



# *Cultural Differences in Business Communication*



John Hooker

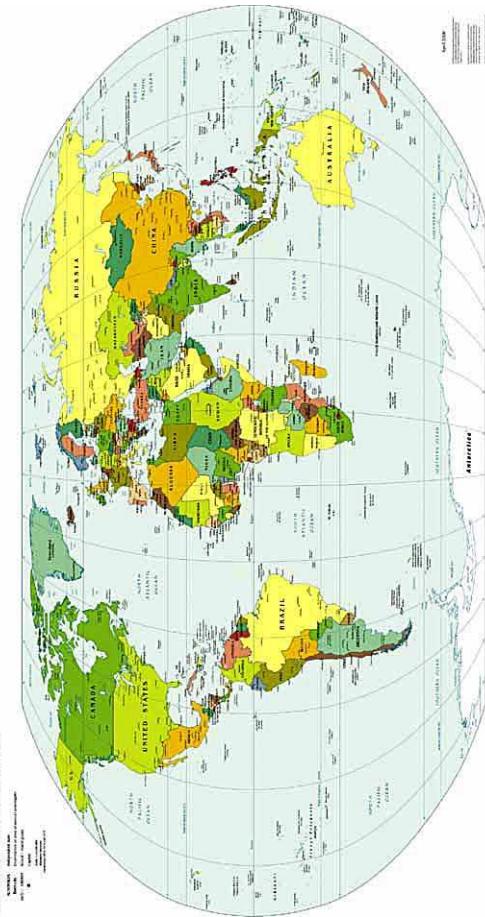
Carnegie Mellon University

University of Pittsburgh, April 2010



# *Two types of cultures*

- There are 5000+ cultures in the world, all very different.
- But they can be classified roughly as:
  - **relationship-based**
  - **rule-based.**

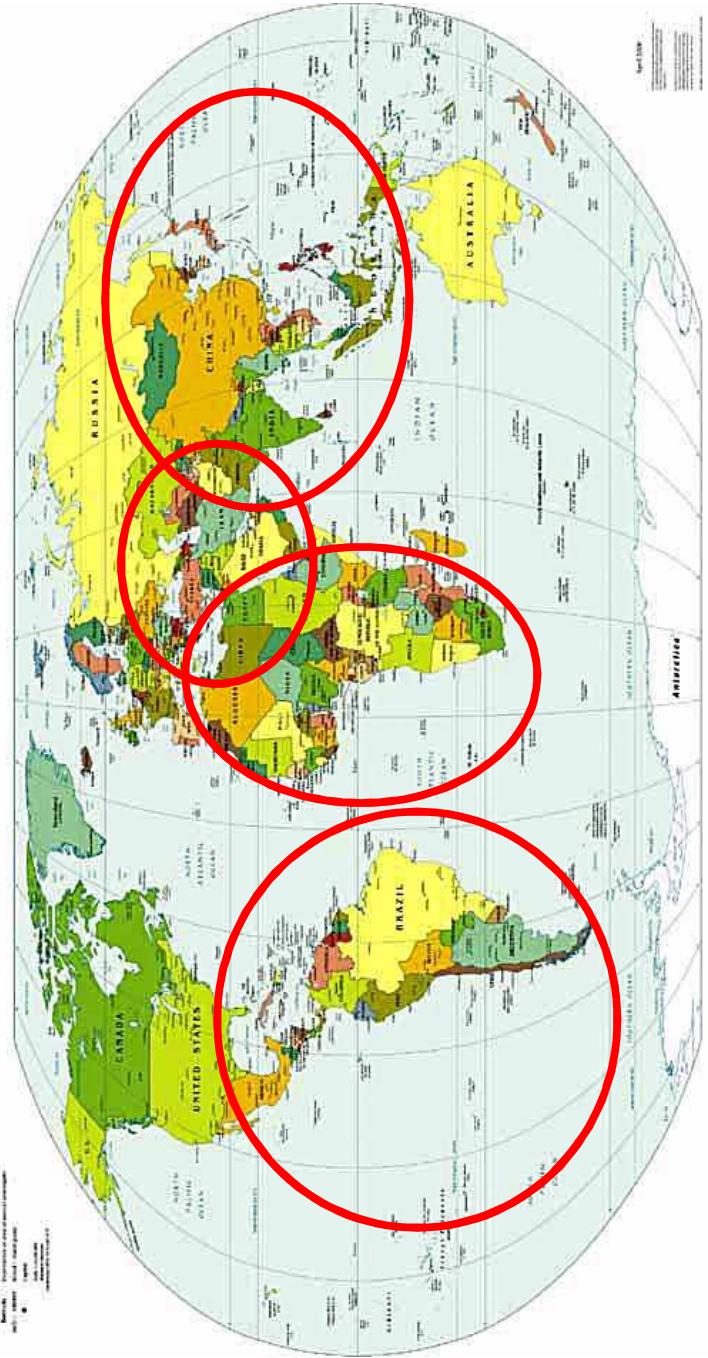




- *Relationship-based* = life is organized primarily around **personal relationships**.

