

A SHORT COURSE IN

# INTERNATIONAL BUSINESS CULTURE

## 国际商务简明教程系列——国际商业文化

*Building your  
international business  
through cultural  
awareness*

THE SHORT COURSE IN INTERNATIONAL TRADE SERIES



CHARLES MITCHELL

Why  
外教社

上海外语教育出版社  
SHANGHAI FOREIGN LANGUAGE EDUCATION PRESS

(北京)

0

4

THE SHORT COURSE IN INTERNATIONAL TRADE SERIES  
国际商务简明教程系列

---

# International Business Culture

## 国际商业文化

Charles Mitchell

---

上海外语教育出版社  
SHANGHAI FOREIGN LANGUAGE EDUCATION PRESS

---

## 图书在版编目(CIP)数据

国际商业文化=International Business Culture: 英文/(美)米歇尔

(Mitchell, C.) 著.—上海: 上海外语教育出版社, 2000

(国际商务简明教程系列)

ISBN 7-81046-817-0

I. 国… II. 米… III. 国际贸易-商业经济-文化-高等学校-教材-英文 IV. F740

中国版本图书馆CIP数据核字(1999)第16972号

图字: 09-2000-032号

出版发行: **上海外语教育出版社**

(上海外国语大学内)

责任编辑: 李海峰

印 刷 常熟市印刷八厂

经 销 新华书店上海发行所

开 本 787×1092 1/16 印张 12.25 字数 336 千字

版 次: 2000年4月第1版 2000年4月第1次印刷

印 数: 3 000 册

书 号 ISBN 7-81046-817-0/F·062

定 价 20.00 元

本版图书如有印装质量问题, 可向本社调换

## 出版前言

当今世界经济全球一体化发展异常迅速。对许多国家而言,跨国商务在经济活动中的地位日益突出,了解国际市场并把握商机由此也显得极为迫切。

由上海外语教育出版社从美国世界贸易出版社引进出版的国际商务简明教程系列正合当前急需。本系列丛书的编写宗旨是:以全球性的眼光关注世界经贸活动,向全世界读者提供国际商务活动的理论、操作方法和案例。本丛书共有十三种,每种就一个主题进行深入浅出的讲解,介绍跨国商务的理论、实践与方法。丛书语言简明易懂,内容新颖实用,紧扣时代脉搏,并配有大量生动翔实的操作实例,能直接对实际商务操作起指导作用,是目前国内不可多得的原版商务教程。

《国际商业文化》是本丛书中的一种,主要从商业文化角度介绍进行跨国交易的方法。本书将教会你如何把握各国、各地区的商业文化差异并避免出现因无知而导致的失礼言行从而影响商务活动的正常开展。书中详细介绍了有关地区和国家间主要的文化差异,解释了如何理解非语言文化信号,并点出了商务人士面临的冲突和机遇。

本书涉及了许多国家不同的商业文化,并对各种文化进行了比较,内容新颖,富有时代感。相信读者看完此书必然大有收获。

A SHORT COURSE IN

---

# *International Business Culture*

Charles Mitchell



# WORLD TRADE PRESS®

*Professional Books for International Trade A Short Course in International Business Culture*, developed by World Trade Press, Novato, California USA,

Copyright © 1999 World Trade Press All Rights Reserved

A Short Course in International Business Culture

By Charles Mitchell

Short Course Series Concept: Edward G. Hinkelman

Cover Design: Ronald A. Blodgett

Text Design: Seventeenth Street Studios, Oakland, California USA

Copyright Notice

© Copyright 1999 by Edward G. Hinkelman. All Rights Reserved

Additional copyright notices:

ICC No. 460, *INCOTERMS 1990*, Copyright © 1990 by ICC Publishing S. A. All rights reserved. Reprinted with the permission of the International Chamber of Commerce through ICC Publishing, Inc., in New York.

