

# **Cultural Understanding as an Integral Aspect of Effective International Business Communication**

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## ZADÁNÍ BAKALÁŘSKÉ PRÁCE

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Zásady pro vypracování:

**Prostudujte odbornou literaturu.**

**Určete vliv globalizace na rozvoj mezinárodní integrace.**

**Stanovte zásady pro efektivní interkulturní komunikaci.**

**Porovnejte čínské obchodní zvyklosti s kulturně odlišnými zeměmi.**

**Použijte příklad z praxe a analyzujte.**

**Vyhodnoťte význam komunikace v rámci úspěšného zahraničního obchodování.**

Rozsah bakalářské práce:

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**Schmidt, Wallace V., Roger N. Conaway, Susan S. Easton, and William J. Wardrope. Communicating Globally: Intercultural Communication and International Business. Thousand Oaks, CA: Sage Publications, 2007.**

**Seligman, Scott D. Chinese Business Etiquette: A Guide to Protocol, Manners, and Culture in the People's Republic of China. New York: Grand Central Publishing, 1999.**

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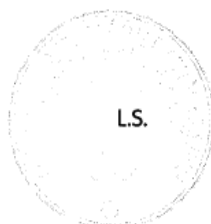
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## **ABSTRAKT**

Tato bakalářská práce zkoumá globalizaci a její dopady. Dále určuje zásady pro efektivní interkulturní komunikaci. V hlubší analýze porovnává Čínu, Spojené státy a Kanadu. Zaměřuje se převážně na kulturní odlišnosti těchto zemí, které se dále projevují v odlišném komunikačním stylu a také obchodních zvyklostech. Analyzuje kulturní aspekt, který vedl k úspěšnému působení společnosti Microsoft v Číně. Jako poslední definuje dopad komunikace na úspěšné obchodování.

Klíčová slova: globalizace, mezinárodní obchod, kultura, masmédiá, homogenizace, polarizace, tavící kotlík (smíšení ras a národností), globální vesnice, globální metropole, kulturní salátová mísa nebo mozaika, subkultura, efektivní komunikace, Kanada, Quebec, Spojené státy, Čína, Hongkong, Microsoft, úspěšný obchod.

## **ABSTRACT**

This bachelor thesis examines globalisation and its impacts. Furthermore it determines principles for effective cross - cultural communication. In deeper analysis it compares China, United States and Canada. It mainly focuses on cultural differences of these three countries, which are further reflected in different communication style and also in business practises. It examines the cultural aspect, which enabled Microsoft to operate successfully in China. In the end it defines the impact of communication on successful business.

Keywords: globalization, international trade, culture, mass media, homogenization, polarization, melting pot, global village, global metropolis, cultural salad bowl or mosaic, subculture, communication, Canada, Quebec, United States, China, Hong Kong, Microsoft, successful business.

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## INTRODUCTION

“It is easy to change the rivers and mountains, it is hard to change one’s fundamental beliefs – according to one Chinese proverb.”<sup>1</sup> The different cultures and languages have always been the focus of my interest. I had an opportunity to travel and spent part of my childhood in Asia. The curiosity and efforts to understand the new environment were the first steps, which enabled me to interact with the people around me. It was in 1993 in Penang in Malaysia and I was the only European child in the area.

Nowadays it is common to interact with people from different cultures. It is no longer the place where it takes months or days to travel to far away destinations or receive the information by others. It is due to improved means of transportation which have enabled people to travel around the world at higher speed. Apart from that information can be transmitted via Internet at any time to almost any place in the world in few seconds. Mass media caused that every person is informed about the words events and global trends.

These new technologies have caused interconnections on a global level. It has led to globalization of business together with fewer trade restrictions due to new emerging bilateral treaties and trade unions. There is improved cooperation around the globe and almost every company is dealing with people from different cultural background. However does it mean that the style of communication and business practices are universal in international trade? What determines the success of business in this global environment?

In my bachelor thesis I want to prove that the recent world development caused globalization of trade but not the cultural homogenization, it is important to understand cultural diversity, major similarities and differences, for effective cross – cultural communication which is essential for productive business results.