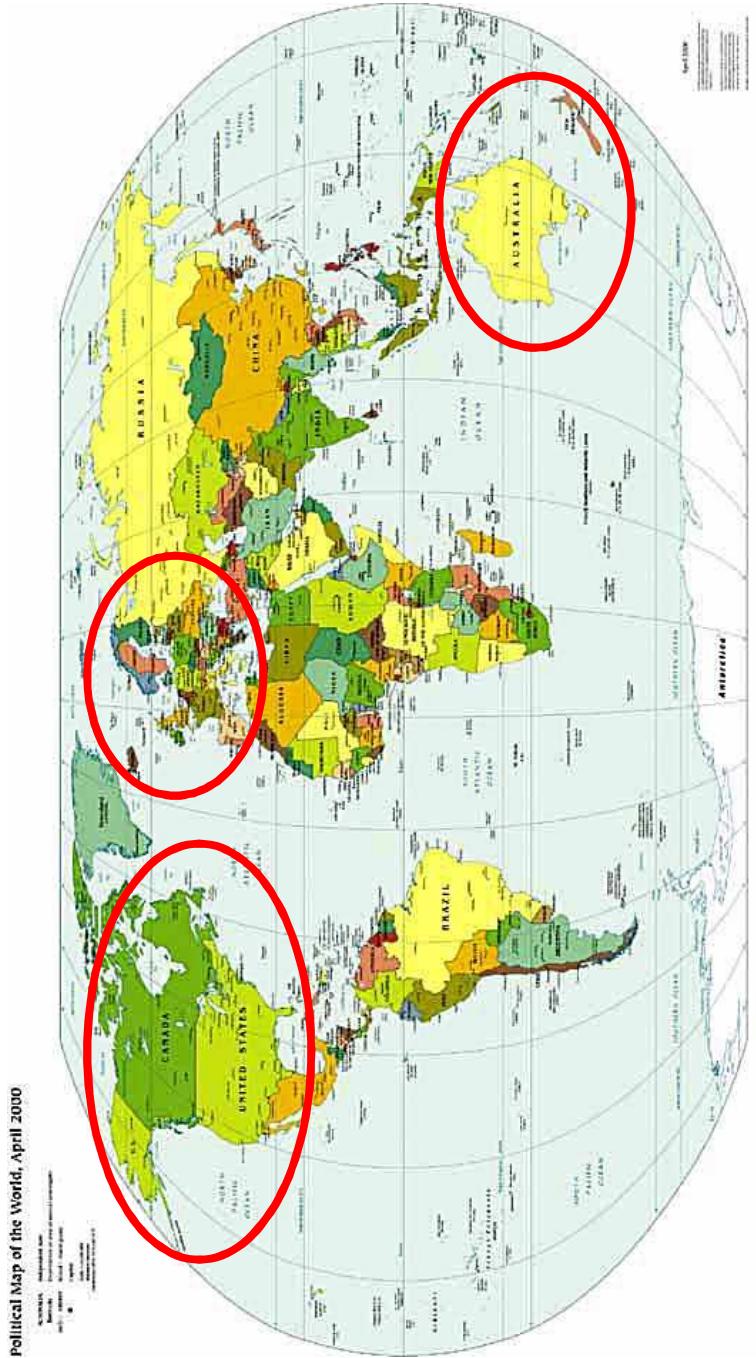
■ Africa, Asia, Middle East, South America

Political Map of the World, April 2000





- *Rule-based* = life is organized primarily by **rules**.
- **Australia, Europe, North America**





## *Low and high context*

- Rule-based cultures:
  - **Low-context** communication
  - Information is explicit in the message.
- Relationship-based cultures:
  - **High-context** communication
  - Much information implicit in the social context.