Reproduction of any part of this work beyond that permitted by the United States Copyright Act without the express written permission of the copyright holder is unlawful. Requests for permission of further information should be addressed to Publisher, World Trade Press at the address above.

This edition of "The Short Course in International Trade Series—A Short Course in International Business Culture" is published by the permission of the Syndicate of World Trade Press, U. S. A.

Licensed for sale in the People's Republic of China only, illegal for sale elsewhere

本《国际商务简明教程系列——国际商业文化》(重印本)由美国世界贸易出版社授权上海外语教育出版社出版,仅限在中华人民共和国境内销售

## TABLE OF CONTENTS

---

Chapter 1: UNDERSTANDING CULTURAL DIFFERENCES . . . . .	1
Chapter 2: BASIC CULTURAL TYPES . . . . .	14
Chapter 3: THE IMPACT OF CULTURE . . . . .	26
Chapter 4: THE GLOBALIZATION OF BUSINESS . . . . .	37
Chapter 5: CUSTOMS ETIQUETTE AND PROTOCOL . . . . .	47
Chapter 6: COMMUNICATING ACROSS CULTURES . . . . .	67
Chapter 7: NON-VERBAL COMMUNICATION . . . . .	77
Chapter 8: WRITTEN COMMUNICATION . . . . .	101
Chapter 9: CULTURAL LANDMINES FOR WOMEN . . . . .	110
Chapter 10: GIFT GIVING . . . . .	121
Chapter 11: HUMOR ACROSS CULTURES . . . . .	130
Chapter 12: CROSS-CULTURAL MEETINGS . . . . .	134
Chapter 13: CROSS-CULTURAL NEGOTIATIONS . . . . .	142
Chapter 14: CORPORATE CULTURE . . . . .	148
Chapter 15: CORPORATE ETHICS . . . . .	154
Chapter 16: THE CROSS-CULTURAL TEAM . . . . .	160
Chapter 17: CROSS-CULTURAL MARKETING . . . . .	167
Chapter 18: CROSS-CULTURAL CONSULTANTS . . . . .	175
Chapter 19: GLOSSARY . . . . .	178
Chapter 20: RESOURCES . . . . .	182
Chapter 21: BOOKS . . . . .	185



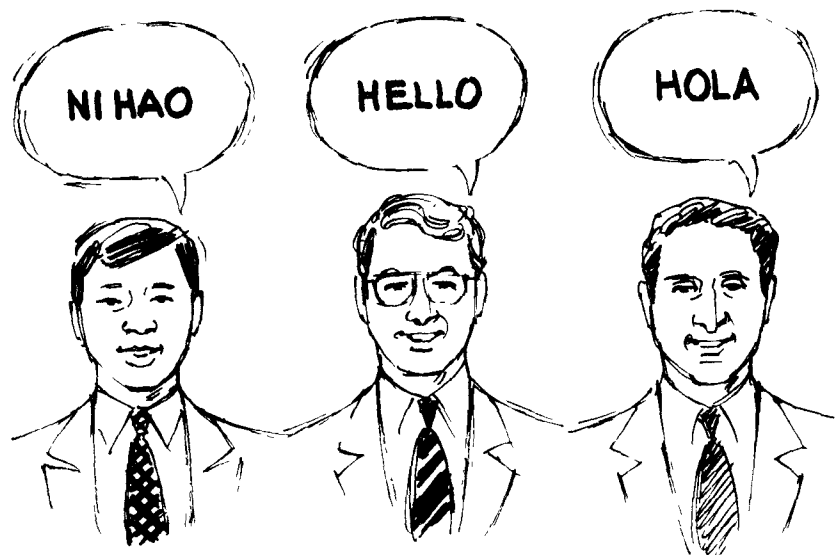
## Understanding Cultural Differences

*THE ONLY TIME WHEN TRUE SUFFERING OCCURS IS*

*WHEN TWO CULTURES COLLIDE. — HERMANN HESSE*

ANYONE WHO HAS done business internationally knows that dreadful feeling brought on by the blank stares, the forced half-smiles, the murmured comments in a language that seems indecipherable—when what you say doesn't connect, and when something seems missing. The paranoia is inescapable. You had your checklist of cultural do's and don'ts and followed them religiously. You broke no taboos, committed no cultural faux pas, insulted no one—yet you failed to break through. Why?