I have decided to focus mainly on China because of its increasing importance in international trade. As said Napoleon Bonaparte: “China is a sleeping giant. Let her lie and sleep for when she awakens the world will tremble.”<sup>2</sup> I will furthermore compare it with culturally distinct countries, with the U.S.A, which is in the first rank regarding to

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<sup>1</sup>Y.S. YOW, “Proverbs,” <http://www.yitseng.net/chinese%20dimensions/topics/proverbs.html> (accessed April 25, 2012).

<sup>2</sup>Wallace V. Schmidt et al., *Communicating Globally: Intercultural Communication and International Business* (Thousand Oaks, CA: Sage Publications, 2007), 214.

involvement in international trade.<sup>3</sup> The last country is Canada, because of its diversity within its borders and in respect to Americans as they are culturally similar but not the same. The final comparison will be based on the major differences and similarities in respect to these three countries and how it is reflected in style of communication and business practices.

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<sup>3</sup> The World Factbook Country Comparison: Exports and Imports. Central Intelligence Agency.  
<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2078rank.html> /  
<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2087rank.html> (accessed April 5, 2012).

## 1 IMPACT OF GLOBALIZATION ON INTERNATIONAL TRADE

Nowadays the world is rapidly changing with the new technologies and tendencies. The recent world development improved the conditions for the international operations and caused the globalisation of business. It is mainly due to progress in transportation and communication technologies, trade unions or agreements and increased global cooperation in export and import. All these innovations enabled international trade to grow and obtain increasing importance in recent global environment. It is not longer the world where trade is limited to national borders.

The progresses in communication and transportation technologies created better environment for international business. The world is getting smaller and easier to reach. The advancement in transportation have enabled to trade without distance barriers. The international shipping industry provides better services and companies can sends goods in lower costs and in increased speed around the globe.<sup>4</sup> The Internet has created communication network. It is now accessible for more people and with increased speed. It has enabled the multinational companies to exchange information by e-mail at any time and to any location. Apart from that they can function via websites and sell their products worldwide.<sup>5</sup> These new progressions have created better conditions for international business activities.

There are various trade unions, which have come to the effect recently and promote business activities across the borders. In particular the European countries are jointed owing to *European Union (EU)*. Apart from many other advantages it enables to trade without major restrictions and by means of single currency the Euro, which have eliminated the problem in respect to exchange rate. The trade unions have been established also in other countries outside the EU. For example there is an alliance called *the North American Free Trade Agreement (NAFTA)* between United States, Canada and Mexico.<sup>6</sup> The trade unions make it easier for member stated to exchange goods and services with each other.

As reported in the database of the World Bank there are numerous other unions and trade agreements. There can be found some notable ones in every continent. With recent

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<sup>4</sup> Michael J. Rouse and Sandra Rouse, *Business Communication: A Cultural and Strategic Approach* (Cornwall: TJ International, 2002), 254.

<sup>5</sup> Wallace et al., 4.

<sup>6</sup> Wallace et al., 5-6.

international trade development more and more organizations are accepting new members and enlarging in size. In some cases there are alterations or new treaties are being established. There have been created customs unions like *MERCOCUR* which integrates South American states like Argentina, Brazil, Paraguay and Uruguay or *SACU* in South Africa. The other example is the free trade agreement between Australia and New Zealand termed as *ANZCERTA* or *CEPA* between China and Hong Kong.<sup>7</sup>

There is the trade agreement between these two subjects because Hong Kong is still politically independent from mainland China. As a consequence of historical development Hong Kong is A *Special Administrative Region*, former British colony, and was handed to The People's Republic of China in 1997 with the certain stipulations. It has its own political system, high autonomy and capitalistic economy.<sup>8</sup> In business many foreign companies find it easier to operate in this region before entering the mainland China. There could be mentioned more commerce treaties from the Word Bank library, however the most important thing they have in common is support of international trade.

The cooperation in export and import is increasing. The important trading partner for many countries is China. There are also other emerging economies like India. However the majority of the foreign investments flow into China and it is considered to be the world's largest exporter. "In 2010, China exports total \$1.194 trillion. It's main exports are electrical goods and other machinery, including data processing equipment, apparel, textiles, iron and steel, optical and medical equipment."<sup>9</sup> The import is significantly lower but still it provides substantial opportunities for many foreign companies. "In 2010, China imports total \$921.5 billion."<sup>10</sup> There are many new opportunities for both industrial or developing countries and increased collaboration.

