

DISTINCTIVE FEATURES OF BUSINESS CULTURE IN ASIA

**ДЭРРИЛ
КАРЛТОН**

**DARRYL
CARLTON**

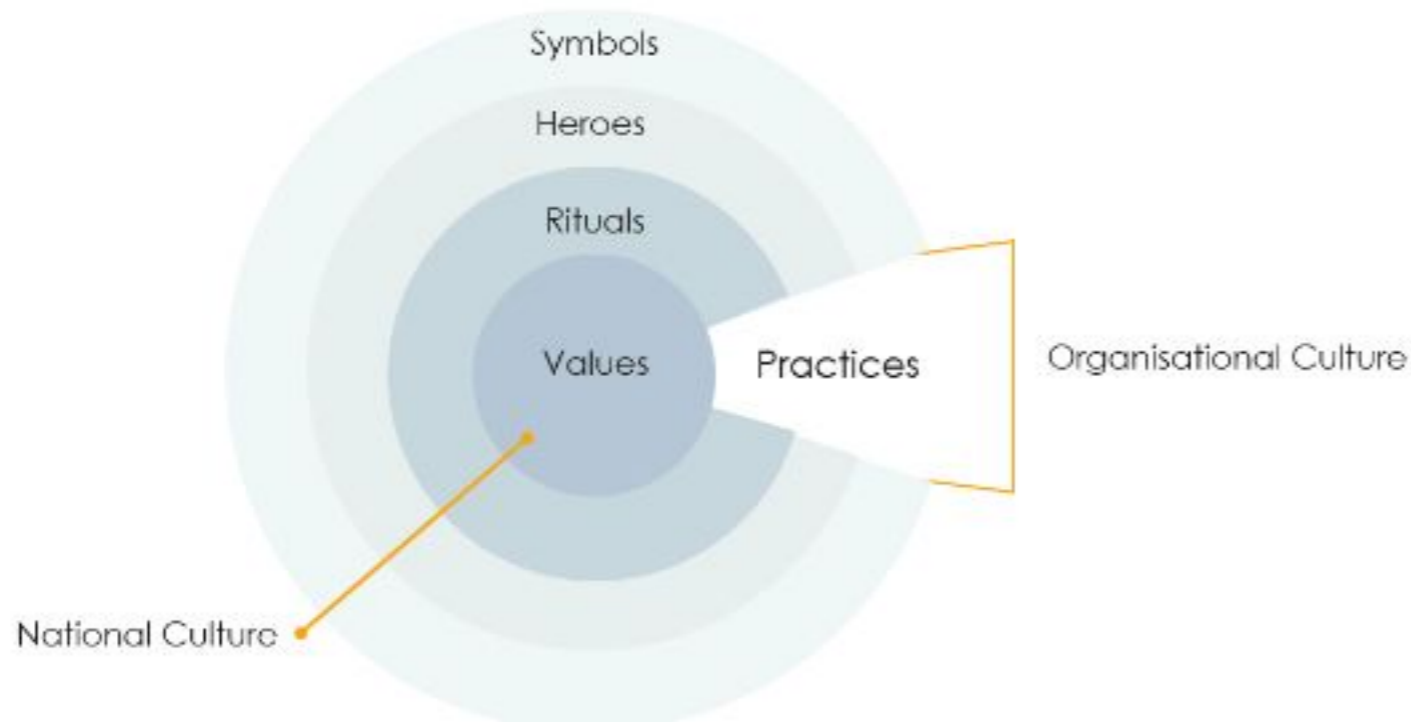
Asia & The Pacific

Rank	Country	GDP (billions of USD)
—	World	73,993,835
1	United States	18,558,130
—	European Union	16,477,211
2	China (PRC)	11,383,030
3	Japan	4,412,600
4	India	2,090,706
5	Canada	1,552,386
6	Russia	1,324,734
7	South Korea	1,321,200
8	Australia	1,223,887
9	Indonesia	936,955
10	Republic of China (Taiwan)	508,849
11	Thailand	409,724
12	Hong Kong	322,429
13	Philippines	310,312

Rank	Country	GDP (billions of USD)
14	Malaysia	309,262
15	Singapore	294,560
16	Vietnam	201,361
17	New Zealand	169,922
18	Myanmar	74,012
19	Laos	13,359
20	Mongolia	11,652
21	Brunei	9,097
22	Fiji	4,964
23	East Timor	2,100
24	Solomon Islands	1,202
25	Samoa	865
24	Tonga	414

What is Culture?

The different levels of culture



- National Culture is about the value differences between groups of nations and/or regions
- Organisational Culture is about differences in practices between organisations and/or parts within the same organisation (sub-cultures)

Geert Hofstede

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The National Culture Map

- culture is defined as the collective mental programming of the human mind which distinguishes one group of people from another. This programming influences patterns of thinking which are reflected in the meaning people attach to various aspects of life and which become crystallised in the institutions of a society

Power Distance

This dimension deals with the fact that all individuals in societies are not equal. It expresses the attitude of the culture towards these inequalities amongst us. Power Distance is defined as the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally.

