

Questions & Answers

MANAGING CULTURAL ISSUES

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The following ten questions and answers explain why cultural issues are important, provide examples of the ways in which cultures differ, and give tips for how to address cultural issues.

1. Why do cultural differences matter in exporting my service?

The most common reason for failure in foreign markets is an inattention to cultural factors, not because there was a lack of opportunity. People choose to do business with others with whom they feel comfortable. Over sixty percent of how we communicate is through nonverbal cues, most of which are culture specific. The assumptions we make and the business style that we adopt are all shaped by our cultural beliefs and values.

Understanding and managing cultural differences is particularly important to you as a service exporter because of several factors:

- a) Potential customers will decide whether or not to try your service based on whether they feel you can meet their needs. That decision process is related to how appropriately you communicate with them.
- b) Customers will assess the quality of your service based in large part on the interactions they have with you and your staff, which take place in a cultural context. If your behaviour is viewed as culturally inappropriate, customers will be dissatisfied even if the service was technically correct.
- c) You and your staff will tend to interpret customers' needs and preferences through your own cultural filter and so you run the risk of guessing incorrectly.

Whereas goods exporters can deal through local agents or distributors who are part of the local culture, service exporters need to establish personal relationships with potential customers in order to create credibility in the market. So learning about cultural values and practices is a critical part of preparing to enter a target market.

2. What are the main ways in which cultures differ?

With well over 200 different national and regional cultures, it is impossible to be an expert in every culture. One of the best ways to understand the culture of your target market is to find out the basic "stories" that children learn as these usually embody cultural traditions and values.

In general, cultures typically differ in the following ways:

Communications style, or the degree to which people “speak their mind.”

Activities focus, or the relative emphasis on strengthening interpersonal relationships or completing tasks efficiently.

Supervisory relations, or the extent to which a supervisor takes responsibility for a subordinate.

Feedback style, or the way in which criticism is received and provided.

Degree of control, or the extent to which people believe that they can influence their own destiny or change their environment.

Time orientation, or the extent to which people are focused towards the past (tradition) or the future (unknown).

Technology use, or the degree to which people value the use of (information) technologies to expedite services.

Power distance, or the extent to which roles are formalized and differentiated from each other, with one extreme being hierarchical and the other being egalitarian.

Risk aversion, or the degree of comfort with risk taking (with risk avoiding being the other extreme).

Individualism, or the balance between individual preferences and collective or group concerns.

When in doubt, it is good practice to be more formal rather than less formal and to follow your host’s lead.

3. What are the main differences in business practices in different countries?

In general, business practices are influenced by three main types of cultural differences:

- The relative importance of interpersonal relationships versus efficient task completion.
- The relative importance of social status.
- The degree of risk that people are comfortable taking.

Business manners and methods, religious customs, dietary practices, humour, and appropriate business attire vary widely from country to country. Before travelling to your target market, you will want to find out some basic groundrules such as:

- How strangers usually greet each other
Cultures vary in the degree of formality used and the type of gestures that are appropriate (e.g., handshake, bow, hug, kiss, etc.).
- How business cards are exchanged
This is a key part of business protocol in some cultures. In some cultures, like Japan, the business card reflects the status of the person and needs to be treated with care (examined carefully, acknowledged, not written on).
- Whether or not small gifts are expected as tokens of respect and appreciation
There are cultural norms both for gift giving and for whether or not the gift should be opened in the presence of the gift giver.
- What is usual in terms of socializing
Cultures differ regarding whether or not after-hours socializing is usually and whether or not business is discussed in that context.
- How business meetings are usually conducted
Cultures differ regarding the punctuality with which meetings start, the formality of the agenda, and pace at which the meeting proceeds.
- How business relationships usually develop
Distance can “age” a relationship quickly. Be sure that you understand how best to maintain and advance business relationships once they are formed.