The new transportation and communication technologies, fewer restrictions due to specific trade agreements and export or import opportunities are important factors for

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<sup>7</sup> "Global Preferential Trade Agreements Database: Agreements Library," The World Bank Group, <http://wits.worldbank.org/gptad/library.aspx#> (accessed April 10, 2012).

<sup>8</sup> "Hong Kong," *Wikipedia, The Free Encyclopedia*, [http://en.wikipedia.org/wiki/Hong\\_Kong](http://en.wikipedia.org/wiki/Hong_Kong) (accessed April 10, 2012).

<sup>9</sup> EconomyWatch, "China Trade, Imports and Exports," [http://www.economywatch.com/world\\_economy/china/export-import.html](http://www.economywatch.com/world_economy/china/export-import.html) (accessed April 10, 2012).

<sup>10</sup> EconomyWatch, "China Trade, Imports and Exports," [http://www.economywatch.com/world\\_economy/china/export-import.html](http://www.economywatch.com/world_economy/china/export-import.html) (accessed April 10, 2012).

development of international cooperation and globalisation of trade. It is easier to exchange information and goods all around the world. In every continent there are important agreements and unions. The cooperation with other foreign countries is essential for participation in export and import. In these days not only the multinational companies are involved in international trade but also medium or even small size enterprises are becoming part of it.<sup>11</sup> It is not possible for any business organization to become successful without the participation in international trade because it is globally interconnected.

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<sup>11</sup> Michael J. Rouse and Sandra Rouse, 253.

## 2 GLOBALIZATION AND EFFECT ON CULTURE

In previous chapter it has been mentioned that progress in transportation and communication technologies together with other aspects have an effect on globalisation of trade. Today the world is changing we live in a *global village* in sense of technological progress as it is easier to travel, communicate and know what is going on all around the world. It is a term which is today frequently associated with globalisation and was invented by Marschall McLuhan in the early 1960s, who also “predicted the World Wide Web almost thirty years before it was invented.”<sup>12</sup> The environment in form of global village was one of the main aspect, which caused globalisation of international trade but does this new world development creates also cultural globalization?

There have been debates over the years, whether the global village has caused cultural globalization. However I do not think that economic and technological interconnections globalize culture and eradicate cultural diversity. I support the claim of the scientists Robert S. Fortner, who defined the contemporary society in form of *global metropolis*, where are many diverse streams, and people live next to each other with different cultural values.<sup>13</sup>

The global village is more a technological dimension, which makes world more interconnected and decreased in distance rather than cultural assimilation. The cultural diversity, which surrounds us all around the world, cannot be defined in sense of village. Within a global village there are modern technologies, which enable people to travel without past distance barriers, transmit information in a higher speed, remain globally informed due to Internet and broadcast channels.

In contemporary society, people do not share common cultural values and are not familiar with everyone who surrounds them. For that reason, it is more suitable to define the recent world in regards to cultural aspects as a *global metropolis*, with many streams, where people live together within the same borders.<sup>14</sup> In a global metropolis do not usually know about fundamental beliefs or religious faith of those who surrounds them in contrast

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<sup>12</sup> “Marshall McLuhan,” *Wikipedia, The Free Encyclopedia*,

[http://en.wikipedia.org/wiki/Marshall\\_McLuhan](http://en.wikipedia.org/wiki/Marshall_McLuhan) (accessed April 10, 2012), quoted in Paul Levinson, *Digital McLuhan: A Guide to the Information Millennium* (Routledge, 1999).

<sup>13</sup> Wallace et al., 16, quoted in Robert S. Fortner, *International Communication: History, Conflict, and Control of the Global Metropolis* (Belmont, Calif.: Wadsworth Pub. Co., 1993), 24.

<sup>14</sup> Wallace et al., 16, quoted in Robert S Fortner., *International Communication: History, Conflict, and Control of the Global Metropolis* (Belmont, Calif.: Wadsworth Pub. Co., 1993), 24.

to situation when they grow up with others in a small village and share or are familiar with others values.