Individualism

The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. It has to do with whether people's self-image is defined in terms of "I" or "We". In Individualist societies people are supposed to look after themselves and their direct family only. In Collectivist societies people belong to 'in groups' that take care of them in exchange for loyalty.

Masculinity

A high score (Masculine) on this dimension indicates that the society will be driven by competition, achievement and success, with success being defined by the winner/best in field – a value system that starts in school and continues throughout organisational life.

Uncertainty Avoidance

The dimension Uncertainty Avoidance has to do with the way that a society deals with the fact that the future can never be known: should we try to control the future or just let it happen? This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways. The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the score on Uncertainty Avoidance.

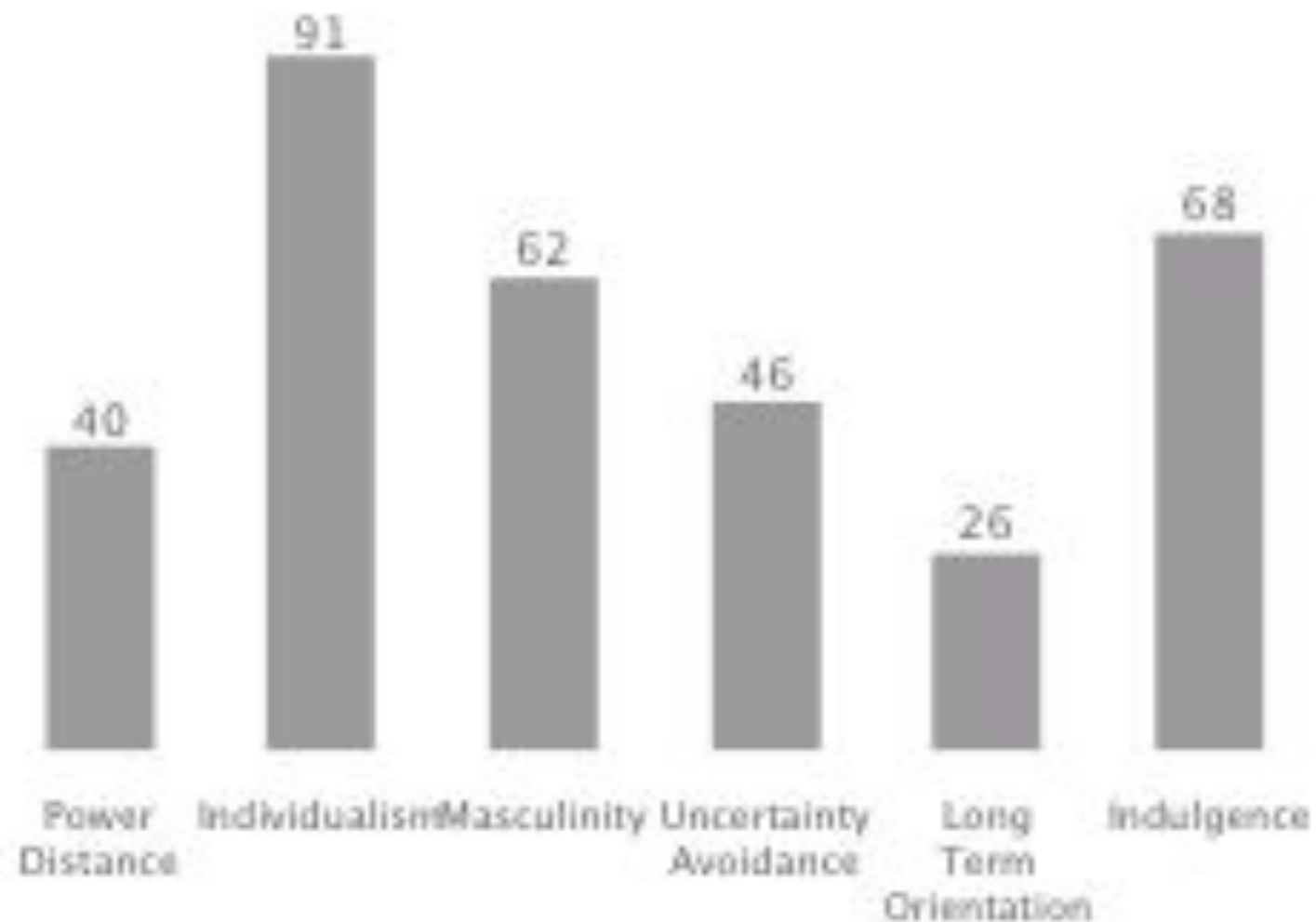
Long Term Orientation

This dimension describes how every society has to maintain some links with its own past while dealing with the challenges of the present and future, and societies prioritise these two existential goals differently. Normative societies, which score low on this dimension, for example, prefer to maintain time-honoured traditions and norms while viewing societal change with suspicion. Those with a culture which scores high, on the other hand, take a more pragmatic approach: they encourage thrift and efforts in modern education as a way to prepare for the future.

Indulgence

One challenge that confronts humanity, now and in the past, is the degree to which small children are socialized. Without socialization we do not become "human". This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called "Indulgence" and relatively strong control is called "Restraint". Cultures can, therefore, be described as Indulgent or Restrained.