Photo courtesy of Kathryn Sorrells, 1998

Edward T. Hall



## *Low and high context*

- **Low-context** communication
  - Information is **explicit** in the message.
- **High-context** communication
  - Much information **implicit** in the social context.



Photo courtesy of Kathryn Sorrells, 1998

Edward T. Hall



## Low and high context

- Low-context message:

- "I would like a pint of 5.2% Löwenbräu Original beer."



**LÖWENBRÄU**

ORIGINAL

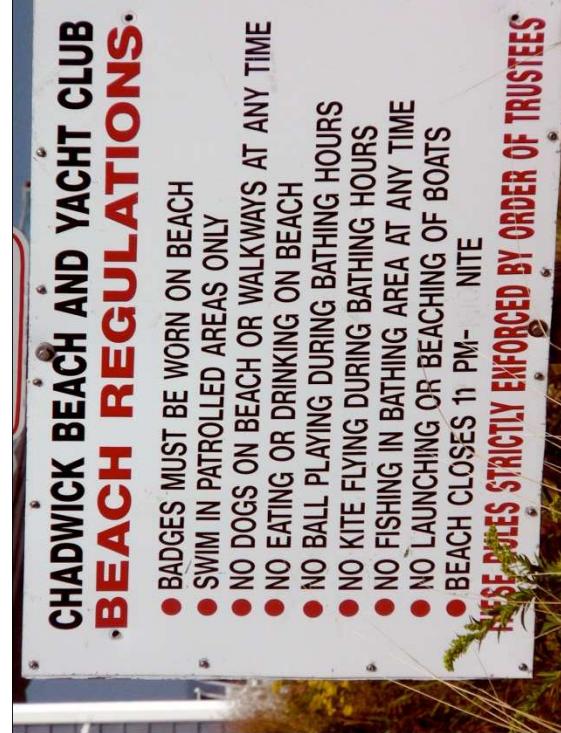
- High-context message:

- "*Noch eins, bitte*"  
(Another, please.)  
....spoken in a bar.



# *Low and high context*

- Low-context cultures.
  - Compliance ultimately based on respect for rules.
  - Behavior norms are spelled out.
- People pay attention to written instructions.





# Low and high context

- Low-context cultures.
  - ❖ Organizations run by the rules.

human-resources-policies.net

## EMPLOYEE BENEFIT PROGRAM POLICIES

### Vacation Policy

Regular Full-Time employees are eligible to receive paid vacation based on their length of service with the Company. Vacation may be scheduled at the start of the calendar year based on the following schedule.

Length of Service (Years)	Max. Annual Vacation (Days)	Accrual Rate (Days/Months)
<# years>	<# vacation days>	<accrual rate>
<# years> to <# years>	<# vacation days>	<accrual rate>
<# years>	<# vacation days>	<accrual rate>

All vacation must be taken in a maximum of full day increments. Employees <may or may not> carry over to the next calendar year <a maximum of one-half of their current annual vacation benefit>. Employees are encouraged to request and schedule vacation each year in January with an immediate supervisor. Supervisors will carefully monitor the use of time off and will take into consideration seniority, special skills, etc., when granting vacation.



## *Low and high context*



- ➊ Low-context cultures.
  - ▣ Information transmitted explicitly.
  - ▣ Rule-governed infrastructure.



## *Low and high context*

- ➊ Low-context cultures.
  - Long, detailed contracts.
    - Inflexible.
    - Enforced by legal system.



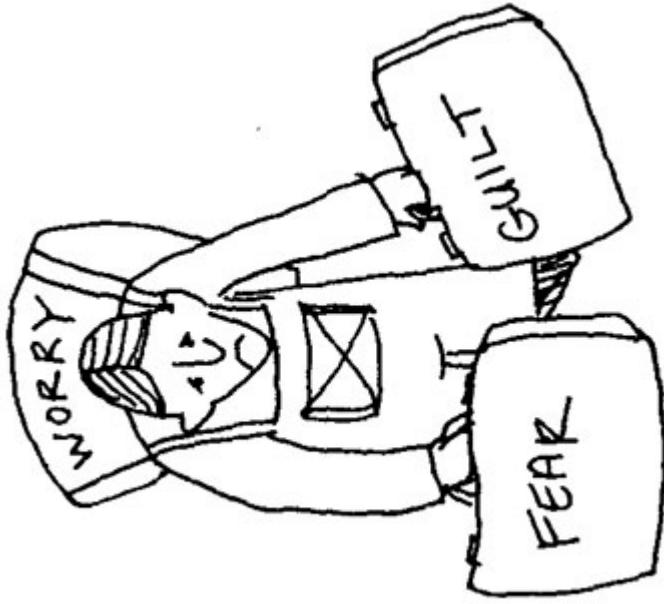


## *Low and high context*

- Low-context cultures.

