

# The Global Business Culture Guide

*The following is an excerpt from the book "The Global Business Culture Guide - Hints and Caveats for Doing Business in 50 Countries around the World" by Lothar Katz.*

## Why Understanding Culture Matters

It is essential to note that each individual simultaneously belongs to many cultures. When we describe a person as **female, American, 43 years old, catholic, accountant, in the IT industry, IBM employee**, each of these characteristics points to a different group to which the person belongs. In turn, each of these groups has its own norms and expectations, i.e., its own culture. In other words: all of us continually belong to different cultural groups.

Given this plurality of influences that affect each individual, one might conclude that describing cultural differences is impossible, since cultures cannot be viewed in isolation. However, this conclusion would only be valid if all cultural groups to which we belong had similar influences on our values and behaviors. As we will see shortly, that is not the case.

In their work that led to the identification of seven cultural orientations (see pages 11-14), Fons Trompenaars and Charles Hampden-Turner also looked at the relative influence of a number of cultural factors on a person's values and behaviors. They did this by analyzing a large number of surveys by individuals from all over the world. Known personal influence factors for each individual participating in the study included **age, corporate, country, education, gender, industry, profession, and religion**. The results clearly showed that some of these factors carry considerably more weight than others.

Among the eight cultural influence factors, **country** showed the strongest relative influence on *each of the seven cultural orientations*. In other words, our attitudes and practices are more strongly shaped by our societal culture than by any other group we belong to. The next strongest influence, though less consistent across different cultural orientations, was **industry**, followed by **religion**. The weakest factors turned out to be **corporate** and **gender**, neither of which influenced any of the seven cultural orientations by much. The most surprising finding here, at least for many in the corporate world, may be that national culture clearly affects employees far more than company culture does, an observation that has been confirmed by other researchers.

These findings have important consequences. If national culture consistently wields the strongest influence on a person's values and practices, understanding a country's culture before engaging in business interactions there becomes paramount. In fact, this conclusion is the very reason this book exists.

One caveat remains: at the national/societal level, countries can include multiple cultures, and cultural competence requires being able to recognize these distinctions. A few countries, among them the United States, are the proverbial 'melting pot,' blending pluralistic cultural influences in a single multicultural society. Greater diversity in practices and behaviors across different individuals and groups is common in these societies. A small number of other countries, among them South Africa, include multiple cultures representing a collection of ethnic groups that are distinctly different and must be viewed as individual cultures. In most countries around the world, however, a single 'mainstream' culture sets norms and defines expected behaviors; regional differences do exist within of these countries but tend to be small.

Going forward, we will use the term **culture** as a reference to the one or more dominant business culture(s) found in a given country. Part III of this book gives specifics for each of the 50 countries covered.

Let's go back to the essential takeaway from Trompenaars' and Hampden-Turner's work: while not the only one, national culture clearly is the strongest factor that influences the ways in which people build relationships, communicate, conduct meetings, negotiate, or make decisions. This is good news for your global business interactions. It means that studying national culture will allow you to gain a solid knowledge and understanding of the business culture(s) in a given country, which has a number of advantages:

- It allows you to win respect locally, grow your reputation and network, and gain the trust of your business partners. This is particularly important in cultures where norms and expectations of 'proper' behaviors tend to be strict, such as Japan, Saudi Arabia, or South Korea. Members of these cultures (and many others) may hold deep-founded beliefs that *their* way of doing things, rooted in values and preferences that are intrinsic to their culture, is better than any other. Some may insist it's the only acceptable one. If your contacts feel they understand you better, and that you understand them better, than others with whom they deal, doors will open and business interactions become much easier.
- It enables you to avoid cultural pitfalls and hooplas. Many a business deal has been lost because of a simple mistake: greeting someone in a way that is perceived to be disrespectful, directly declining a proposal without realizing that doing so is an insult within the culture, making a casual remark on a subject without taking into account that it touched on a matter of local pride.
- It creates common ground between you and your contacts. Even those outside of the cultural mainstream are commonly well familiar with the ways in which people interact within the framework of their culture, be it in communicating, negotiating, or decision making. Knowing about these ways yourself allows you to establish common ground with everyone from the culture, mainstream or not, a great starting point for getting to know the individual better.

- It permits you to adjust your style and behavior as you choose. Being culturally fluent does not at all mean adapting to the other culture under all circumstances. It can be advantageous, for example, to blend in well in business entertainment settings, where building relationships and winning trust is a lot easier if you follow local practices. At the same time, you may want to employ strategies and tactics practiced within your home culture when negotiating, since doing so could give you an advantage as it tends to throw foreign counterparts off balance. The choice is yours—but only if you command the required cultural competence.

None of these benefits are available to you unless you first familiarize yourself with the ways in which members of the 'other' culture communicate, interact, socialize, negotiate, and make decisions. Competitive pressures in international markets have increased considerably over the past few decades. Countries whose economies were historically closed, or accessible to only a few foreign players, became level playing fields and attracted trade partners from all over the world. Success in this competitive environment requires differentiating oneself by adjusting to local mentalities and practices. Without the required knowledge and competence, your global business success would be left to chance.