CULTURAL DIMENSIONS

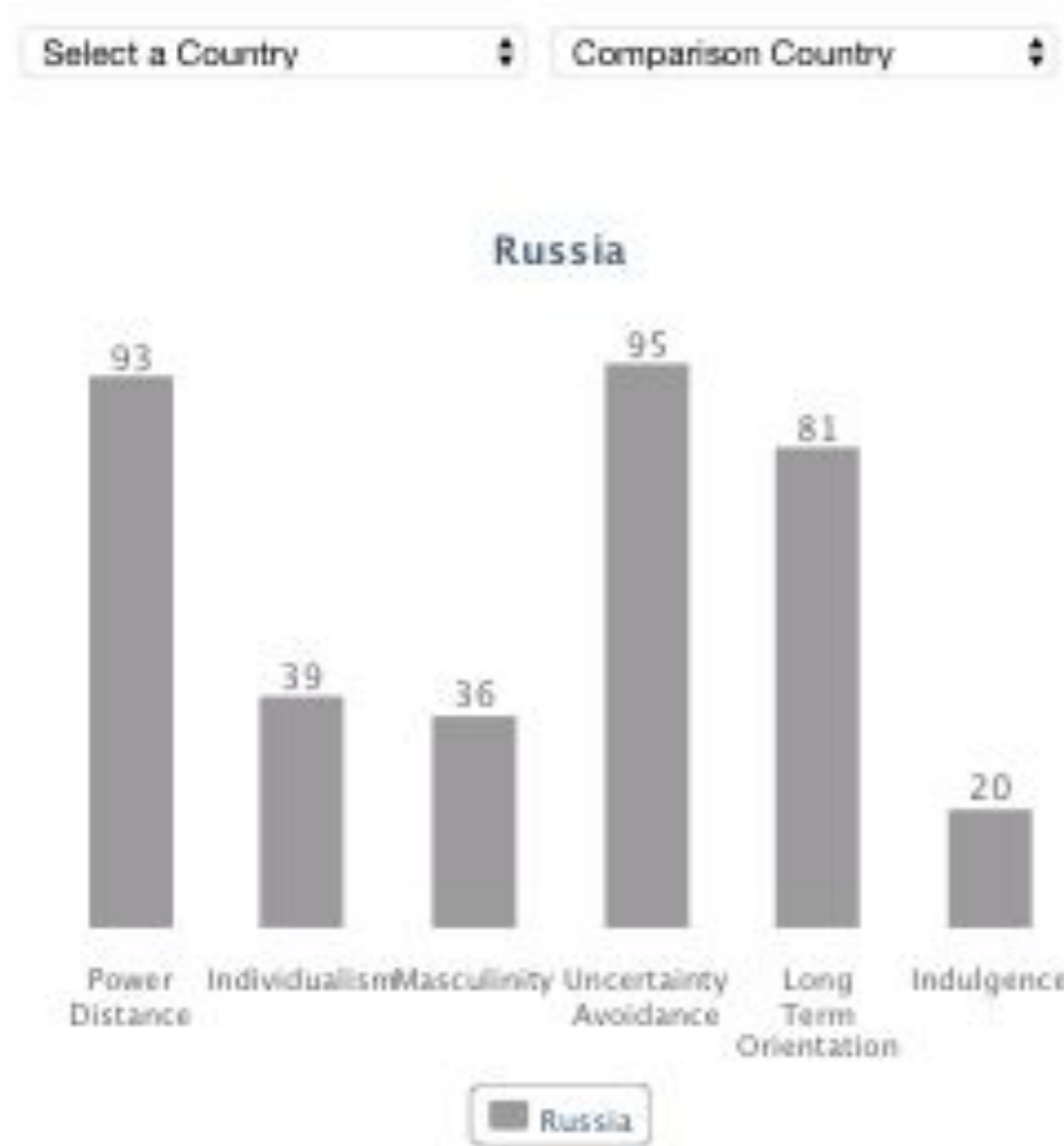


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Culture Map of Russia



RUSSIA - Cultural Dimensions

Power Distance

Russia, scoring 93, is a nation where power holders are very distant in society. This is underlined by the fact that the largest country in the world is extremely centralized: 2/3 of all foreign investments go into Moscow where also 80% of all financial potential is concentrated. The huge discrepancy between the less and the more powerful people leads to a great importance of status symbols. Behaviour has to reflect and represent the status roles in all areas of business interactions: be it visits, negotiations or cooperation; the approach should be top-down and provide clear mandates for any task.

Individualism

If Russians plan to go out with their friends they would literally say “We with friends” instead of “I and my friends”, if they talk about brothers and sisters it may well be cousins, so a lower score of 39 even finds its manifestations in the language. Family, friends and the neighborhood are extremely important to get along with everyday life’s challenges. Relationships are crucial in obtaining information, getting introduced or successful negotiations. They need to be personal, authentic and trustful before one can focus on tasks and build on a careful to the recipient, rather implicit communication style.