It has been demonstrated that global village has caused new environment in sense of decreased distance barriers and new communication technologies make it easier to interact with people from other cultures. However it is not the new environment that changes the individual's cultural values. It can be demonstrated in concept of *melting pot*, which is not present in American multicultural society. "Melting pot means a sociocultural assimilation of people of differing backgrounds and nationalities; the term implies losing ethnic differences and forming one large society, or macroculture."<sup>15</sup> Culture is a strong phenomenon and each group has a tendency to preserve own values. There is no *melting pot* but rather the cultural *salad bowl* or *mosaic*. These new political concepts have been developed in USA and Canada in response to multiculturalism and describe the diversity within the nation.<sup>16</sup>

It has been observed that many ethnic groups even after immigration and many years spent abroad still preserve their own cultural beliefs or religious faith. In the USA there is large number of immigrants. Throughout the country the attempts to retain cultural values can be seen in many forms like Chinatown in San Francisco. Another illustration is example of street sings in another language.<sup>17</sup>

Instead of the term *melting pot*, which originated in the U.S.A. as a political strategy to unite people from different cultures due to globalization and extensive immigration it would be more appropriate to call contemporary society in today's America as a *salad bowl* where all ingredients are blend together. These different components do not assimilate and each group is maintaining its own cultural values.<sup>18</sup> "Canadians differentiate their multicultural, immigrant society from the American version of a "cultural mosaic ". The theory behind the Canadian multicultural mosaic is that immigrants are not pressed to give up their culture and

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<sup>15</sup> Lillian H. Chaney and Jeanette S. Martin, *Intercultural Business Communication* (New Jersey: Prentice Hall, 1995), 2.

<sup>16</sup> Tiziana Storza, "Melting Pot or Salad Bowl," <http://www.cafebabel.co.uk/article/16216/melting-pot-or-salad-bowl.html> (accessed April 10, 2012).

<sup>17</sup> Chaney and Martin, 2-3.

<sup>18</sup> Tiziana Storza, "Melting Pot or Salad Bowl," <http://www.cafebabel.co.uk/article/16216/melting-pot-or-salad-bowl.html> (accessed April 10, 2012).

are free to find the balance between old and new culture.<sup>19</sup> This model is more realistic towards the reality in multicultural societies and is similar to the new American model in the form of a mixed salad. Despite the forces towards homogenization people are inclined to preserve their own culture even in the new environment, where other cultural norms and conventions are present.

Apart from that there cannot be entire globalisation of culture because homogenisation is not the unite force, there are also some other countries standing as opponents toward cultural globalisation in form of *polarisation*. Some countries view this dominance very negatively and are strict opponents as they feel that their cultural values are being infringed with foreign interference. These counties or individuals want to maintain their own culture and are resistant towards the external aspects. This stream is called polarization.<sup>20</sup> The countries within this direction are France, some Middle Eastern and Asian countries. It is primarily Venezuela, which is self-independent and opposing other influences.<sup>21</sup> The entire cultural globalization cannot arise with these two different streams, which are currently present in contemporary society.

Money and business, which rule international trade and sponsor mass media of leading countries, are powerful forces, but do not create globalisation of culture. Within the global village mass media caused, that every person is informed about words events, global trends and is target for international marketing campaigns. Mainly U.S.A. is trying to promote its culture worldwide by various media, commercial programmes or products. The success of Western global corporations generates the money which furthermore enables to develop and dominate the movie industry, because film making process is very expensive and many countries cannot afford to make their own films. "In some countries, American television constitutes 50% of the programs as the host country does not have the resources to fund the cost of production and distribution of their own."<sup>22</sup> However these aspects do not create cultural transformation. It can be demonstrated in the case of Bollywood. The Indian population prefer to watch movies, which were made in homeland, if they are available.

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<sup>19</sup> Diane Lemieux. *Culture Smart! Canada. The Essential Guide to Customs & Culture* (London: Kuperard, 2008), 59.

<sup>20</sup> Wallace et al., 10, quoted in Charles Conrad and Marshall S.Poole, *Strategic Organizational Communication: In a Global Economy* (Fort Worth, TX, Harcourt College Publishers, 2002).

<sup>21</sup> Wallace et al., 10.

<sup>22</sup> Deborah Swallow, "Cultural Globalization Does it Exist? "



All these arguments prove that there is not a cultural globalization and cultures are not the same but diverse. It can be observed in many ways because people have different religion, language, cuisine, clothing and style of communication. The last point will be further explained in greater details in detailed comparison of China, U.S.A. and Canada. The individuals are not aware of these impacts but they can be observed in everyday situations, because culture defines many aspects of life. In every continent or country there are different conventions in various forms like language usage. There are several groups of languages and even dialect can determine from which exact area the person is from. Another significant element is local cuisine or national dishes. Religion and the way people are dressed in everyday situations or in various occasions like ceremonies, weddings. It greatly differs in Western and Middle East countries where women have to be covered in public and follow different rules.<sup>23</sup> In every foreign country there are different conventions, which are still visible even after the forces of globalization.