Distance and time were once the biggest obstacles to doing business internationally. They are now among the least of concerns for any organization that has decided to go global. Today, international businessmen and businesswomen increasingly find themselves working in multi-cultural environments, dealing with real differences in everything from communication styles to social etiquette to core values. While many savvy international business travelers may not be able to give a textbook definition of what constitutes culture, they know it when they see it. And they also know they had better be prepared to deal with it beyond a superficial level. After all, winning acceptance from foreign colleagues and turning cultural differences into a competitive advantage means more than making sure you know how to properly accept the business card of a Japanese colleague or avoid serving cocktails to a Moslem banker. People





from different cultures process information in different ways, value different traits and measure the concepts of time and space in dramatically different fashions.

Why is cross-cultural knowledge and understanding so important? The American statesman and inventor Benjamin Franklin wrote that time is money. Globe-trotting businesspeople would add that being aware of cultural differences and sensitivities is money, too. Failing to grasp the subtleties that lie beyond such public cultural displays like greeting rituals and seating arrangements can make the difference between a truly successful international business transaction and one that fails to connect. Culture affects the most basic forms of personal and business interaction from decision making to management style. National culture, in turn, determines corporate culture, affecting a firm's internal structure, its marketing behavior and its view of foreign business partners and contracts. The business world is littered with "international" projects that failed to overcome cultural barriers. If you have doubts that cultural insensitivity can translate into business problems on a megascale, consider the case of The Disney Corp's French adventure—EuroDisney.

## Monsieur Mickey

---

Bringing the wonders of Disneyland to a foreign country must have seemed like old hat for Disney. After all, only a few years earlier the company had successfully opened a Disney theme park in Japan, bridging the enormous differences between Japanese and American cultures. EuroDisney, at least initially, proved to be another story entirely. The company, it seems, failed to do its cultural homework on everything from French business negotiating styles to employee flexibility and dress habits to consumer spending patterns and eating preferences. The company had a system that worked in the United States and Japan—two very diverse cultures—and evidently saw no good reason to change it to adapt to European sensibilities.

Day one began with a nightmare. The French people, who tend to wear their cultural hearts on their sleeves, howled about Yankee cultural imperialism when Disney managed to buy 1,950 hectares (4,400 acres) of prime farmland for a fraction of the market price after the government used its right of eminent domain to find Mickey and friends a home. The farmers whose families had worked the land for centuries were bounced. French newspapers railed at the American invaders in a very public display of anger and insult. Before a single building foundation had been dug or a brick laid, the company had managed to alienate the community, partly because it had underestimated the attachment to the land of one segment of French society.

### SENSE AND SENSIBILITY

Next, Disney offended French sensibilities and created a wellspring of ill will when it used lawyers rather than its executives to negotiate construction and other contracts for EuroDisney. It was simply not a French thing to do. In France, lawyers are considered a negotiating tool of absolute last resort. The use of lawyers early on in the process was a sign of mistrust and backhand rejection of French ways. Then, according to the French trade and popular press, the company insisted during the construction of Disney-run hotels that a sprinkler system be

included. While required under American law, such a system was unnecessary under French law which demands only adequate fire escapes and alarms and access to an emergency water supply. Disney's insistence on the sprinkler system was perceived as a negative comment on French safety standards and an assertion that the "American way" was better. The battle ruffled the feathers of Disney's French partners and management, generating even more ill will made public in a stream of negative press reports.