Masculinity

Russia’s relatively low score of 36 may surprise with regard to its preference for status symbols, but these are in Russia related to the high Power Distance. At second glance one can see, that Russians at workplace as well as when meeting a stranger rather understate their personal achievements, contributions or capacities. They talk modestly about themselves and scientists, researchers or doctors are most often expected to live on a very modest standard of living. Dominant behaviour might be accepted when it comes from the boss, but is not appreciated among peers.

Uncertainty Avoidance

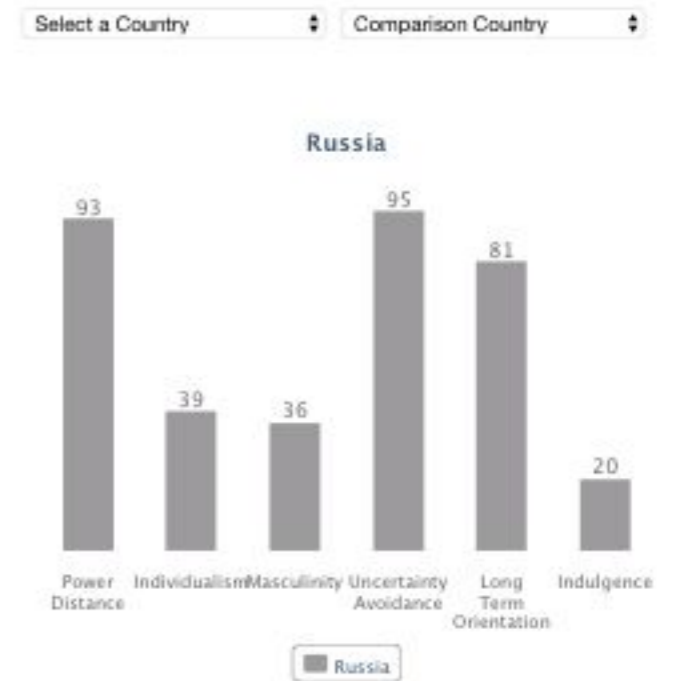
Scoring 95 Russians feel very much threatened by ambiguous situations, as well as they have established one of the most complex bureaucracies in the world. Presentations are either not prepared, e.g. when negotiations are being started and the focus is on the relationship building, or extremely detailed and well prepared. Also detailed planning and briefing is very common. Russians prefer to have context and background information. As long as Russians interact with people considered to be strangers they appear very formal and distant. At the same time formality is used as a sign of respect.

Long Term Orientation

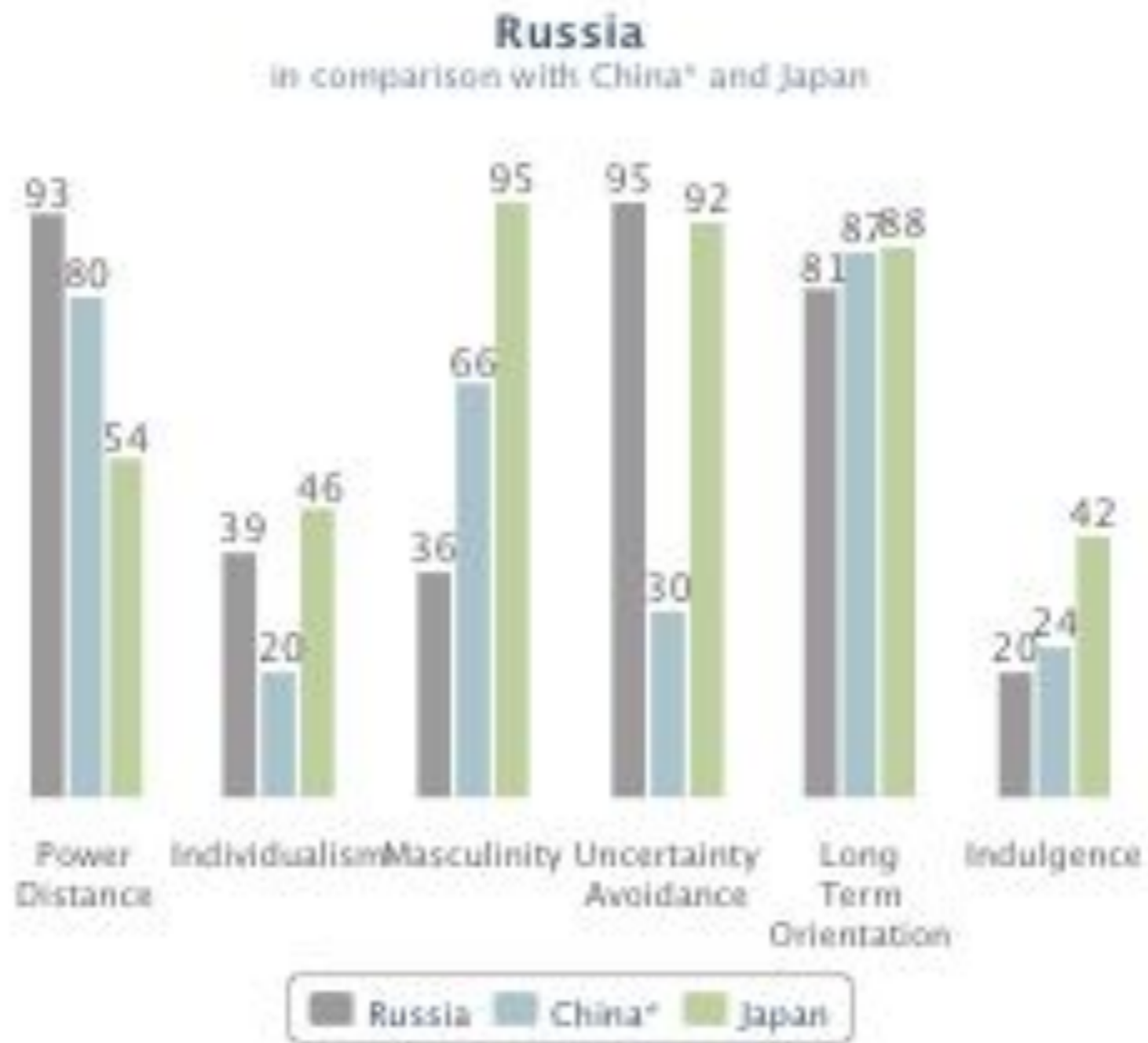
With a very high score of 81, Russia is definitely a country with a pragmatic mindset. In societies with a pragmatic orientation, people believe that truth depends very much on situation, context and time. They show an ability to adapt traditions easily to changed conditions, a strong propensity to save and invest. thriftiness and perseverance in achieving results.