Apart from that cultural diversity is persistent and cultural values are not questioned, because it helps people to deal with uncertainty in the new environment and global changes. The cultural values were passed from generation to generation and were created in the long run. They are fundamental responses towards member's environment.<sup>24</sup> Generally these values are not put into the question even if they cannot be rationally explained and supported by convincing arguments. "Culture is more emotionally charged and resistant to change than are rational beliefs because it gives people some sense of confidence in facing the threats posed by uncertainties."<sup>25</sup> Especially in recent world people are challenged by many factors and are willing to maintain core cultural values as a means to face increasing uncertainty.<sup>25</sup>

The culture is not the same in many cases even within national borders. It depends whether the country belongs to the *tight* or *loose* cultural group. The multinational nations have a tendency to form a loose culture, because its citizens from different background have tendency to preserve own cultural values and do not fully assimilate. "There are so called *tight cultures*, the norms and rules tend to be clear, whereas in *loose cultures*, the norms

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<http://www.deborahswallow.com/2009/08/04/cultural-globalisation-does-it-exist>(accessed April 10, 2012).

<sup>23</sup> Michael J. Rouse and Sandra Rouse, 37.

<sup>24</sup> Thomas and Inkson, *Cultural Intelligence: People Skills for Global Business* (San Francisco: Berrett – Koehler Publishers, 2004), 24.

and rules are more ambiguous, permitting greater deviation and more flexibility.”<sup>26</sup> Japan is an example of a tight culture, and the United States is an example of a loose culture.<sup>27</sup> In the USA there is, a great number of people from other countries and they are preserving their own cultural values. This contributes to greater diversity and to creation of cultural looseness because all cultural aspects of citizens are not unified.

The cultural looseness in multicultural societies creates subcultures, which share own distinct values. They are in contrast to the ones the majority share within the national borders. “Nations, states generally contain many sub-cultures that may be based on religion, ethnicity, or even lifestyle. ” The precondition is that members are aware of different values and create groups to express themselves in accordance with their own beliefs<sup>28</sup>. Canada is country typical for low uncertainty avoidance. However there is the largest Chilean community outside the Chile, which is exactly in the opposite direction towards this dimension and is characteristic for high uncertainty avoidance.<sup>29</sup> The major cultural differences are not present only in transnational level but can be found also within the national borders as will be later demonstrated in the case of Canada.

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<sup>25</sup> Michael J. Rouse and Sandra Rouse, 60 – 61.

<sup>26</sup> Wallace et al., 23, quoted in Pelto, The difference between “tight” and “loose” societies. *Transactions* 1968, 37-40.

<sup>27</sup> Wallace et al, 24.

<sup>28</sup> Chaney and Martin, 10.

<sup>29</sup> Michael J. Rouse and Sandra Rouse, 262 -263.

### 3 CULTURE AND EFFECTIVE COMMUNICATION

There are many types of communication but there are certain requirements to form the communication process. The whole process can be performed only under the condition that there is an encoder, message, medium, decoder and feedback. One of the definition in the Macmillan dictionary specifies communication “as the process of giving information or of making emotions or ideas known to someone.”<sup>30</sup> The communication process only appears if there is more than one participant. There has to be a person who wants to share the information. It is an encoder who creates a message and a decoder who is receiving the information. It can be transferred by various mediums and choice depends on various factors like for example costs. Nowadays e-mails are widely used in the written communication. Whether the message has been correctly interpreted can be observed in form of response from the decoder. It is a feedback which tells how the message was understood.<sup>31</sup> Only when these five factors are present communication process can occur.