In terms of operations, Disney's ignorance of European culture and French working norms caused more problems. The company, which prides itself on the squeaky clean All-American look of its employees, instituted a strict dress code for its local employees, barring facial hair, dictating a maximum length for fingernails and limiting the size of hooped earrings. The staff and its unions rebelled at this perceived attack on everyday French fashion. Morale plunged.

#### THE DEVIL IS IN THE DETAILS

Disney got several other important details wrong. For example, the company believed that Europeans do not generally have sit-down breakfasts. Relative to the normal workday lifestyle of the European commuter, they were correct. But the exact opposite is true when Europeans vacation. As a result of this incorrect notion, hotel dining rooms at Disney hotels were kept small, creating logjams and angry customers when the overcrowded rooms that seat a maximum of 400 guests tried to serve upwards of 2,500 sit-down breakfasts every morning. Lunch times inside EuroDisney also bordered on disaster. While Americans visiting Disneyland prefer to graze, that is, eat at irregular intervals, as they wander the park confines, Europeans are used to set lunchtimes. As a result, the park's restaurants became jammed at the lunch hour as everyone tried to eat at once and were empty the rest of the day. Customers complained of long lunch-time lines and pressure to eat quickly. The staff complained of being overworked at lunchtime and underworked during the rest of their shifts. To top it off, Disney, in keeping with the "family friendly" theme, barred the serving of alcohol—perhaps the ultimate insult in a country where the consumption of wine at mealtimes is a birthright.

#### HOSPITALITY HEADACHES

The company committed other marketing foibles. While the park did hit its initial attendance target of more than 10 million visitors in the first year, its revenue projections were way off. The reason: unlike Americans or Japanese visiting Disney parks in their home countries, the European visitors to EuroDisney did not spend money on souvenirs. Europeans, it seems, are more used to taking month-long vacations and as a rule do not go on short spending sprees like the Americans and Japanese when they visit a theme park. Finally, Disney found that checkout at its official hotels had turned into a nightmare because of different consumer patterns. Unlike the Americans or the Japanese, the European visitor to EuroDisney tends to stay only one night at a hotel, not the three or four nights common at other Disney parks. The result: the hotels had too few computers to handle the irate guests as they all tried to check out of the hotel at the same time after a single night's stay.

"It was so unlike Disney to get so many details so wrong," says one U.S.-based securities analyst who follows the company. "Maybe it's not such a small world after all. The company's cultural insensitivities cost it a lot of money and goodwill."

I think it is a good reminder to any company or individual doing business in another country—the devil is often in the cultural details. They can make or break you.” But for Disney at least, all’s well that ends well. After making some significant “cultural adjustments,” EuroDisney is no longer the economic drain it once was on company coffers.

---

**CULTURE CAUTION:** It should be noted that for all of Disney’s faults the French government was more than happy to have them set up shop. The government also bears some responsibility for not making Disney’s transition smoother. The French have claimed for centuries that Americans have no culture but nowadays, it seems, they believe Americans have too much and need to export some.

---

## What Is Culture, Anyway?

---

It may seem obvious but culture is what makes the Japanese, Japanese; the Germans, German; and the Brazilians, Brazilian. The noted Dutch writer and academic Geert Hofstede referred to culture as “the software of the mind”—the social programming that runs the way we think, act and perceive ourselves and others. In other words, your brain is simply the hardware that runs the cultural programming. The implication is that culture is not innate. There is no gene that forces Americans to treasure individualism and brashness, or Germans to value rigid order. It is learned behavior and hence can be changed. Just alter the internal programming and you, too, can think like a Yank, a Brit, or a Kuwaiti. While this is certainly a useful and encouraging metaphor for anyone dealing in global business affairs, it is more difficult to implement than it sounds. It takes study, a keen sense of observation, and, above all, a willingness to learn and relinquish the notion that one’s native culture is superior. When was the last time you heard a foreign colleague admit that their way of doing things is inferior to yours? It doesn’t happen. When dealing in a multi-cultural environment the “adapt or die” philosophy is a good one to remember.

