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Breaking through the cultural Great Wall

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In an ever shrinking world of Global trade Sweden is doing well in selling to its traditional neighbouring partners of trade, such as Norway and Denmark but when it comes to grabbing its fair share of the trade with faraway markets like Japan, China, India, Brazil and even the largest export market, the USA, Sweden is under-performing.

When looking for answers, modern linguistic science is pointing at other explanations than proximity and transportation costs, such as the obstacles of “cultural differences”. Any parent with a piercing enthusiast “Gothic” teenage daughter knows about “communication across cultures”. Now imagine whole continents of piercing enthusiasts teenage daughters, and try negotiating a trade deal with them. What do you do? Give up? Well, maybe not yet.

For top corporate managers around the world, the first problem might be to actually acknowledge that there is more to culture than the opera and paintings. From then on, the solution is to select the most productive strategy how to deal with cultural differences.

We live in an era with ever increasing technological advances that continue to bring the peoples of the world closer together. Geographical barriers no longer pose the same obstacles in conducting trade as it did just a few decades ago. In 1999 the OECD pointed out that economies that fully used these benefits would grow faster than those that did not. A reason as good as any to stimulate global trade...

Understanding Cultures

A brief look at Sweden’s export statistics shows that the United States is Sweden's largest export market of all in absolute terms, while Japan in the eastern hemisphere also rates among the most important. Still countries such as India and China despite their enormous populations shows much lower export figures, thus indicating that geographical distance or specific trading regulations is not the main trade barrier for Swedish exports.

While looking for an explanation on Sweden’s foreign trade trends, I turned to Dutch organizational anthropologist Geert Hofstede, who in the early 1990's came up with the concept of national “masculinity index” (Mi), measuring the populations social concerns on 'soft issues' such as quality of life, day care, old age security, environment etc. In this study Sweden turned out to rank lowest of all, with both sexes being equally concerned in familial,

social and environmental issues rendering Sweden a Masculinity index (Mi) of 5, in a dramatic contrast to Japan, who ranked as the highest of all (Mi 95)! Accompanying Sweden in the feminine ranks were closest neighbours and important trade partners such as Norway (Mi 8), Netherlands (Mi 14) and Denmark (Mi 16).

The figures seem to correlate with Swedish trade statistics and they got more interesting when these were converted into 'per capita' figures, which suddenly made the export to the US look like a massive failure with a mere SEK 178/capita, compared to Norway (SEK 8,213/capita), Denmark (4,766/capita) and the Netherlands (1,407/capita). When looking at Sweden's closest neighbours, it showed that the four countries closest to the Swedish Mi index averaged an export of 4739 SEK/capita while the eight countries furthest away from Sweden on the masculinity index scale, averaged only slightly more than a tenth, or SEK 537/capita. The figures clearly indicated "the more different the culture, the less export", with India hitting rock bottom export with SEK 3.8/capita, followed by China at SEK 5.7/capita. What then could be done to increase Swedish trade opportunities in Asia?

Culture and Business

It is easy for us to think of culture as something that hardly matters and could be dealt with since we're all humans, aren't we? But it is precisely that 'we are all humans' that poses the problem in the first place since it is difficult to see beyond the physical similarities or even dissimilarities. In trading and doing business, we need to realize that the person on the other side of the table - your trade partner, your customer or your employee - is much more than the physical person you see. He as well as you, come with a complete set of inner concepts, ideologies, beliefs and values. The problem is, that these concepts are different between you and him. And both of you are so sure that these ideas are laws of nature or given by God, that you no matter how hard you think, both can't imagine that someone else can see things so differently. Still, you do, and there is no end as to the problems this can cause before the two of you have understood this. From one point of view, it is better if your business partner has a bone poked clear through his nose and wears shrunken heads around his waist, as it could be far more dangerous when the cultural differences are small or nonexistent on the surface. You might think that you are doing fine right up to the point where you unthinkingly place the Japanese CEO at the lowest ranking place in the elevator, and your own female – oh horror! – secretary, at the place reserved for the most senior in the same elevator. You wouldn't know what had hit you when you walk out of that meeting without the signature to close the deal.

Learn the language of the 'Other'

The most obvious of cultural factors, our language, is further inextricably bound to culture since thoughts are ultimately expressed in language. The first strategy for breaking the cultural Great Wall is to learn to speak the Other's language. Whether we know it or not, in speaking another's language we are in part obliged to think as 'they' do. In part this explains the relative success for countries trading with cultures whose language is understood. On the personal level, there are few strategies likely to be less successful than trying to make do with the standard phrases given in your Asia On a Shoestring travellers guide. To talk, you need to be able to think like the Other and this poses an entirely new set of problems.

