to De Forest, life is simply slower in Mexico than in the United States. She points out that in Mexico, time does not advance; it tends to be either right now or some other time. American managers should be prepared for delays. De Forest says that phone service may take months to be installed or repaired; obtaining a post office box can take weeks or months; people frequently show up late for meetings; businesses and government offices open and close at all hours, as if at random; and electricity shuts down for no apparent reason and may remain off for days.[47] Since the start of NAFTA, the United States and Mexico have been active trading partners. If American managers can adjust to the culturally influenced business environment in Mexico, they can make great strides. The key to being successful in Mexico is adjusting and adapting to the cultural environment.

Chinese Management Practices

In 2010, the People's Republic of China surpassed Japan as the world's second largest economy (following the United States), with a gross domestic product worth an estimated $1.4 trillion. China's economy is also the world's fastest-growing major economy, with average growth rates of 10% over the past three decades. Much of this economic power is the result of free-market reforms that were instituted in 1978. China is the largest exporter and second largest importer of goods in the world. For example, China overtook the United States last year as the biggest automobile market in the world. Indeed, China has now surpassed Germany as the largest exporter of automobiles. Moreover, China is the world's biggest buyer of iron ore and copper and the second biggest importer of crude oil.[48] Out of 183 world economies, the World Bank rates China 79th in terms of ease of doing business. China ranks 151st in terms of starting a business, 65th in terms of getting credit, and 15th in terms of trading across borders.[49]

Several times throughout this book, China has been described as a collectivistic, large power distance culture. China's large power distance can be attributed to its Confucian heritage, which results in a hierarchical society. As we saw in Chapter 2, modesty, obedience, and respect for seniors are deeply rooted Chinese values. Confucian ideals are at the base of Chinese management. China is also considered a high-context culture. As such, China's Confucianism, collectivism, power distance, and high context are ingrained in Chinese management practices. Because of the culture's high-context orientation, the environment in which business is conducted is important. Where the meeting takes place, who is invited, and who is presenting all are critical ingredients in a successful business meeting.

China's Confucian heritage affects how Chinese will approach their business relationships. Recall from Chapter 6 that in Confucian-based societies, great emphasis is placed on harmonious relationships and knowing one's proper place in the social hierarchy. All relationships are seen as unequal, and one's ethics are directed toward observing these inequalities. Contrary to the United States, where business is business and not to be taken personally, the Chinese will go to great lengths to establish trust and a social bond in their international business relationships. When doing business in China, you can expect your Chinese counterpart to invite you to informal gatherings and to discuss factors unrelated to the business at hand, such as politics, the arts, information about your family, etc. The Chinese want to see you as a member of the business family—that is, the group.[50]

Decision making is an important part of management. In the United States, management decision making is often a collaboration between workers and managers where debate is encouraged (and sometimes legislated via union agreements). Tang and Ward point out that in Chinese management, the manager is expected to make decisions on behalf of the entire group. This is expected and desired among both the managers and workers. The idea of open communication between managers and workers is not only unheard of but thought of as odd and peculiar. Tang and Ward hypothesize that this style is probably reflective of collectivistic thinking, where workers are a part of one group and managers a part of another. In-group–out-group distinctions are a part of collectivistic thinking. These distinctions are also Confucianistic. Tang and Ward note that this can be an effective and efficient decision-making process on the one hand, but it can also be time-consuming when a particular question is not asked to the right person and must make its way to the top of the hierarchy before it can be answered.[51]

Communication between managers and workers is restricted. Tang and Ward note that workers are on a need-to-know basis, and the flow of job-related information is limited. Likewise, and consistent with the collectivistic, large power distance, and high-context nature, Chinese workers will probably not initiate communication with a manager, even if they have concerns about the way in which a job is being handled. While they may discuss it with another worker, they will not address the manager, probably due to the workers' desire not to stand out and be thought of as confrontational. Recall from Chapter 2 that modesty and finding the middle ground are valued in China. In addition, recall from Chapter 10 that collectivists, and particularly Chinese, do not approach conflict but, rather, avoid it in an effort to maintain harmony. Plus, in an effort to save everyone's face—both that of managers and workers—on-the-job conflict is resolved via mediation and compromise.[52]