A more formal definition is that culture is a set of learned core values, beliefs, standards, knowledge, morals, laws, and behaviors shared by individuals and societies that determines how an individual acts, feels, and views oneself and others. A society’s culture is passed from generation to generation, and aspects such as language, religion, customs and laws are interrelated—that is, a society’s view of authority, morals and ethics will eventually manifest itself in how an individual does business, negotiates a contract or deals with a potential business relationship. Understanding the cultural context and mindset of a potential foreign business partner or competitor can help in developing sound strategy for negotiations and deal-making. What once seemed mysterious may become more predictable—and can ultimately be used to your advantage.

## Cultural Components

---

Viewing a national culture from the outside can be intimidating. But breaking it down into its components and understanding how each component is related to the whole can help unwrap the enigma and provide some logic and motivation

behind behaviors, including business behaviors. The three most important cultural components that relate to business transactions are:

#### LANGUAGE

Often, it's not what you say, but what you don't say, that counts.

Language is more than just spoken and written words. Non-verbal communication, gestures, body language, facial expressions all convey a message. When two people do not speak a common language and are forced to use an interpreter, this non-verbal form of communication is the only direct contact and method available for individuals to take a direct read of each other. By failing to understand the cultural context in which such non-verbal communication occurs you run the risk of not only failing to read your colleague across the table but of actually sending the entirely wrong signal.

This can be true even in situations where two people speak the same (almost) language—as in the following case involving an American businesswoman and a British businessman.

“We seemed to get along great on the telephone. It was a relief after several years in Eastern Europe to actually be doing business with the British. At least we spoke the same language,” says the American businesswoman. “We thought alike. I trusted him.”

All went well until the American traveled to London to meet face-to-face with her British colleague to sign a research and development contract. The first meeting did not go well. “There was something that didn't seem right,” she says. “Throughout the presentation none of the Brits, not even the guy I had developed a phone relationship with, would look us in the eye. It was like they were hiding something. After a lot of internal discussion, we decided to sign the contract, but many of us still felt uneasy. Even when we talked on the phone later I just couldn't get that failure of them to look me in the eye out of my head. It almost ruined the relationship and sunk the deal.”

All that doubt could have been avoided if the American had been cognizant of one subtle cultural difference: Whereas Americans believe that looking someone directly in the eye during negotiations indicates honesty and sincerity, the British believe such a gesture to be a mark of rudeness until a more familiar relationship is established. “I guess I shouldn't have taken it so personally,” says the American. “I understand it now, but I still don't like it.”

#### RELIGION

God may have a deeper influence on business strategy than you think.

The dominate religious philosophy within a culture can have a much greater impact on an individual's approach to business than most people expect—even if that individual is not a devout follower of a particular religion. In the Arab world, conversations are sprinkled with the phrase *Inshallah*—if God wills. The deference to a higher power, a lack of control over many matters here on earth and the general what-will-be-will-be attitude that the phrase epitomizes carries over into everything from the airline schedules to the pace of business negotiations.

Take the case of a German investment banker recently sent to negotiate a finance deal for a manufacturing plant in Vietnam—a country that may follow a communist social philosophy but is heavily influenced by a centuries-old

Confucian philosophy that emphasizes consensus and places a premium on harmony. After all, lighting incense at a family shrine is as much a part of contemporary Vietnamese life as watching videos or attending local Communist Party meetings.

“My contact proudly boasted of his Communist Party affiliations but at the same time proclaimed himself a man of the 1990s, tuned into Western business ways. The negotiations seemed to drag on for months and it was impossible to find anyone prepared to make a decision. I just put it down to the inefficiency,” says the banker. “I began losing patience. They didn’t seem to understand that this deal could mean a lot of money for their factory, for my bank and for me. I was shouting trying to make my point. I banged my fist. I was out of control. Days later the Vietnamese broke off the talks and suggested I leave. I thought they just don’t get it.”

