Study Alabama

Cultural Considerations in International Trade

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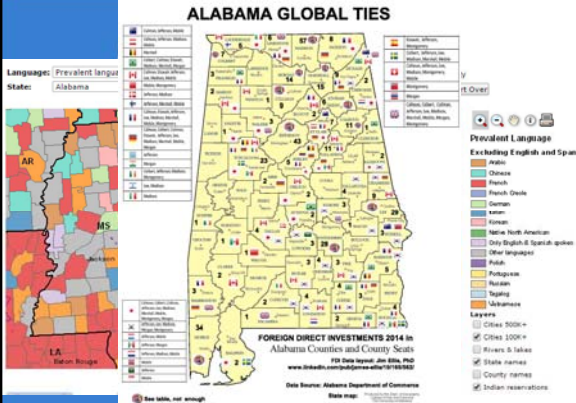

Cultural Perspective – Global/local

From Index Mundi based on 2014 data

Country Comparison > Population > TOP 100
Top 100 ▾ | Demographics: Population | ▾ | Submit

Rank	Country	Population
1	China	1,355,692,544
2	India	1,236,344,576
3	United States	318,892,096
4	Indonesia	253,609,648
5	Brazil	202,656,784
6	Pakistan	196,174,384
7	Nigeria	177,155,760
8	Bangladesh	166,280,704
9	Russia	142,470,272
10	Japan	127,103,392
11	Mexico	120,286,656
12	Philippines	107,668,232
13	Ethiopia	96,633,456
14	Vietnam	93,421,832
15	Egypt	86,895,096

ALABAMA GLOBAL TIES

International Expansion

Target markets

Decide on the target languages for the translation of website(s).

REGIONS

Trend*		Region	T-Index 2013	Projection 2017	Languages	Internet population	Internet penetration rate	GDP p.c. of Int. pop.**
—	1	East Asia	24.8%	29.1%	5	797,199,228	50.3%	$22,006
—	2	North America	23.6%	16.3%	3	300,221,020	85.5%	$53,733
—	3	Western Europe	19.9%	16.3%	17	334,621,610	80.4%	$41,211
—	4	South America	6.3%	8.3%	4	222,260,027	55.3%	$20,005
—	5	North Africa and Middle East	4.9%	6.4%	4	176,080,575	44.4%	$19,584
—	6	Central and Eastern Europe	4.5%	3.4%	20	144,102,839	54.5%	$22,245
—	7	North and Central Asia	3.7%	4.6%	7	121,812,576	54.2%	$21,488
—	8	Southeast Asia	3.4%	4.4%	10	187,299,979	29.7%	$12,984
—	9	South Asia	2.9%	3.4%	8	246,966,668	14.8%	$8,444
—	10	Central America and the Caribbean	2.7%	2.9%	3	78,951,534	59.5%	$24,219
—	11	Sub-Saharan Africa	1.8%	2.1%	11	165,978,413	18.1%	$7,493
—	12	Oceania	1.5%	1.2%	1	24,048,854	67.8%	$43,847

http://www.translated.net/en/languages-that-matter?sortBy=countries#results

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International Expansion

Target markets

Decide on the target languages for the translation of website(s).

LANGUAGES

Trend*		Languages	T-Index 2013	Projection 2017	Country	Internet population	Internet penetration rate	GDP p.c. of Int. pop.**
—	1	English	32.7%	25.0%	60	743,804,462	34.4%	$31,134
—	2	Chinese (*)	14.5%	21.2%	2	622,126,439	46.0%	$16,547
—	3	Spanish	7.3%	8.4%	11	215,756,595	51.0%	$24,000
↓	4	Japanese	6.2%	4.4%	1	109,626,672	86.1%	$40,918
—	5	German	5.2%	4.4%	5	81,844,013	80.7%	$44,756
↓	6	French	4.3%	4.1%	25	95,857,548	24.7%	$31,112
↑	7	Russian (*)	3.7%	4.5%	6	113,900,871	55.7%	$22,810
↑	8	Portuguese	3.5%	4.4%	7	121,766,498	47.4%	$20,602
↑	9	Arabic (*)	3.2%	4.2%	19	129,243,825	37.4%	$19,253
—	10	Korean	2.3%	2.3%	2	41,621,196	94.5%	$30,637
↓	11	Italian	2.2%	1.3%	4	36,577,121	58.9%	$42,420
↓	12	Chinese	1.9%	1.6%	3	24,404,161	78.6%	$53,797
↓	13	Dutch	1.3%	1.2%	5	21,224,121	89.8%	$44,897
↑	14	Turkish	1.3%	1.6%	1	37,748,969	46.6%	$24,162
↑	15	Farsi (*)	1.2%	1.8%	2	46,877,548	42.2%	$17,706

http://www.translated.net/en/languages-that-matter?sortBy=countries#results

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Cultural Perspective – Global/local