To make one final point about doing business in China, gift giving was once an important part of Chinese culture. But today, Chinese business culture prohibits giving gifts. In fact, gift giving is actually considered bribery and is technically illegal. But, depending on the specific case, attitudes about giving gifts are relaxing. If you wish to give a gift to an individual, do it privately—in the context of friendship, not business. Your Chinese counterpart will probably decline the gift two or three times before accepting it. Once the gift is accepted, express gratitude. Giving a gift to the entire company, rather than to an individual, can be an acceptable alternative. But make sure you give the gift to the appropriate team leader.[53]

Commerce in the Middle East

To many Americans, the Middle East is a place of great mystery, riddled with intrigue, hostility, and contradiction. Most Americans are uninformed of the history, geography, and culture of the Middle East. After World War II, many Arab countries, which had been subjected to European colonial rule, won independence. Along with independence came many new challenges. Unfortunately, few Arab countries had experienced leaders able to cope with their novel circumstances. Of the many tests facing the Arab world, national development is in the vanguard. Many Arab countries have spent immense amounts of financial and human resources in an attempt to improve the capabilities and performance of their national economies and generate change in their political systems and innovations in technology. Today, however, most Arab states are ruled by authoritarian political regimes that do not encourage, or allow, public participation in decision making. The determination of war, investment strategies, military armaments, and national budgetary allocations is ultimately decreed by one person. There is virtually no free press or free expression, and the citizenry is essentially insulated from any governmental practices. To make matters worse, corruption is so prevalent that most public officials deem it a natural part of doing business.[54]

Members of the Arab League

Algeria	Egypt	Lebanon
Bahrain	Iraq	Libya
Comoros	Jordan	Mauritania
Djibouti	Kuwait	Morocco

The Arab world's population is projected to increase to more than 400 million in 2020. Egypt, for example, is expected to double its population in the next 20 years. The U.S. Arab population totaled 1.19 million people in 2000—up from 610,000 in 1980 and 860,000 in 1990—and made up about 0.42% of the country's 281.4 million people. In addition, the Arab world has a youthful population, with high levels of poverty and unemployment. In the Arab world as a whole, 40% of the population is under the age of 14. In 2005, more than 60% of the Arab population earned less than US$1,000 annually. Illiteracy is also problematic. In Egypt, nearly half of the people are illiterate.[55]

National development seems to be the top priority among most Middle Eastern Arab countries. Following their independence, Arab governments became the instant owners and operators of public utilities, banks, railways, airlines, mass transit systems, and telephone systems, and providers of water, gas, and electricity. Most of the governments simply lacked the technological and human resources to manage. Coupled with national development, a push toward industrialization has generated immense pressures in many Arab countries. Ali contends that the existing infrastructures (e.g., roads, ports, distribution centers) have been unable to keep pace with the rapid growth of most Arab countries. Moreover, asserts Ali, a severe shortage of skilled managers in the new government and private institutions has forced many organizations to hire foreign experts and workers. Finally, writes Ali, most Arab countries suffer from "cultural discontinuity." For more than 500 years, the Arab world has been under the influence of numerous foreign powers. Generations of Arabs have lost their attachments to their cultural roots and values. In fact, explains Ali, formal education systems did not exist in Arabia until the beginning of this century.[56]

Although faced with problems, the growth of many Arab economies has been rapid, and the United States has played an active role. For example, according to the U.S. Department of State, the United States is Saudi Arabia's leading trade and joint venture partner. In 2007, U.S. exports to Saudi Arabia increased to $10 billion, whereas Saudi exports to the United States increased to $35 billion. There are more than 200 U.S. companies in Saudi Arabia. Economic relations between the United States and Saudi Arabia, its main trade partner in the Middle East, have been greatly damaged in the period following the attacks of September 11, 2001, against the United States. In Kuwait, the United States is the largest supplier of goods and services. U.S. corporations are the source of nearly 40% of Kuwait's import market. Moreover, U.S. exports to Kuwait in 2007 totaled about $2.5 billion. Qatar, one of the smallest yet wealthiest Arab countries, has become an active trading partner with the United States. In 2007, U.S. exports to Qatar amounted to more than $2 billion, while Qatari exports to the United States reached nearly $500 million.[57]