But it wasn’t the inefficiency that sabotaged the mission. It was the failure to fully understand the influence of Confucian thought on Vietnamese perceptions. Decision making is slow in Vietnam partially because Confucian beliefs dictate decision by consensus. Adversity—and contract talks—is faced with calm and patience. Lastly, the Vietnamese have little respect for anyone who loses patience (the German banker’s first mistake) or appears selfish (banker mistake number two—by highlighting how much money he could make from the deal). A little more homework and understanding of the cultural context in which the banker was dealing and the deal might have been saved.

---

CULTURE CAUTION: Some societies have little understanding of the capitalist concept that buyers and investors are in a more powerful position than sellers and those seeking capital.

---

#### CONFLICTING ATTITUDES

Obviously, cultural values have an enormous impact on the way business is conducted. Two of the most basic value differences to be considered are whether a culture emphasizes individualism, like the United States, or collectivism like China, and whether societies are task-driven—like the United States or Canada—or relationship-driven—like Latin America. (Individualist and collectivist societies are discussed in more detail in Chapter Two.)

The cultural values that are manifested in daily life are not only reflected in business but are sometimes exaggerated. Failing to understand the cultural basics can translate into a deal killer even before the negotiations begin. Often visitors will be left scratching their heads as to why things have fallen apart.

A talented young Canadian representative of a consumer products company ran into just such a situation in China. Keen to make his mark, the Canadian was sent to Shanghai by his company to begin talks about setting up a sales and manufacturing distribution network in China. The investment was worth hundreds of millions of dollars. In their initial correspondence, the Chinese appeared eager to participate. A group of high-level executives visited the Canadian company’s headquarters and were warmly feted by the CEO and senior management. The mistake came when they assigned the young executive to travel to China to hammer out the details.

“I could tell by their written correspondence that they were eager to do business and when I arrived I was treated like royalty,” the Canadian says, “but a few days

into the trip, their attitude seemed to turn cold. They began treating me like just another foreign nuisance. The difference in their attitude was night and day between their visit to Canada and my visit to China. I just didn't understand it." The mystery was solved when a group of concerned Chinese middle managers took the visitor aside and explained. They told him that despite his qualifications, the senior management of the Chinese firm believed he was simply too young to do such important business. "They explained that in Chinese culture, age and experience are highly valued and Chinese business leaders look down on young negotiators. They cannot take them seriously. They said, that because I was the one chosen to come to China—someone so young—that our home office somehow had devalued the deal and the relationship."

The damage was repaired and the deal salvaged when headquarters flew a more senior—and older—executive to China to act as a front for the business and to deal with senior Chinese executives. The younger executive still ran the show on a day-to-day basis but kept a lower profile.

---

**CULTURE CAUTION** This example illustrates how a lack of understanding on both sides can cause confusion. The Chinese must also understand that Western culture is based in meritocracy and that young executives in the West are given far more responsibility.

---

## Other Key Components

---

Familiarity with these other basic building blocks of culture can provide insight into what to expect at the negotiating table as well as in relationships with foreign colleagues or partners. Each piece contributes to the whole that is a national or regional culture. Many of the most obvious clues can simply be discovered by reading some history, current publications, and through general observation. Some of the best lessons about cultural mindset are available free—on the street—if only you train yourself to observe and then put these observations into the proper context.

### MANNERS AND CUSTOMS

Basic rules of etiquette, how much physical contact is acceptable, how much physical space do people expect, how formal are greetings—clues to all these manifestations of a national cultural mindset are available the minute you step off an airplane in a different country.

### THE ARTS

Drama, music, literature and architecture are all manifestations of a cultural mindset that can provide insight into the thought patterns of a society and, in turn, of an individual that you might be dealing with. Clues to evolving attitudes and tolerance levels can often be found in current pop culture.

