Globalisation and Cultural Differences

By

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Introduction

• Who am I?
• Who are Partners4Technology?
• What do we do?
• Why have I been invited to talk to you?
Who am I?

• Phil Eadon
• Live and work in Washington
• Married to Anne (25 years in April !)
• 4 kids – 2 boys (21, 19) and twin girls (16)
• Marketing and Engineering background
• Worked in various sales and marketing jobs for private companies such as SAGE, TNT, Toblerone and in the public sector for Durham Country Council’s economic development company - CDDC.
• Hobbies include – Travel, Golf, NUFC, NUWFC and Motor Rallying. (Currently restoring a classic car – Lancia Fulvia 1600 HF)
1972 - Lancia Fulvia 1600 HF
Who are Partners4Technology International?

- It is part of Allancia Limited
- P4T emerged out of the INTERTECH conferences I organised in the North East in 2003 and 2004.
- P4T currently has 530 members from 35 countries.
- 19 different groups or ‘cluster’ clubs have been set up to serve different members interests. (Automotive – Textiles)
- Partners4ICT and Partners4Software clubs available. Please join!
- www.partners4technology.com
Welcome to Partners4Technology
The international business introduction service

Are you looking for new business contacts?
Are you trying to find new business partners in overseas markets?
Have you invented or developed a new piece of technology?
Are you an area looking for new business or investment?
Is your business looking for new products or services?

If the answer is YES to any of the above questions then you have found the right website!

Number of members = 530

Click here to search the database of P4T members

Partners4Technology (or ‘P4T’ for short), is an on-line business directory and networking service for technology related enterprises. P4T provides its members with an innovative, low cost service which enables ‘introductions’ to be made to potential customers and suppliers in other companies and organisations that are located in different parts of the world.

Each P4T introduction will allow you to discuss a variety of business collaborations, including sales and marketing agreements, joint ventures, strategic alliances, technology transfer agreements and
What do we do?

- **P4T** is an ‘on-line’ directory and b2b networking service for technology related enterprises.
- We act as a broker or ‘dating service’ for connecting technology related enterprises and people.
- We organise, together with Allancia, ‘physical’ events and conferences for both the members of P4T and for third party organisations and associations.
- P4T is run and administered by my wife Anne.
- Our next event is *Partners4Engineering 2008* which will be held in Teesside on the 12\(^{th}\) March. You are invited to attend.
The Wynyard Rooms
Teesside
England

Partners4Engineering
2008
Helping to bring business together!

Wednesday
12th March 2008
9.00 - 16.30

WELCOME
To the home page of
Partners4Engineering
2008

A 1 day business event for all companies and organisations that are involved in the engineering and process industry

Click here to see a list of the latest businesses and organisations to register for P4E 2008

Partners4Engineering 2008 is being organised in cooperation with NEPIC, the North East of England Process Industry

[Image of Partners4Engineering website]
Why have I been invited to talk to you?

- To share my personal experiences and lessons from working with business people from many different countries.
- Particularly to share some stories on cultural differences from organising ‘INTERTECH’ and ‘Partners4’ conferences in the UK, China, Germany and The Netherlands.
- To highlight some key lessons about doing business in the emerging markets such as China.
Background

• Internationalisation and the global market
• EU perspective – The Lisbon Agenda
  “To make Europe the most competitive and dynamic knowledge driven economy by 2010”
• The development of the Internet as a tool for business growth.
Cultural Differences

• **Culture** is defined as a system of behaviours and beliefs passed from one generation to the next.

• The rules, language, religion, family systems, recreation and education that a group of people shares provide predictability and safety in their daily lives.

• They understand each other and the world around them has meaning.
Cultural Differences

• Increasingly, managers must deal with multiple ethnic groups with very different cultures.

• Thanks to globalization, you are likely to work with Japanese, French, Chinese, German and all sorts of other nationalities. It is important to recognize that people from different cultures are different in a variety of ways, including
  – different ways of looking at things
  – different ways of dressing
  – different ways of expressing personality/goodness
Cultural Differences

- These differences can cause problems interpreting what the other person is doing.

Some simple examples:
Cultural Differences

• In the US, a firm, short handshake indicates self-confidence and (heterosexual) masculinity.

• A limp handshake by a man can be interpreted (usually wrongly) as a sign of homosexuality or wimpiness.

• But in most parts of Africa, a limp handshake is the correct way to do it. Furthermore, it is common in Africa for the handshake to last several minutes, while in the US a handshake that is even a few seconds too long is interpreted as familiarity, warmth and possibly sexual attraction.
Cultural Differences

• **In Britain**, men do not stare at women on the streets. The French do.