Indulgence

The Restrained nature of Russian culture is easily visible through its very low score of 20 on this dimension. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, Restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are Restrained by social norms and feel that indulging themselves is somewhat wrong.



Russia/China/Japan



The Chinese Cultures

Select a Country

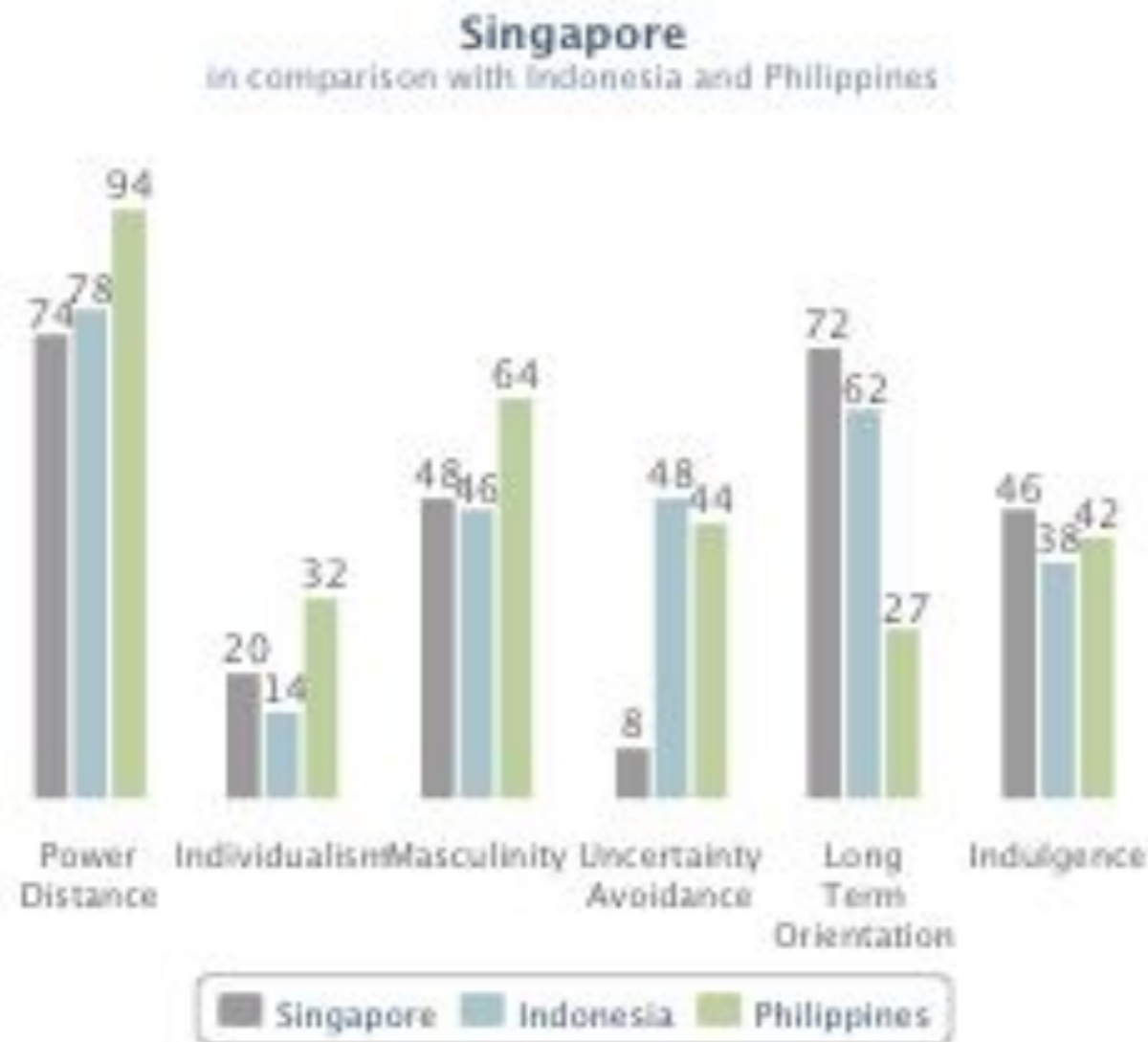
China*
in comparison with Singapore and Taiwan