---

**CULTURE CAUTION:** Don't make the mistake that some people do by trying to figure out American or Indian cultures simply by reading books and watching movies. The entertainment industry does not always reflect reality.

---

### EDUCATION

Some cultures place greater value on formal education than others. Understanding this attitude and tailoring a presentation or even designing a business card (listing academic qualifications and higher degrees) can win instant respect. However, if you boast of such qualifications in a business culture that cares little for such credentials, you run the risk of being labeled a pretentious windbag. Understanding how a society values education can also help determine how a business partner processes information and how you might need to construct a presentation or sales pitch. A company from a society that values education is also likely to be interested in the type of special training a foreign business can offer.

### HUMOR

Some societies are simply more lighthearted than others and have a larger capacity for humor. Clues to the length of the national funnybone are often reflected in local advertising campaigns and the media. For example, British television is laden with situation comedies whereas this genre is relatively sparse on German airwaves. Cultural Indicator—the British may appreciate a touch of levity in their business dealings. Germans believe business is far too serious a matter for humorous asides.

### SOCIAL ORGANIZATIONS

The formality of government, the basic organizational chart of a corporation, the propensity for individuals to join groups and how these groups are led can reveal much about a culture's decision making process. These in turn can give you insight into how you can expect business decisions to be made and how much autonomy your counterpart may have in negotiations. A highly structured culture usually means longer decision time and less autonomy for a negotiator.

## Do Cultures Evolve?

A society's culture is far from stagnant; rather, it is forever evolving and re-inventing itself. While certain cultural traditions may remain constant, a society's tolerance level and the application of deep-seated, long-standing beliefs do change. What was forbidden in a society a decade ago may be accepted practice and the norm now. Perhaps the most sweeping and rapid change in business culture attitudes to take place this century is currently under way in Russia. Meanwhile, in Japan, there are increasing signs of change in attitudes and traditions concerning business and employment that have been hallmarks of the society for centuries.

### THE MOSCOW MORPH

In Russia, only a few years ago, the central government *was* business. It owned everything from armaments factories to retail stores. Now, the sale (some would contend, giveaway) of the century is almost done. More than 120,000 state-owned enterprises have been privatized, including 75 percent of manufacturing firms and 85 percent of wholesale and retail trade. New millionaires have been created along with a new class of poor Russians.

Today, the “you eat what you kill” attitude of Russia’s new market economy, coupled with the frontier mentality prevalent in major cities that says anything goes, especially in money and sex, is essentially contrary to previous mores. By 1991, virtually overnight, the social order of the past 70 years in Russia vanished. What were previously crimes—economic speculation and private ownership of property—are now virtues. The ability to think and act independently, traits that even ancient Russians shunned, are now the essence of not only success but survival. It is difficult to find a foreign businessperson who has not experienced difficulty in doing business in Russia. The confusion and the chaos of the basic cultural transformation that dominates Russia today may not necessarily mean that Russians are bad at private enterprise, just that they are new to it.

Those involved in commerce are the new elite, replacing the coddled and heavily subsidized intellectuals, the “haves” of previous eras. The writer, the professor, and the thinker led a charmed life of special shops with imported goods, summer dachas and high respect in Soviet society as in earlier Russian society. Today, these people are near the bottom of the social heap.

“What is happening in Russia is well beyond a change in economic or market systems. It is a change in the very fabric of what defined the Russian character and Russian culture,” says an Italian businesswoman who has resided in Moscow since the early 1970s. “This is an all-out assault on the culture, even on the language, on perceptions of such basic concepts as good and evil. The Russian value system has changed; formal education—unless it is an MBA from some European university—used to be a ticket to respect and even relative material wealth. Now the admired aren’t writers or dancers, they are the businessmen,” she says.

“The Russian culture that I studied and lived with for several decades has vanished. To be honest Moscow is getting to be pretty much the same as any other big European city, right down to the McDonald’s.”