- ❖ Light supervision.

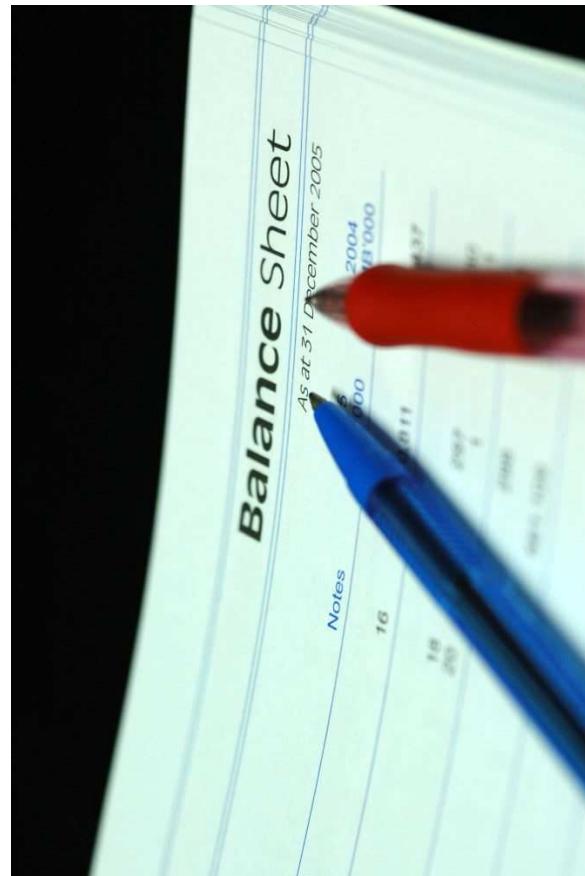
- Compliance based on guilt, fear of being caught.





## *Low and high context*

- ➊ Low-context cultures.
- ➋ Transparency possible and necessary in business.
  - Impractical to work through friends, family.
  - Public information necessary.





## *Low and high context*

- High-context cultures.
  - Compliance based on respect for significant others.
  - Behavior norms are transmitted by authority figures.





## *Low and high context*

- High-context cultures.
  - Norms tend to be implicit in the cultural context.
  - Organizations built around persons, infrastructure based on negotiation.





## *Low and high context*

- High-context cultures.
  - Organization run by the boss.
  - Particularist orientation rather than universalist.





## *Low and high context*

- High-context cultures.
  - Courtesy, face saving avoids disputes.
  - More important to be nice than to be right.
- Japanese example.





## *Low and high context*

- High-context cultures.

- Reliance on personal trust rather than the system.
- Working agreement, business relationship rather than explicit contract





## *Low and high context*

- High-context cultures.
  - Close supervision.
  - Compliance based on shame, loss of face.
  - Transparency difficult and less important in business.
- Work with family and friends.

关系



# *Negotiation*



## Low context.

- ❖ Negotiation as poker game.

- Bluffing, etc.
- But governed by rules





# Negotiation

## Low context.

- ❖ Parties state their views openly.
  - ❖ Belief in objectivity, possibility of "fair deal"
- Differences resolved by better arguments, spreadsheet calculations, logic of market forces

The screenshot shows a mobile application interface for a budget spreadsheet. The title bar says 'Budget'. Below it is a toolbar with 'Cancel' and 'Save' buttons. The main area displays a table with the following data:

B17	=SUM(B3:B7)-SUM(B10:B15)			
1	A	Jan	Feb	C
2	<b>SALES</b>			
3	Direct	80000	90000	
4	Channel	170000	150000	
5	OEM	45000	45000	
6	Royalties	24000	24000	
7	Total sales	319000	309000	
8	<b>costs</b>			
10	Staff	160000	160000	
11	Office	28000	28000	
12	Travel	10000	10000	
13	Professional	5000	5000	
14	Advertising	80000	80000	
15	Admin Exp	50000	50000	
16				
17	NET PROFIT	305000	285000	



# *Negotiation*

- ➊ High context.
- ➋ Indirect speech.
  - No “no”
  - “Yes” ≠ yes
  - Silence, body language





# *Negotiation*

## ● High context.

### ■ Indirect speech.

- No “no”
  - “Yes” ≠ yes
  - Silence, body language
- ### ■ Truth may be negotiated
- E.g., Middle East





# *Negotiation*

## ● High context.

### ■ No belief in objectivity.

- Differences cannot be resolved this way.
- Avoid giving offense in the first place.