You will also want to research cultural differences in the meanings attributed to:

- Color (e.g., for celebration, mourning, etc.)
- Particular words (e.g., “nova” in Spanish as “non-starter”)
- Images and symbols
- Human and gender-specific images (which may or may not be considered appropriate)
- Physical gestures (e.g., the OK sign)

4. How can I find out the business practices and rules of etiquette in a particular market?

There are many books written about doing business in different countries, which you may want to consult. Check your library for resources on “Cultural Aspects of International Business,” which should include books on “Doing Business in” and Roger Axtell’s excellent series on “Do’s and Taboos in” Other sources of information include:

- Colleagues from the target market
- Foreigners from the target market who are working or studying in your domestic market
- University programs for international studies
- Private consultants who are experts in intercultural communications

You will probably find it helpful to spend time with persons from the target market before travelling abroad in order to get a good sense of basic etiquette.

5. What cultural implications are there for the design of my service delivery?

Cultural values and themes will affect almost every part of the service delivery process, including the following elements:

- How customers are greeted
- The balance between assistance and self-service
- The way that customers expect to be treated
- The extent to which the service needs to be customized to the customer
- When and where the service is available
- The type of follow-up that is expected

6. How can I customize my services for a particular market?

When you customize your service, you will need to adapt to local ways of doing business as well as to culturally appropriate service delivery. Here are some issues to consider:

Adapting to local ways of doing business may mean changes in:

- Hours of doing business
- Languages in which assistance is available
- Kind of delivery locations
- Whether service is provided at a distance or in person

Culturally appropriate service delivery may mean adapting by:

- Becoming more/less formal and deferential
- Helping clients feel secure (“no surprises”), or a sense of adventure
- Making sure that the service is absolutely consistent over time, or helping clients experiment with new ideas
- Focusing primarily on rapid service delivery completion, or primarily on strengthening client relationships
- Expecting staff to follow a set procedure, or take initiative
- Taking ultimate responsibility for each staff person, or reinforcing a sense of individual responsibility and accountability
- Treating all clients and staff the same, as equals, or respecting differences in status and title
- Helping staff focus on group goals or individual objectives

If your firm plans to market or deliver services online, you will need to think through which cultural practices and languages to accommodate.

7. What language will I need to use in delivering my service?

You will need to use the language that is expected by your potential customers. Depending

on the market, this may mean multilingual service delivery.

8. Will I need an interpreter?

Unless you are fluent in the local language, you will want to work with an interpreter to make sure that communication goes smoothly. Even if you have some familiarity with the language, using an interpreter can help prevent inadvertent misunderstandings. Also, one of the advantages of working with an interpreter is that the interpreter can coach you on the local culture and business practices.

Usually the person with whom you are meeting will interpret your hiring of an interpreter as a positive sign that you are seriously interested in building a business relationship. It is critical, though, that you spend the money necessary to hire an interpreter who is familiar with your service industry's terminology and who can translate simultaneously.

In selecting an interpreter, hire someone who is certified as a simultaneous interpreter (well worth the extra money) and who has some experience with the common terminology in your service industry.

9. How can I work best with an interpreter?

You may already be used to working closely with interpreters. If you have not worked with an interpreter before, here are some tips:

Before the meeting, supply the interpreter with:

- Corporate literature
- A list of names, titles, and responsibilities of all team members
- A synopsis of your objectives in the market
- Information on the persons with whom meetings are being held
- A list of technical terms to be used

During the meeting:

- Interact directly with your counterpart (rather than speaking to the interpreter)
- Speak at a moderate pace
- Use common terminology
- Avoid the use of slang or humour that can be misinterpreted

For speeches and formal presentations, supply the interpreter with:

- A copy of the presentation
- A copy of any slides or overheads
- A copy of any handouts

10. What are the main cultural errors in doing business abroad?

The single biggest error is underestimating the extent to which culture influences how people assess service options and evaluate the services they receive. Other common errors include:

- Being too informal, including using first names without permission
- Assuming that what works well in your home market will work in the target

market

- Allowing too little time to develop a relationship of respect and trust