Product/Culture Considerations

After the 1997 Korean Air crash in Guam, the airline was criticized for its "authoritarian culture in the cockpit," CNN said. And after a Korean Air cargo flight crashed near London it was revealed that junior officers were "so deferential to the captain that they failed to speak up before it was too late."

Korean Air had more plane crashes than almost any other airline in the world for a period at the end of the 1990s. What they were struggling with was a cultural legacy, that Korean culture is hierarchical. You are obliged to be deferential toward your elders and superiors in a way that would be unimaginable in the U.S.

But Boeing (BA, Fortune 500) and Airbus design modern, complex airplanes to be flown by two equals. That works beautifully in low-power-distance cultures [like the U.S., where hierarchies aren't as relevant]. But in cultures that have high power distance, it's very difficult. http://www.salon.com/2013/07/10/cnn_asks_if_koreas_hierarchical_culture_caused_crash/

Cultural considerations

- **What cultures?**
- **How do you define culture?**
- **What are the components of culture?**
- **How does your/their cultural knowledge impact business?**

Culture defined.

It is the learned, shared, interrelated set of symbols and patterns of basic assumptions that are invented, discovered, or developed by a given group of peoples, nations, businesses or other institutions.

Culture is they myriad of patterned ways of thinking, feeling and reacting, acquired and transmitted.
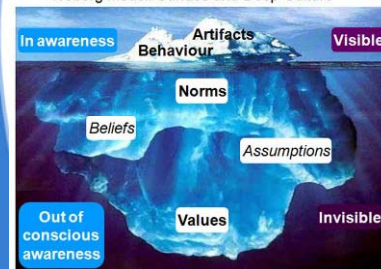
Culture is the guide for the selection of appropriate responses in social situations, social interactions, business interactions.

Culture components
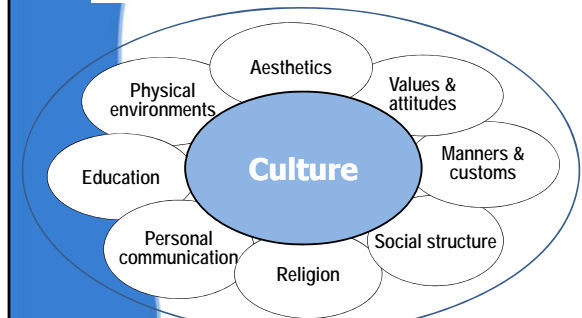
The Culture Iceberg

Iceberg Model: Surface and Deep Culture

Understanding culture and managing culture awareness: a paradox

Seven Characteristics of Culture

- **Learned** - Not innate but something acquired because of where one is raised. If you are born in one culture and then move to another at one point in your early life you may acquire the culture of the first and second, Third culture Kids.
-
  Transmitted - Each generation (older) passes it on to the younger & reinforces it. If not transmitted, a culture dies.
- **Based on Symbols** - Language (verbal and nonverbal) is key element / but also from images, icons.
- **Changeable** - No culture is static. The culture of your grandparents or parents is not identical with your own (a major cause of the so-called generation gap). Changes occurs from: innovation (discovery) e.g. cell phone; diffusion (borrowing); acculturation (long-term contact with another culture),
- **Integrated** - One dimension affects other dimensions. Consider how cultural movements in the US or other parts of the world go on to appear or affect other parts of the world.
- **Ethnocentric** - A trait found in every culture — the focus on one's local culture above all others. While it is important to have a positive view of one's self, ethnocentrism can be a major hindrance to intercultural communication — can shut others out, lead to contradictory viewpoints.
- **Adaptive** In order to survive, culture must adapt. Example — roles of men and women around the world

Not all members of a culture have the same behavior. Make no assumptions!