### ■ Negotiation itself is problematic

- Confrontational





# Negotiation

- **High context.**

- **Street bargaining is different.**

- No need to maintain relationship
- Still, high-context to conceal what you are willing to pay





# *Transparency*

- **Low context.**

- **Transparent investment**

- Invest in strangers rather than through relationships

- **Accounting statements**

- GAAP





# Transparency

- High context.
- Invest through relationships
  - E.g., family, *guānxì* in China.
  - Slow but stable
  - Asian financial crisis was due to Western-style financing.





# Marketing

- Culturally specific.

- Advertisements are **not** homogenizing globally

- Even among Westernized elites.
- Technology supports finely segmented markets.



Kuwaiti ad for mango juice



# Marketing

## ● High context.

### ■ Mass consumer advertising is unnatural

- People prefer to rely on advice from trusted friends, family.
- Ineffective regulation for truth in advertising, etc.



*Meri Saheli*, Hindi women's magazine



# *Marketing*

## ● High context.

### ■ Even relationship marketing is different

- Western-style networking is through casual acquaintances, facebook
- Non-Western networking is through extended family, friends
- This can be very effective.



# *Marketing*



- **High context.**
- **Background and context can send unintended message**

- Symbol may be more important than image
- E.g., colors in Confucian culture
  - Red = happiness
  - White = mourning





# *Transparency*

- ➊ High context.

- ➋ Symbol vs. image

- Symbol = concrete representation of abstract idea

- E.g., Nuestra Señora de Guadalupe





# *Transparency*

- ➊ **High context.**

- ➋ **Symbol vs. image**

- Image = abstraction of the concrete
  - E.g., Cowboy image





# *Power distance*

- Relationship-based cultures.





# Power distance

## ● Honorific language



### Japanese

- Sales clerks may be trained to use *keigo*



### Korean

- Age sensitive
- Honorific inflections
- 7 speech levels

# *Power distance*

## ● Body language

### ■ E.g., Middle East

- Good posture shows respect to superiors
- Holding hands shows friendship between equals





## *Power distance*

- **Body language**

- E.g., **Shona** people in Zimbabwe

- Women and children clap when receiving gift.





# *Power distance*

- Body language
  - Bowing
  - Business card ritual





# Bureaucracy

## ● Ritual function

- In uncertainty avoiding cultures
- Provides predictability.





## *Rule-based variations*

### Giving a talk



**USA**

- Start with a joke
- Buzzwords



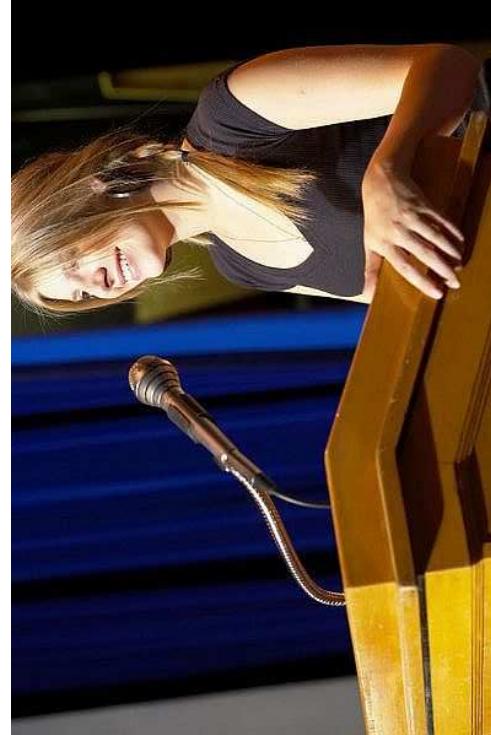
**Germany**

- Start serious



**Scandinavia**

- No buzzwords





## *Rule-based variations*

- ❖ Conversation.

- ❖ Britain

- Quiet & reserved, but brutally frank.

- ❖ France, Italy

- Emotional, but ultimately logical.