• Recently, a French public figure mentioned in a speech that the Brits are all gay -- the evidence was their lack of overt interest in women.
Cultural Differences

Some dimensions along which cultures vary:

• High Context vs Low Context
• Monochronic vs Polychronic
• Future vs Present vs Past Orientation
• Quantity of Time
• Power Distance
• Individualism vs Collectivism
Cultural Differences

For example

• **High Context vs Low Context**
  
  – A low context culture is one in which things are fully (though concisely) spelled out. Things are made explicit, and there is considerable dependence on what is actually said or written.
  
  – A high context culture is one in which the communicators assume a great deal of commonality of knowledge and views, so that less is spelled out explicitly and much more is implicit or communicated in indirect ways. In a low context culture, more responsibility is placed on the listener to keep up their knowledge base and remain plugged into informal networks.

• **Low context cultures include** Anglos, Germanics and Scandinavians.
• **High context cultures include** Japanese, Arabs and French.
Cultural Differences

• Implications
• Interactions between high and low context peoples can be problematic.
  – **Japanese** can find Westerners to be offensively blunt. Westerners can find Japanese to be secretive, devious and bafflingly unforthcoming with information
  – **French** can feel that Germans insult their intelligence by explaining the obvious, while Germans can feel that French managers provide no direction
• Low context cultures are vulnerable to communication breakdowns when they assume more shared understanding than there really is. This is especially true in an age of diversity.
• High context cultures are not known for their ability to tolerate or understand diversity, and tend to be more insular.
Cultural Differences

Some other dimensions along which cultures can vary:

- **Monochronic vs Polychronic**  
  *One thing or multiple things at a time!*

- **Past Orientation vs Present vs Future**  
  *Traditional values / past is gone the future uncertain / optimism*

- **Quantity of Time**  
  *Limited resource or plentiful*

- **Power Distance**  
  *Is the boss always right?*

- **Individualism vs Collectivism**
Cultural Differences

Three basic kinds of problems:

- interpreting others comments and actions,

- predicting behavior, and

- conflicting behavior.
Cultural Differences

Problems Caused by Cultural Differences

• You greet your Austrian client. This is the sixth time you have met over the last 4 months. He calls you Herr Smith. You think of him as a standoffish sort of guy who doesn't want to get really friendly. That might be true in Britain or America, where calling someone Mr. Smith after the 6th meeting would probably mean something like "we're not hitting it off". But in Austria, it is normal.
Cultural Differences

• **A Japanese businessman** wants to tell his Norwegian client that he is uninterested in a particular sale. So he says "That will be very difficult." The Norwegian eagerly asks how he can help. The Japanese is mystified. To him, saying that something is difficult is a polite way of saying "No way in hell!".

• **A Dutch friend** told me a story of being on a trip to Japan and asking a Japanese airline attendant about taking a flight from one city to another. On being asked about it, the attendant said "Perhaps you would prefer to take the train." So he said "NO, I want to fly." So she said "There are many other ways to go." He said "yes, but I think it would be best to fly." She said "It would very difficult". Eventually, it came out that there were no flights between those cities.
Cultural Differences

Some ‘Perceptions’ of Americans

- **Europe & especially England.** "Americans are stupid and unsubtle. And they are fat and bad dressers."
- **Indian.** "Americans are always in a hurry. Just watch the way they walk down the street."
- **Kenyan.** "Americans are distant. They are not really close to other people -- even other Americans."
- **Colombia.** "In the United States, they think that life is only work."
- **Indonesia.** "In the United States everything has to be talked about and analyzed. Even the littlest thing has to be 'Why, why, why?'".
- **Ethiopia.** "The American is very explicit. He wants a 'yes' or 'no'. If someone tries to speak figuratively, the American is confused."
- **Iran.** "The first time my American professor told me 'I don't know, I will have to look it up', I was shocked. I asked myself 'Why is he teaching me?'"
Cultural Differences

My personal experiences in China.

• INTERTECH China 2007
• Communication issues
• Cultural differences
• Business vs Relationships
• “Guanxi”
• Be prepared and confirm everything in writing.
China – A few tips from UKTI

• All the time in the world
• Separate fact from fiction
• Relationships
• Guanxi
• Contacts
• Mobilise local assets
• Face to face
• The pecking order
• Tricks of the trade…
‘Tricks of the trade’ for China

- Control the meeting place and schedule
- Threatening to do business elsewhere
- Using friendship to extract concessions
- Showing anger
- Attrition
- Counterplay – what you can do!
  - Be absolutely prepared
  - Play off competitors
  - Be willing to cut your losses and go home
  - Cover every detail of a contract before your sign
  - Be patient
Thank you for your attention.
If I can help please contact me on 0191 415 7340

Please register with Partners4Technology

Please attend the Partners4Engineering 2008 event in March.