#### IN JAPAN, TOO. “THE TIMES THEY ARE A-CHANGIN’”

No country today is immune from the fallout of the globalization of the world’s economy. In Japan, a country whose business foundations rest on the principle of *giri ninjo*—a sense of honor, loyalty and empathy—the approach to business and employment is showing signs of creeping Western, or rather global, values. One of the hottest management buzzwords in Japan is “ability-ism.” No longer will workers be promoted solely according to longevity or seniority or age (the latter being a reflection of the country’s Confucian respect for the elderly). Rather, promotions and salaries in many businesses and industries are to be based on merit and skill. While this has long been the norm in capitalist countries outside of Asia, it is truly a new and radical development in Japan.

Another sign of change: the demise of the small retail shop. Such stores—Japan with half the population of the United States has twice as many retail shops—are the backbone of the economic structure. Although they are inefficient and charge relatively high prices, Japanese consumers have long supported local shops, even in the purchase of big-ticket consumer goods like stoves and refrigerators, out of their sense of *giri ninjo*. Now, even that is beginning to change, with more and more Japanese turning to new superstores, large retail outlets (a concept imported from the United States and Europe) that sell at discount prices. The result has been the closure of a large number of small retail stores. A more subtle sign of



the changing times is the growing reluctance of younger Japanese workers to wear the corporate pins that once proudly identified their place of work and their loyalty. This reluctance signifies how younger workers are beginning to distance themselves from the traditions of their elders, at least as far as employment expectations are concerned. At least three of Japan's best-known companies—Bank of Tokyo, Mitsui, and Mitsubishi—have stopped issuing the pins altogether or no longer require them as part of the corporate uniform.

Since the end of World War II the Japanese have been stereotyped world-wide as workaholics, devoted to job and company. That, too, is beginning to change. A 1998 survey by the Dentsu Institute on Human Studies found that compared to other Asian cultures, Japanese workers are far less work-obsessed than, say, the Chinese or the Thais. Only 28 percent of Japanese workers said “they live for work” but 74 percent of workers in China, 70 percent in Thailand, 49 percent in Indonesia, and 48 percent in India replied that they indeed are toil obsessed and “live for work.”

“We are witnessing some very subtle but fundamental shifts in Japanese work and business culture,” says an American business executive who travels frequently to Japan. “Don’t get me wrong, the business cultures are still miles apart but the need to be competitive on a global scale is truly affecting businesses and business culture here. Government regulation can no longer protect Japanese businesses as it used to. Forcing these firms to compete means they have to have a viable cost structure. Companies can no longer carry inefficient employees and reward those that are not the most productive. Many Japanese are sorry to see this practice go, but they also realize it is the way of the world now and Japan is part of it.”

#### A COUNTER POINT

Do people exaggerate the impact of cultural differences when it comes to making an international business deal? Is this the classic consultant’s scam—invent a problem that doesn’t exist, create paranoia within the business community by emphasizing the impact on the bottom line and then earn a fortune consulting the paranoid out of harm’s way?

When it comes to international business, cultural differences can often be the universal fallback excuse. The danger does exist that companies and individuals will not look beyond the excuse of “cultural differences” to discover the true root of failure. A European business consultant tells the story of an Asian manufacturer that opened a small consumer electronics plant in Eastern Europe. The Asian expatriate manager of the plant lasted a year before being transferred because of poor quality and low productivity. “The manager explained his problems by saying the Asian and Eastern European cultures and work ethics were simply too different. The workers didn’t understand the company’s message and policies,” says the consultant. The truth was that this manager did an awful job of communicating policy and showed little respect for the workers themselves. There was quite simply a failure to communicate—period. This was not a failure to communicate across cultures. This manager would have failed even if the plant had been populated by people all of the same nationality and cultural background working in their home country. This manager was not a bad cross-cultural manager; he would have been a bad manager in any culture.