Because of their lack of knowledge and sensitivity, many American managers are unable to conduct business successfully in Arabia. Even Arab names, for example, are so confusing to most Americans that they give up trying to understand. An Arab man's name could be Ali bin Ahmed bin Saleh Al-Fulani. His first name is Ali, and he is probably called that by his friends. His family name is Al-Fulani. The word *bin* means "son of." So Ali bin Ahmed bin Saleh means that he is the son of Ahmed, who is the son of Saleh. Many Arabs give their ancestors' names to their children for at least five or six generations. Women's names are handled a bit differently. From the example above, say Ali has a sister. Her name might be Nura bint Ahmed bin Saleh Al-Fulani. *Bint* means "daughter of." She is

Nura, the daughter of Ahmed, who is the son of Saleh. Her family name is Al-Fulani. When an Arab woman marries, she does not change her name, although her children take their father's name.[58]

AN INTERCULTURAL CONVERSATION: BUSINESS COMMUNICATION IN THE MIDDLE EAST

Names notwithstanding, many Americans are completely ignorant of subtle Arab conventions that can define the success or failure of a business deal. Consider the following exchange between Arab businessman Hashim Abdu Hashim and his American counterpart, Steve Jones.[59]

The scene: Mr. Jones is sitting (on the floor) in the hallway of a building in Saudi Arabia, waiting to meet with his Saudi counterpart, Hashim Abdu Hashim. The hallway is noisy, cluttered with people moving quickly from room to room. Mr. Jones arrived in Saudi Arabia two days earlier for a scheduled meeting. Since then, his meeting has been postponed and rescheduled several times. After several hours of waiting in the hallway, Mr. Jones is called into Hashim's office. The office has no chairs but, instead, elaborate and ornate pillows on the floor. The walls are draped with embellished afghans. Mr. Jones enters.

Jones: Hello, Hashim. Gosh, I finally get to see you. I've been waiting for two days!

Hashim: Ah, hello, Mr. Jones. It is good to see you.

Jones: Thanks. It's good to see you also. How's Mrs. Hashim?

Hashim: Was your trip to our country all right?

Jones: Yes, everything is fine. (At this point, the two are interrupted by a servant pouring tea. Jones refuses.) No . . . no . . . thanks, I've had enough tea. So . . . Hashim. I came all the way over here to see if I could get you to speed things up with our order. See, our supplies have been sitting in some dock along the coast for two weeks. I was wondering if you could sign this petition (hands it to Hashim using his left hand) to hurry up the process.

Hashim: Hmmm . . . this is a problem?

Jones: Yes, gosh, Hashim, I understand that sometimes supplies sit on ships for weeks at a time! Your people could really use these computers you've ordered. I need to have them released to your custody as soon as possible.

Hashim: I see. Well . . . we have been without computers for thousands of years. Waiting is no problem.

Mr. Jones commits five cultural blunders that severely jeopardize any possible future contract with Hashim. First, he mentions that he's been waiting for two days to see Hashim. Jones has not recognized the polychronic nature of Saudi Arabia. Business gets done on its own time. Second, he refuses the tea that has been offered to him in hospitality. Then, in a gross error of etiquette, he inquires about Hashim's wife. In Saudi Arabia, a man's wife is for his eyes only. Continuing on his blundering way, Jones hands Hashim the contract with his left hand. In many Muslim cultures, the left hand is the "dirty" hand; that is, it is used for cleaning the body, handling waste, and so on. Finally, Jones demonstrates the urgency of his mission and getting the computers off the supply ship. His emphasis on schedules and deadlines communicates to Hashim that he is either insane or irreligious. Many Arabs believe literally in the phrase "Insha Allah," meaning "God willing." To them, the nature of things, especially time, is controlled by God. Events, meetings, and happenings are completed only if God wills them.