- Some differences can be based on
  – Age and its role in society
  – Religion (personal, local, national, global)
  – Dialect/language spoken, pronunciation, terms, translations…
  – Gender identity and roles
  – Socioeconomic background
  – Geographic location of country of origin and/or national politics both internally and globally.
  – Amount and type of interaction between younger and older generations , people from other cultures
  – Degree of adoption of values and experiences with other values

How is silence viewed in different cultures during discourse?

In general it may indicate a lack of understanding, stubbornness, apprehension, or discomfort. But then

— Among American Indian, Chinese, and Japanese cultures, it may be contemplation or "receptiveness".

— In Russian, French, and Spanish cultures, it may be used to indicate agreement between parties.

— In Asian cultures, it may indicate a sign of respect and wisdom.

— In Mexico it may be used when they disagree with a person of authority.

http://www.napavalley.edu/people/pcarroll/Documents/cultural%20enthnic%20considerations.pdf

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It gets complicated

<u>Touch:</u> Britain, along with much of Northern Europe and the Far East, is classed as a "non-contact" culture.

<u>Eye Contact</u> In many Middle Eastern countries, same-gender eye contact tends to be more sustained and intense than the western standard. In many Asian, African, and Latin American countries, however, unbroken eye contact would be considered aggressive and confrontational. These cultures tend to be quite conscious of hierarchy, and avoiding eye contact is a sign of respect for bosses and elders. In these parts of the world, children won't look at an adult who is speaking to them, nor will employees to their bosses.

<u>Gestures</u> Tapping your finger to your temple is a gesture to show memory in North America, but suggests insanity in Russia. Even nodding yes or shaking one's head no can be misunderstood abroad. The yes-no gestures are reversed in countries like Bulgaria and Albania. In Turkey, "no" is gestured by nodding the head up and back.

<u>Indian Headshake</u> https://www.youtube.com/watch?v=Uj56IPJOqWE

http://www.telegraph.co.uk/education/educationadvice/10055769/International-body-language-a-language-with-no-words.html

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High and Low Context Complications

http://blog.usabilla.com/ux-designers-culture-affects-your-job/img3/

It gets even more complicated

Culture Shock

the-classic-5-stage-culture-shock-model
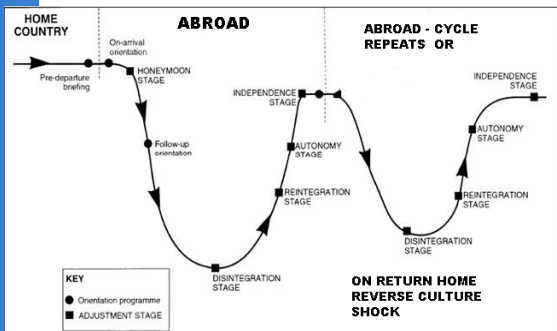
Avoiding Blunders

- Many types of blunders result from ignorance of cultural and other macro-environmental variables.
- If international marketers are misinformed about the cultural characteristics of foreign markets or lack sufficient information regarding macro-environmental factors, they may stumble into blunders unintentionally [1]

A Framework for Analyzing International Marketing Blunders and Their Possible Causes. [1]

[1] Tevfik Dalgic and Ruud Heijblom ; Educator Insight: International Marketing Blunders Revisited, Journal of International Marketing, Vol. 4, No. 1, 1996.

http://www.slideshare.net/levi22usa/international-marketing-mistakes-related-to-culture

Adjustment strategies

INITIAL ATTITUDES

INEVITABLE REACTIONS TO CROSS-CULTURAL ENCOUNTERS

COPING STRATEGIES

RESULTS

Openness Acceptance Trust

Suspicion Fear Prejudice

Cultural Differences

Frustration
Confusion
Tension
Embarrassment

Choices

Observe
Listen
Inquire

Criticize
Rationalize
Withdraw

Rapport and Understanding

Alienation and Isolation

REACTIVE RESPONSES

References: **Addressing Culture Shock**
THE CULTURAL DIMENSION OF INTERNATIONAL BUSINESS

Comparing Cultures – variables to consider

Power distance: the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.