In 1996 Maletzke¹ summarised thought patterns into – the logical or pre-logic, the inductive or deductive, the abstract or concrete and the alphabetic or analphabetic. Now, imagine that your thought pattern is logical, inductive, abstract and alphabetic while your future business partner is pre-logic, deductive, concrete and an-alphabetic. Then, put a bottle of soda on the table and say that this is the most refreshing drink in the world and that you would like to market this in their country. Good luck on that one! Not even the most cleverly thought out sales strategy would function here, because the fundamental thought patterns are different. It is not a question if one or both of you are right or wrong, but that you are just different. Language is thus a doubled-edged tool in that it both influences and is influenced by a people's thought patterns. Argumentation and communicative styles are also influenced by the structure of language, so that a language that encourages mainly inductive thinking such as Anglo-Saxon languages will reason different from those languages who encourage deductive thinking such as Russian and Latin American languages. The Chinese on the other hand are influenced by Confucian philosophy and has a more holistic approach to matters, which leads them to see the world from a perspective that perhaps is not even open for the western mind.

However, without understanding the above, we can conclude that learning the languages of those with whom we would like to cooperate, is just about the best thing we can start with. The second strategy is to practice cultural difference awareness. Even if you don't believe in the same things, awareness, observation and an effort to understand will gradually acculturate you with the Other.

Organizational hierarchy

Most Scandinavian countries run businesses on a horizontal hierarchy, where differences in rank between employers and their employees are downplayed. Few have failed to notice the cultural clashes between the horizontally oriented Swedish (Mi 5) organizations and the vertically oriented North American (Mi 62) organisations that has come to light in the case of Ford's acquisition of Volvo Cars Corporation. In working together with the Americans, the Swedish team has the power to make decisions on their own, whereas the American team needs to report back to their superior, who in his turn may need to report back to his superior, and so on. Without saying that either way is the right way, the clashes end up costing dearly in terms of time and profits for the organizations involved. In financial terms a corporate culture could be defined as everything that does not need to be controlled or specially administrated. Naturally any "control" will lessen the efficiency of the organization and heighten the costs, compared to any organization which does not have this problem. In corporate mergers and acquisition (M&A) situations, cultural differences should be a top priority issue rather than as is right now, being mentioned as an explanation when trying to figure out why close to half of all corporate M&As fail in economic terms.

Gender roles

Gender roles also affect the outcome of business negotiations but is less of a practical problem than indicated by current debate. For business purposes this could be circumvented once the problem has been noticed, provided of course, that it gets noticed. A woman Chief Executive Officer (CEO) from Sweden flew to Japan with her male Sales Manager for a business negotiation and found her male Japanese counterparts unwilling to negotiate directly with her, but rather with her male colleague. "I was made to feel as if I was interrupting rather than contributing when I spoke".

Countries in Asia have highly masculine cultures where gender roles are non-overlapping. Most Asian countries work with rigid vertical hierarchies in their organizational structures. Information is expected to flow from top down, and strictly followed by those of lower ranks. Even if subordinates know better, they would not be allowed to take part in the ultimate decision making process. Something that might have serious consequences is if a nation employed doctors from high Mi countries who in turn may not understand the language of the patient and yet cannot bring themselves to ask advice of the low Mi country nurse.

Even a moderately masculine country such as Singapore (Mi 48), the only Asian country to rank among the top ten in Sweden's largest export markets, is a country where gender roles seldom overlap. Till today, paternity leave is unheard of. A male businessman that needs to postpone a meeting with a Singaporean counterpart has better come up with something more valid than having to look after a 'sick child' at home, for, why can't the Mother or Grandmother do it? Few women in Singapore reach CEO status and if and when they do, the local media continues to associate these women with their homes. Still Singapore is far below Japan (Mi 95), China (Mi 57) and India (Mi 56) in terms of how masculine and patriarchal the society is. To take these issues into account, is a strict necessity.

Listen and earn

Cultural values influence every step of business negotiations. It influences how decisions are made and how businesses are run in different parts of the world, how people rationalise their dreams and their future ambitions. Still, cultural values do change over time and can be learned. With electronic communication where a message can circle the globe six times in one second, intercultural communication will become as common as "bacon and eggs", granting that bacon is taboo in some cultures and that eggs may perfectly well might be for another culture. To understand these differences as they are right now is pivotal in foreign trade. The new economy is already here, where organisation function globally and across all kinds of cultures. Organizations need to look beyond short term profit maximization and economies of scale in order to improve foreign trade. Export statistics and Hofstede's Mi, though not the single most important indicator of foreign trade patterns, still shows that Sweden trades best with like societies. This also indicates that every small step towards an understanding of another culture, so that it becomes a part of our own, is important in foreign trade. What needs to be done in practical terms of research, is to identify miscommunications and cross-cultural misunderstandings and search for success strategies, that perhaps are already applied in many of today's successful business relations.

The Dragon is awakening in the Far East. Perhaps Sweden, as the most "feminine" country in the world, is the country most apt to turn its ability to cooperate, listen and make decisions outside the traditional hierarchies, into hard cash.

1 Quoted in Stephen Dahl at http://stephan.dahl.at/intercultural/about_culture.html