each of these countries is essentially a “chinese culture”

But even when we might expect them to be the same, there are cultural differences

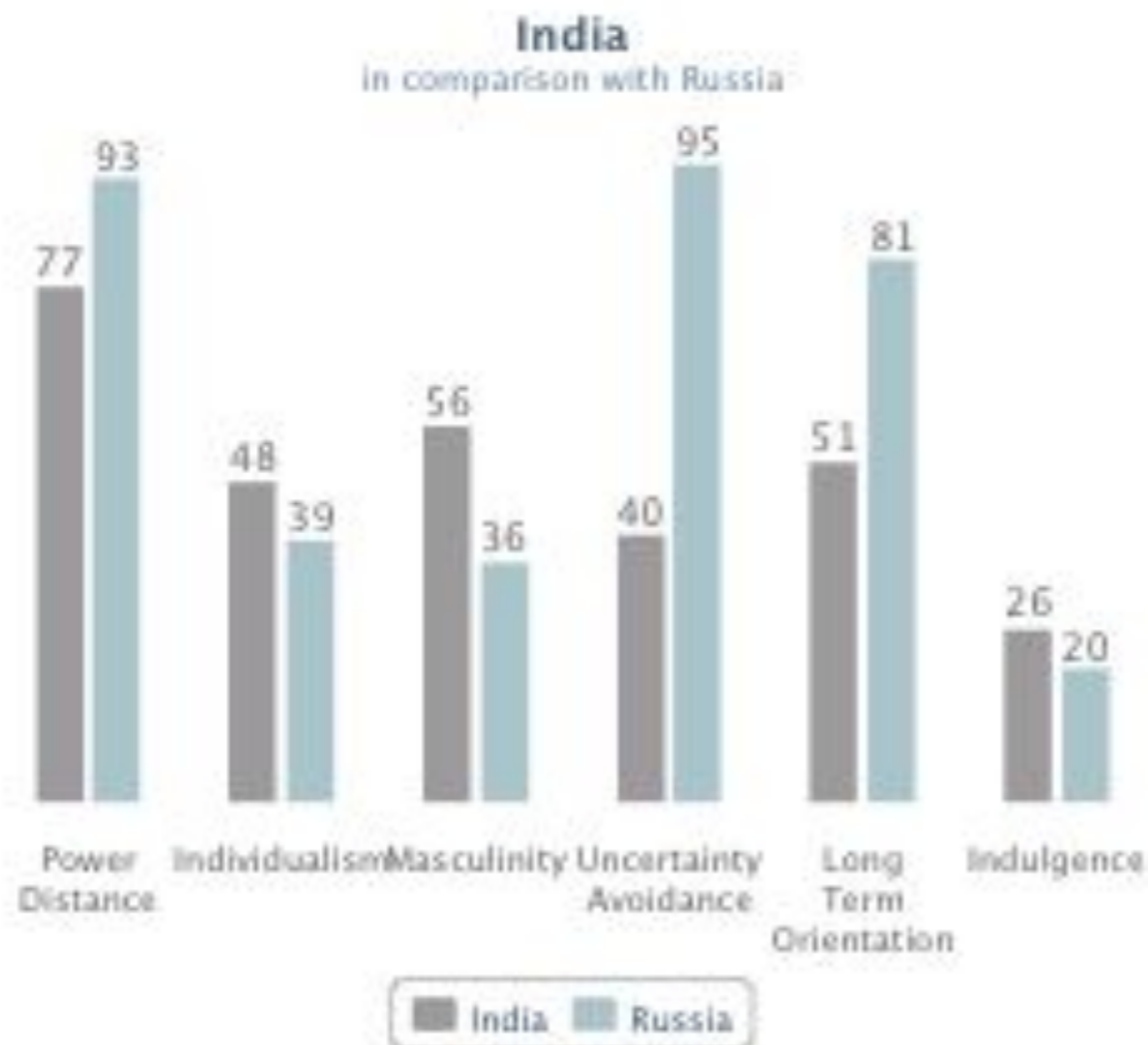
South-East Asia



- power is centralised and workers rely on their bosses and rules that they can follow
- family is the centre of Singapore culture, “we” replaces “I”
- being modest and humble is seen as very important
- Singapore is a “fine” country ... you will get fined for anything
- very strong rule following Government
- in their personal transactions uncertainty is accepted

India, a traditional ally of Russia

- India is hierarchical, strong top-down culture
- strong visual representation of power and success
- nothing is certain in India, tolerance for the unexpected is high, quality is not expected
- “nothing is impossible in India, if one can adjust”
- rules are meant to be broken



Why is Cultural Awareness Important?