However effective communication has another prerequisite. It is essential that people have shared understanding of applied symbols. This process is more challenging in cross cultural communication where language and cultural aspects differ. “The term intercultural communication was first used by Edward T. Hall in 1959. Hall was one of the first researches to differentiate cultures based on how communications are sent and received. Hall defined intercultural communication as communication between persons of different cultures.”<sup>32</sup>

There are many languages around the globe some are perishing but new are emerging. “There are somewhere between 8000 and 10,000 languages spoken in the world.”<sup>33</sup> The Language can be the substantial barrier for cross-cultural communication, when people do not share one. In a communication process it is crucial that participants of communication encoder and decoder are able to interpret the symbols usually in form of words. It is impossible when languages significantly differ.<sup>34</sup>

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<sup>30</sup> Macmillan Dictionary online, s.v. “communication,”

<http://www.macmillandictionary.com/dictionary/british/communication> (accessed April 20, 2012).

<sup>31</sup>“Effective Business Communication,” WordPress, <http://effectivebusiness2000.com/elements-of-communication/> (accessed April 5, 2012).

<sup>32</sup> Chaney and Martin, 2.

<sup>33</sup> Michael J. Rouse and Sandra Rouse, 257.

<sup>34</sup> Michael J. Rouse and Sandra Rouse, 39.

The barrier in form of language is decreasing in importance, because today the language of business is English and many people are able to speak it in good level. “English has increasingly become the international language of business. More and more nations are demanding that their business executives become fluent in English.”<sup>35</sup> It is always possible to communicate with this language in international business because the number of people who studied or worked abroad is increasing.

However the knowledge of other languages is always an advantage because some nations are more approachable for business cooperation if the foreign executives can speak the local language. After English, Mandarin Chinese is the second most used language in a business according to Bloomberg Rankings. In the third place is French.<sup>36</sup> Especially when a company is planning to expand abroad it is advisable to have employees with country specific language skills.

The language is for many countries a sign of national pride and strong symbolism. The In the Canadian province of Quebec the language is an important aspect for definition of citizens’ identity and French is the official language in this province. Canada is bilingual, English and French are the official languages. The French language in Quebec is widely used in administrations and it influence also business communication. The products have to be labelled in both languages and also the contracts have to be bilingual.<sup>37</sup> If the organization have members with foreign language skills is can help for the successful communication and in some situations it is advisable to use a translator.<sup>38</sup>

Nowadays companies prefer to employee people with foreign language skills as the globalisation of international trade led to the development of cooperation across borders. However the language skills are not the main aspect, which determine the success for effective cross – cultural communication. It is a cultural understanding because the lack of it leads to communication failure. It is important to be familiar with the culturally different

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<sup>35</sup> Jeff Thredgold, “English is increasingly the international language of business,” *Deseret News*, <http://www.deseretnews.com/article/700091766/English-is-increasingly-the-international-language-of-business.html> (accessed April 25, 2012).

<sup>36</sup> John Lauerman, “Mandarin Chinese Most Useful Business Language After English,” <http://www.bloomberg.com/news/2011-08-30/mandarin-chinese-most-useful-business-language-after-english-1-.html> (accessed April 5, 2012).

<sup>37</sup> “Make Doing Business in Quebec Easier with Proper Labeling and Translation,” Nevada District Export Council, [http://www.nevadadec.com/cg\\_na\\_can\\_quebec.htm](http://www.nevadadec.com/cg_na_can_quebec.htm) (accessed April 5, 2012).

<sup>38</sup> Michael J. Rouse and Sandra Rouse, 257.

established practices and to be aware of the fact know how culture influences communication. Culture has a significant impact on our behaviour. It determines other aspects apart from the language like “non-verbal communication, customs, rituals, perceived values, and concepts of time and space.”<sup>39</sup> It is important in cross – cultural communication to understand others cultural aspects and not to misinterpret the meaning and develop country specific knowledge in order to be able encode or decode appropriately applied symbols within a communication process.

However the cultural understanding is not an easy process because of diversity and the fact that deep cultural values are often invisible. Everyone is aware of the fact that there are many cultures around the world and some significant differences. However it is not easy to understand major or minor differences as individual’s cultural knowledge are often superficial or biased. It takes an effort to understand them in a real sense.

As the proof can serve a metaphor defined by Hall in 1959 as he said: that culture can be compared to an iceberg because much of it lies beneath the surface, out of our immediate awareness. We generally respond to the surface values that we can sense; however, to truly understand culture, we must also explore the behaviours below the waterline.<sup>40</sup>

It is common metaphor, which reveals much of the reality. People generally believe that they know all about other cultures from visible and shallow aspects but this often leads to ambiguous results. To understand such composite element like culture it is not possible to discover the core values effortlessly without deep interest. It is not easy to grasp this hidden meaning.