According to Ali, one of the problems facing expatriates in the Middle East is the lack of any coherent Arab management profession or theory. Ali contends that Arab societies moved too rapidly toward industrialization without establishing the foundations necessary for dealing with the challenges of modern institutions. This, according to Ali, has led to inefficient operations, lack of clear direction, displacement of the traditional labor force, and dramatic shifts in social structures. Specifically, asserts Ali, Arab management reflects the political and social instability of the region, which serves only the powerful political elites.[60]

In the absence of an Arab management theory, Ali points to several societal qualities in Arab cultures that have management implications in Arab organizations. Arab idealism and hopefulness are necessary elements in Arab society. Hence, organizational development can be introduced without resentment as long as the changes conform to the ideal. Arab infatuation with ideal forms means that new and modern management practices can be used. Unlike the Germans, who are persuaded only by facts and figures, the typical Arab resorts to personal relationships, emotional appeals, and intuitiveness in decision making. Ali labels this phenomenon "non–decision making." Yet Arab reliance on intuition can speed up the decision-making process through flexibility and tolerance for ambiguity.

Arabs also tend to avoid public conflict and criticism. Hence, mediation is sometimes necessary in conducting business. Dimensions of Islamic teaching also enter into the management picture. Hard work is a virtue to Muslims; thus, commitment to organizational goals can be sustained. Islam also preaches that one should deal with other people as equals. Within the organization, equity issues are salient where a horizontal (rather than vertical) line of authority is preferred. In fact, directives from the top are often received negatively. In this sense, maintains Ali, communication with formal and informal leaders is necessary to achieve organizational goals. Courage is also an Islamic virtue. Workers are willing to confront managers and will express their concerns openly.[61]

Given the extreme diversity in literacy rates, healthcare systems, educational institutions, technological advancement, management techniques, and forms of government, it is difficult to offer generalizations about managing people in Arab countries. The list below, however, offers some broad guidelines for doing business in the Middle East that most Americans would be wise to consider.[62]

Interacting With Arabs

1. Arabs have a tendency to use elaborate and ritualized forms of communication, especially during greetings. Even in markets, loud and boisterous bargaining is accepted and expected and accompanied with wide gestures and animated facial expressions. Many Americans are unnerved by this.
2. Arab women's bodies are not to be seen. American women should dress with their arms and legs covered.
3. As a sign of trust and friendship, Arab men may be seen holding hands. During greetings, men kiss each other on the cheeks.
4. Generally, Arabs have a smaller personal space than most Americans. They tend to stand very close while interacting, sometimes in order to smell their partner's breath. They expect intense eye contact.
5. During negotiations, Arabs will personalize arguments and appeal to emotions.
6. In general, Arabs are less private than Americans. Visiting and long conversations are expected.
7. Do not hesitate to praise an Arab's country, food, and art. But do not make comments of any kind about Arab women, especially an Arab's wife.
8. Do not appear detached or reluctant to accept favors. Unlike the Japanese, Arabs enjoy verbal interaction and expect it from others. Silence will be perceived as a sign that something is wrong.

CHAPTER SUMMARY

Doing business and managing people in a culture other than one's own is a daunting task indeed. This chapter has discussed how the principles presented throughout the text can be applied to the business world across cultures. An understanding of the cultural, microcultural, environmental, perceptual, sociorelational, verbal, nonverbal, and relational contexts of the host culture increases the probability of being an effective and productive manager across cultures. Five diverse cultures—Japan, Germany, Mexico, China, and the Middle East—are active participants in the global marketplace, each with its own unique way of doing business. The Japanese are subtle and indirect, Germans forthright and direct, Arabs expressive and intuitive, Chinese rooted in Confucian rules of hierarchy, and Mexicans collectivistic and hierarchical. Managers who understand the contexts of these cultures are in a much better position to do business. Finally, we have seen that several factors affect and facilitate intercultural conflict. Although conflict can never be eliminated, identifying these factors can help us reduce and manage conflict in our professional lives.

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DISCUSSION QUESTIONS

1. How are the dominant cultural values of the United States reflected in U.S. management styles and U.S. company policies?
2. How might the U.S. management style of participative management affect a U.S. manager in Mexico? China?
3. How might the U.S. emphasis on time (i.e., monochronic) affect how you would do business in Mexico?

4. What considerations would you make in preparing for a presentation in a German or a Chinese company?
5. Your company has just established an account with a firm in Saudi Arabia. Your top salesperson is a young woman. Should you send her there? Why or why not?

KEY TERMS

cultural context 377

environmental context 380

organizational culture 377

perceptual context 381

power distance 379

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