- in the 1980's the Australian Wheat Board was trying to sell flour and other grains to the Japanese
- The Japanese consumed very little flour, everything was based on rice. It was a big market!
- the Australian's were very clever, they did lots of market research.
 - they figured out that Japanese kitchens are small, and they do not have an oven to bake cakes ... but every kitchen had a rice cooker
 - so, they invented a cake formula for making cakes in a rice cooker
 - they went to shopping centres and demonstrated the technique and let the Japanese house wife sample the cakes cooked this way
 - everyone loved the rice cooker cakes but no-one purchased the flour or cake mix
 - the “problem” was that the Japanese house wife was worried that cooking cakes in her rice cooker would change the taste of the rice when she next made rice, and having good tasting rice was really important to the Japanese house

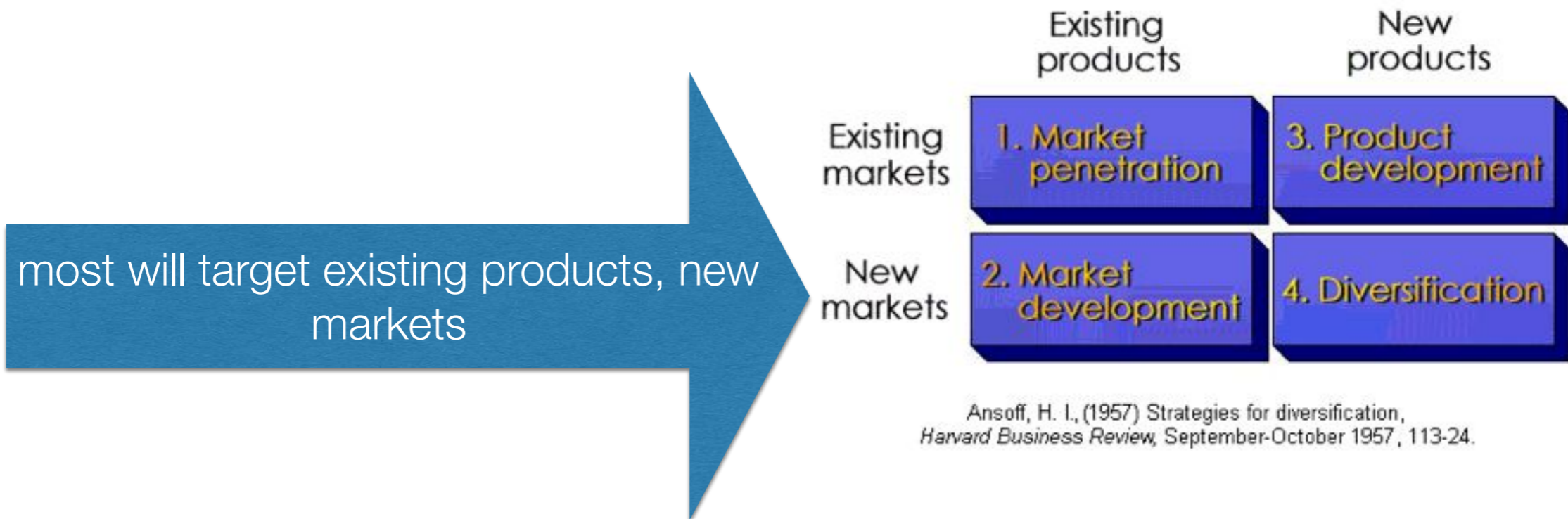
Igor Ansoff

Born in Vladivostok, in December of 1918



Ansoff, H. I., (1957) Strategies for diversification,
Harvard Business Review, September-October 1957, 113-24.

Existing Products, New Markets



Why is Culture Important

- Cultural Awareness goes beyond how you personally interact with individuals from other countries
- Cultural Awareness impacts how you;
 - Package your product or service offering
 - Promote your product or service offering
 - Price your product or service offering
- What you perceive as a gap in the market, may not be a gap for the country you are targetting, there could be good reasons why they do not have companies offering what you have ...
 - But of course it might just be that you have a superior product or service and all you need to be successful is to figure out how to approach a new market

Cultural Mistakes

- **Coca-Cola**

- in India coke had to change its marketing message when it was discovered that water was drunk at most meals and soft drinks were typically reserved for guests and special occasions (Malhotra, Agarwal, and Peterson, 1996)
- In Japan “Diet Coke” was renamed “coke light” after they realised that the term “diet” carried an embarrassing meaning (Cateora, International Marketing 14th ed, 2009)

- **UPS**

- in Spain the brown trucks had to be repainted because they resembled the vehicles used as funeral hearses (Cateora, International Marketing 14th ed, 2009)
- In Germany, the drivers uniforms had to be changed because the “brown short” had not been worn since 1945 and reminded the community of Nazi Germany (Cateora, International Marketing 14th ed, 2009)