Individualism: indicates the degree to which individuals are focused upon as opposed to the broader group

Uncertainty Avoidance: represents the degree to which risk-taking is commonplace (a higher rating meaning a lower propensity for risk)

Masculinity vs Femininity: represents the scale between competitiveness, materialism and aggressiveness (high rating) compared to focusing on relationships and quality of life
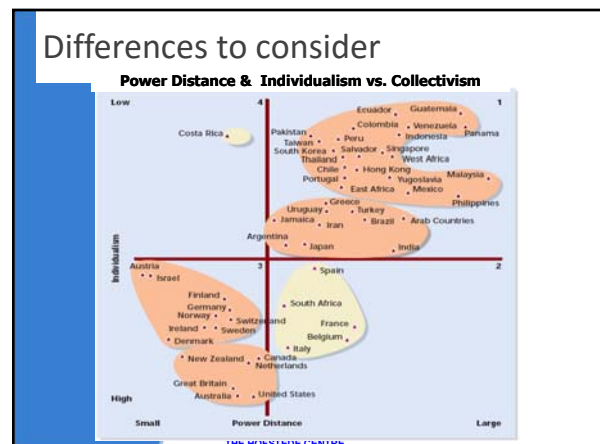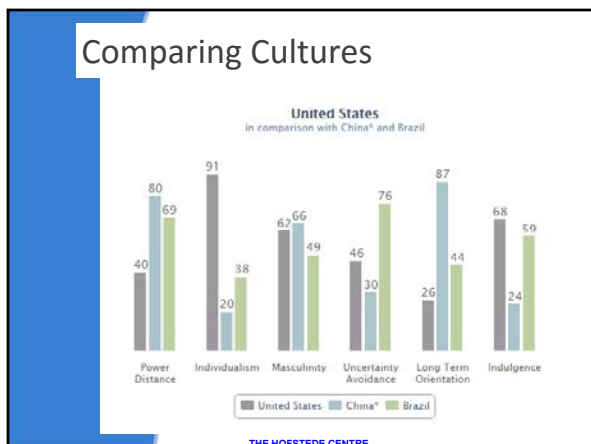
Uncertainty Avoidance/Long Term orientation: indicates the tendency to plan for longer-term agenda items as opposed to pursuing short-term goals

Indulgence vs Restraint: is simple the frugal (or spendthrift) habits of the average individual in a culture (purchasing beyond necessity)

Avoiding Blunders

Cultural Dimensions Example	Country A	Country B
Power Distance Index (PDI)	20	60
Individualism (IDV) vs. Collectivism	70	25
Uncertainty Avoidance Index (UAI)	30	50
Masculinity vs. Femininity (MAS)	40	75
Long-term Orientation (LTO)	35	65
Indulgence vs. Restraint (IVR)	25	55

Source: information on Hofstede's dimensions come directly from Wikipedia.com, which can be found here:
http://en.wikipedia.org/wiki/Hofstede's_cultural_dimensions_theory

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Comparing Cultures

Select a Country — Germany

United States
in comparison with South Africa and Germany

	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long Term Orientation	Indulgence
United States	40	91	62	46	26	68
South Africa	49	65	63	49	34	63
Germany	35	67	66	65	83	40

■ United States ■ South Africa ■ Germany

THE HOFSTEDE CENTRE

Comparing Cultures

United States
in comparison with China* and Brazil

	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long Term Orientation	Indulgence
United States	40	91	62	46	26	68
China*	80	20	66	30	87	24
Brazil	69	38	49	76	44	59

■ United States ■ China* ■ Brazil

THE HOFSTEDE CENTRE

Differences to consider

Power Distance & Individualism vs. Collectivism

Low

Costa Rica

Ecuador · Guatemala
Colombia · Venezuela
Pakistan · · Panama
Taiwan · Peru · Indonesia
South Korea · Salvador · Singapore
Thailand · Chile · · Hong Kong · West Africa
Portugal · · Yugoslavia · Malaysia
· East Africa · Mexico
Uruguay · Greece · · Philippines
· Jamaica · Turkey
Argentina · Iran · Brazil · Arab Countries
· Japan · India

Austria
· Israel · Spain

Finland
Germany · South Africa
Norway · · Switzerland
Ireland · · Sweden · France
· Denmark · Belgium
· Italy
· New Zealand · Canada
· Netherlands
Great Britain
Australia · United States

High

Small — Power Distance — Large

THE HOFSTEDE CENTRE

Business Card Culture to Consider

Business cards are recognized around the world as a means of presenting not only your professional information but also as a personal form of contact, so ensure you have a plentiful supply. This is an evolving culture in itself and therefore make sure to check before your meeting(s). Some tips:

- When travelling abroad for business it is virtually a requirement to have your business card translated into the appropriate language of the country(ies) you will be doing business in.
- Business cards are generally exchanged at the beginning of or at the end of an initial meeting and the formality of the ceremony varies around the world.
- Minimally it is always advisable to give and receive cards with the right hand. In Asia in particular you should hold the card with both hands when exchanging cards, bowing slightly as you do so. RECEIVE the card from your host in the same way.
- It is best to formally introduce yourself and exchange cards with the most senior person first and move down in the order of seniority if evident or known.
- Good business etiquette requires that you present the card so the recipient's language is face up so they can read the card upon receiving it.
- See handout for more ....

Crossing Cultures and Managing Expectations

Before first contact:

FIRST KEY - Global Awareness

Research • Pre-meeting Strategies • Negotiating • First Impressions are Lasting • Importance of Rank & Status • the Role of Gender in International Business • Business Card Protocol • Business Customs & Terminology • Gift Giving Protocol

Work towards Proactive Cross-Cultural Communication – Avoid reactive communication, become familiar with the role of technology in communication etiquette. Be aware of the role of language, idioms, etc…. Humor does not necessarily translate.

SECOND KEY - Bridge the Cultural Gap

Third party introductions, In Person, On the Phone, by Email, Video conference For you first meeting prepare for and learn about: Business Introductions • Handshakes • Forms of Address • Role of Eye Contact Across Countries • Communication Styles & Interaction protocol (i.e. seniority, interrupting, etc,) • Conversation Skills • general protocol for meals, tours, etc. (i.e. when to conduct business and when not to),

Crossing Cultures and Managing Expectations

After first contact:

THIRD KEY ELEMENT - Organize for Productive Interactions

Review what you learned, Strengthen your understanding of cultural sensitivities, Avoid conflict and misunderstanding. **Follow-up, in person, etc.. build**

FOURTH KEY ELEMENT - Your staff

Work with your staff at home to help them develop strategies to help strengthen the relationship, help them understand: Cultural Beliefs, Values, Rules, High-and-Low Context Communications & Cultures, Strategic Dos and Don'ts

FIFTH KEY ELEMENT – Challenges Leave Clues

Review what happened, why it happened and how to proceed. Include the **humorous mistakes you or others made.** If they did not happen they WILL happen. Be ready for them.

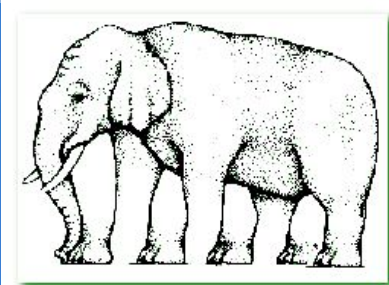## Crossing Cultures and Managing Expectations

Photography/cell phones and social media

There are both formal and informal taboos against taking pictures in some cultures. S/He who holds the camera has a certain power…to use it sensitively or abuse it. We can distort the way of life of a people by the pictures we take. We can spread distorted images far and wide. Our pictures provide impressions that may or may not be accurate.

There is in some circles the argument that networks such as Facebook mainly reflect and accommodate values and norms prevalent in Anglo-Saxon cultures (U.S., UK, Canada, etc.) — which explains why they're much less successful elsewhere. Design matters, language matters, language subtleties matter, faces/images matter, etc..

https://msu.edu/~mandrews/global/sensitivephotography.pdf
https://www.thoughtfarmer.com/blog/5-lessons-cross-cultural-social-networking/

Perceptions/Perspectives and Reality

When you change the way you look at the world, the world you look at changes.

How many ways to peel a banana

Handouts

1. Crossing Cultures with Business Cards

2. General Cultural rules for International Cooperation

3. From the news, examples – some excerpts and resources

Remember: cultures do change over time - always keep up to date

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Mary Anne Thompson is the Founder and President of Going Global, Inc.

Our Alumni - Our future - Our world

Jonathan Hursh USA Alumni & Boren Scholar

MIGRANT SLUMS ARE INHERENTLY UNSTABLE SO WE WERE PUSHED TO THINK INSIDE THE BOX.

BETTER CITIES, BETTER LIVES

http://included.org/
http://www.utopiacities.org/utopia/

Cultural Considerations in International Trade

Thank You – Questions?

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