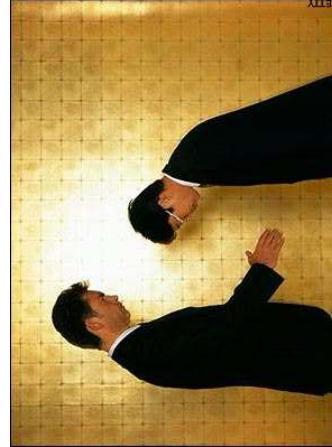


# *Relationship-based variations*

- Saving face.

- Confucian cultures

- Respect superiors.
- Respect subordinates unless they have already lost face



- Arab, Latin American cultures

- *Machismo*, or male honor.



# *Relationship-based variations*

- Group harmony.
- Bantu cultures
  - Greeting rituals.
- Japan
  - *Nemawashi*





# *Information technology*

- Deglobalization.
- Communication technology **reinforces** cultural divergence.
  - Rather than homogenizing the world.
- In two ways:
  - Market **microsegments**
    - Support for **high-context** as well as **low-context** communication



FreeFoto.com



# *Information technology*

- Market microsegments

- Satellite channels.

- Easy to set up

- Can cater to every ethnic group
  - 350+ Arabic-language channels





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# *Information technology*

- Culturally-specific websites.

- e.g., 275+ Google sites





# *Information technology*

- Support for high-context communication



- Close supervision





# *Information technology*

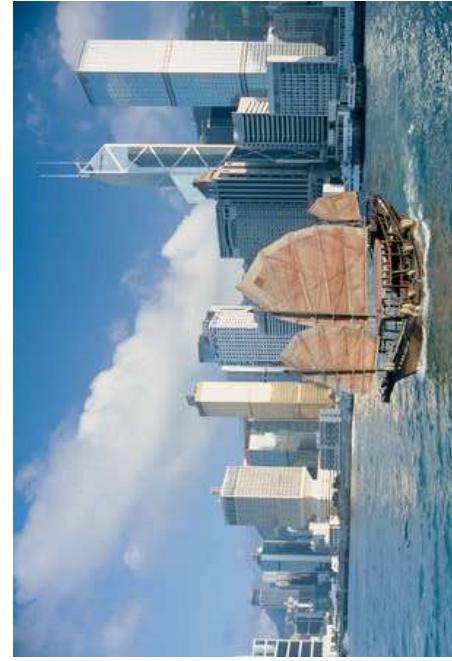
## ■ **Mobile phones.**

- Constant contact with associates.

- After Finland, took off in Asia.

- Close and constant supervision

- By parents.
- By employers.





# *Information technology*

## ■ Text messaging, etc.

- Smart phones
- Instant messaging
- Email





# *Information technology*

- Networking websites.

*Low context*



Facebook helps you connect and share with  
the people **in your life.**



*High context*



**Connect** with friends and  
family using scraps and  
instant messaging  
**Discover** new people  
through friends of friends and  
communities

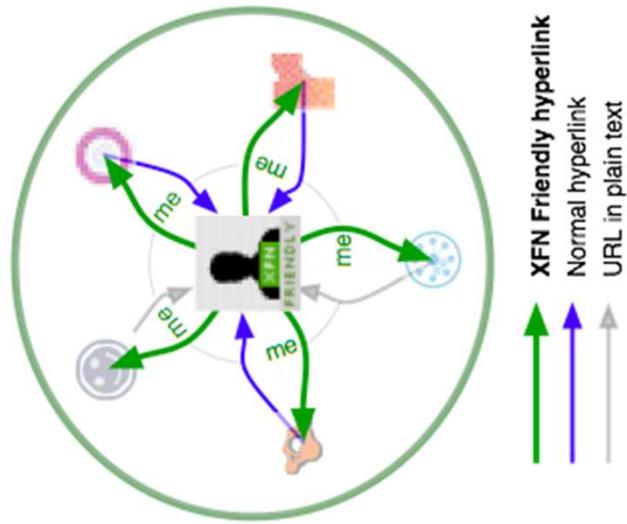
Wildly popular in Brazil.



# *Information technology*

## ■ Networking software & services.

- XHTML Friends Network
  - Ryze, XING, LinkedIn (business)
  - Digg, StumbleUpon, reddit (social bookmarking)
  - Virtual worlds (populated by avatars)





# *Stability*

- High-context approach is more stable.

- Asian financial crisis.

- China, Taiwan escaped it.
  - Family-based finance.

- Current financial crisis.





## *Conclusion*

- Cultural deglobalization.
- Powered by **cultural comparative advantage.**
- Enabled by **information technology.**
- With the added benefit of greater **stability.**