Australian Beer in Vietnam



- Fosters tried to replicate the consumer experience of “The Australian styled beer” in Vietnam and failed – in the initial stages, the slogan caught the attention of the Vietnamese customers. The brand expression was that of the home country, Australia but soon it caught the unpleasant eyes of the host country for the reason that the Vietnamese people thought that they were giving into another foreign brand and were losing their identity

Walmart fails to translate success



- in South Korea, the company did not understand the local preferences for buying small packages at local stores, and the preferences among shoppers changed, according to The New York Times. Similar problems resulted in Walmart shutting down its operations in Germany, where groceries were sold for lower prices at local stores.
- Walmart bought a share in the Seiyu Company, Japan and attempted to implement its successful strategies in Seiyu stores, such as the “Every Day Low Prices” campaign. However, it was pointed out by BusinessWeek that this does not have the same pitch in Japan as it does in the United States because customers associate low prices with cheap quality, making them wary about shopping there

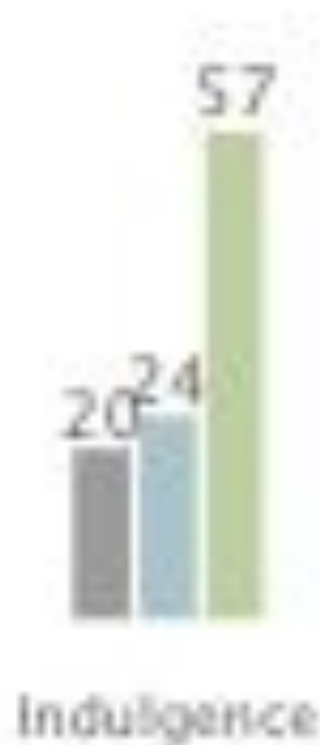
Guanxi - culture drives commerce



- The online auctioning giant San Jose decided to enter the China market in 2004 and bought a local company in china. They changed to the eBay platform, and planned to sweep China in short time frame. After all, they had dominated other countries' markets. Why not China's?
- Two years later, eBay shut down their portal, and the Chinese auction space too was abandoned. Taobao, a local competitor take over 95 percent of the china's market share.
- There was no mechanism for eBay to simulate guanxi. According to a study conducted by researchers in the United States and Hong Kong, this was a crucial error. While Taobao allowed sellers and buyers to chat over IM, eBay did not. This gave them a chance to establish a personal contact.
- In China, business is not just business. It's social. And they quickly learn the power of social connections or "guanxi," when you spend some time in China,. Guanxi drives business deals and government contracts. It's the invisible glue that ties people together. This may seem like a trivial detail for a powerful corporation. It's not. It's a mutual obligation and connection that Chinese respect in personal relationships

What Do The Chinese Want?

- Internal Gratification vs. External Gratification
 - Russia, China and Malaysia all strive for “external gratification”
 - Western Countries; UK, Australia, USA strive for “internal gratification”
- Brands are VERY important when dealing with China and South East Asia
- Chinese consumers do not trust locally made products
 - in most markets you would translate labels into the local language, Australian business has been MORE successful by leaving the labels in English and promoting “made in Australia”



Russia China* Malaysia

Negotiating with Asian Cultures

- in Daoist philosophy the student is not allowed to debate what is being taught - they sit quietly and either accept or reject.
- this acceptance or rejection is done quietly, internally
- when Asian students sit quietly in a class, it is not because they do not understand the language. It is the deeply rooted Daoist culture of quietly accepting or rejecting without debate
- The Greek philosophy of debate is very different - to achieve understanding we will ask questions, challenge what was said, we will seek answers until we are confident that we have all the information we need to make a decision
- In business this means that you cannot accept silence as either understanding or acceptance, you must inquire and be certain that you have agreement

CONCLUSION

- **CULTURAL AWARENESS** is far more than how individuals interact
- to be a successful exporter or operator in another culture you need to understand how that culture behaves with respect to your product
- this is more than translation, this is subtle cultural cues
 - the Ford Motor Company “Pinto” was a massive failure in South America because in ‘slang’ the word “pinto” meant “tiny penis”
 - this was not a direct translation into Spanish, it was a local colloquium (a slang term), which you could only know by understanding the local culture
- invest time to know the country and the people that you are selling to
- do the features of your product, the features that make it successful in Russia translate to the needs of the other country?
- does your marketing slogan work in another culture?
- the way that you compensate your sales teams or business partners - does that work the same?
- culture needs to be considered from the perspective of **“Whole**

Product Marketing”

Doing Business in Asia-Pac

- **Understanding Indonesian Business Culture**
 - <http://www.indosight.com/blog/understanding-indonesian-business-culture/>
- **Measuring Communication Styles in the Malaysian Workplace**
 - <http://wcaweb.org/measuring-communication-styles/>
- **Singapore - Business and Workplace Culture**
 - <http://www.expatsfocus.com/expatriate-singapore-business-culture>
- **Thailand - Business and Workplace Culture**
 - <http://www.expatsfocus.com/expatriate-thailand-business-culture>

Thank You

спасибо