In many cases when people are assigned to perform task abroad it never is an easy process, because different cultural norms are present and have to be understood for successful communication. An employee who is sent to work abroad is called *expatriate* and he is going to meet and communicate with other cultures in a new work environment. It takes much more effort to be able to communicate effectively in this new environment as many traditional customs in foreign countries are not known to many expatriates. Moreover it is also difficult to communicate efficiently in homeland and in this case cultural aspects

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<sup>39</sup> Michael J. Rouse and Sandra Rouse, 96.

have to be understood.<sup>41</sup> “Intercultural communication adds to the dynamics of business communication by mixing diversity of language and culture.”<sup>42</sup>

However the complexity is not an excuse for cultural misunderstandings and each individual who wants to communicate effectively in international level have to develop strategy how to successfully communicate with people from different backgrounds. The culture is a powerful and influential force and has to be integrated into communication strategy.

Every multinational organization is forced to train its employees with cross-cultural competences if they want to operate successfully.<sup>43</sup> It is crucial to make them at least aware of fundamental cultural patterns for communication across boundaries. People are often deeply affected by cultural values and beliefs without noticing it and display it in communication. People from other countries can often unintentionally infringe these rules and it can lead to major misunderstandings. For example each country has its own way to do a business. In some cultures it is perceived as a relationship which has to be developed and nurtured over time and people would be offended with fast and direct approach. On the contrary in some cultures to trade is only a question of short - term business affairs. It is important to adjust to these rules. It is a common enigma when business ventures fails that companies cannot understand the reason. However it often is because of intercultural communication failures from lack of knowledge about other´s social norms.<sup>44</sup>

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<sup>40</sup> Wallace et al., 22.

<sup>41</sup> Michael J. Rouse and Sandra Rouse, 254.

<sup>42</sup> Wallace et al., 7.

<sup>43</sup> Wallace et al., 16.

<sup>44</sup> Michael J. Rouse and Sandra Rouse, 39.

#### 4 HOFSTEDE'S AND HALL'S CULTURAL CLASSIFICATION

The cultural environment is very diverse and complex. However there have been developed many researches in social sciences and as an beneficial initial guide can serve Hofstede's and Hall's cultural classification, which make it easier to understand different cultures. The principle is in understanding major cultural differences and similarities.

The study of Geer Hofstede is often used as an initial guide for cultural understanding by many global managers. "The research is based on a questionnaire data from 80 000 IBM employees in 66 countries. He developed for classification five key dimensions of culture, in respect to *individualism-collectivism, masculine –feminine, power distance, uncertainty avoidance, time orientation.*"<sup>45</sup> However after the understanding of these fundamental beliefs the deeper country specific knowledge should be added.

According to Hofstede's one of the most individualistic countries are United States, Australia, Great Britain, Canada and Netherlands. Power distance is extremely important in Malaysia and other Asian countries. The countries with high masculinity are Japan, Austria, Switzerland, Venezuela and USA. One of the highest uncertainty avoidance is in Greece.<sup>46</sup>

In respect to a concept of individualism versus collectivism, people in individualistic cultures are more oriented towards personal goals and achievement. They are independent and work with others without considering them to be a part of a group. It is not belonging to certain group, which is most important, like in collectivist cultures. People are loyal towards the group and for their loyalty they are expecting the group to take care of them and provide security. The type of a group varies among cultures, in Japan it is the company, in Latin America the family and the community in Africa.<sup>47</sup> It is important to be aware of these differences. For example when communicating with collectivist cultures, it is better to express the sense of benefits for the whole group, but in individualistic cultures it is more appropriate to highlight the benefits for individuals from their work.<sup>48</sup> "Hofstede's research suggests that Americans, the British, Australians, Canadians, New Zealanders and the Dutch

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<sup>45</sup> Michael J. Rouse and Sandra Rouse, 258.

<sup>46</sup> Thomas and Inkson, 32- 33, quoted from G. Hofstede, *Culture's consequences: International differences in work related values* (Beverly Hills, CA: Sage, 1980).

<sup>47</sup> Wallace et al., 25 -26.

rate the highest on the individualism end of the continuum. The countries which rated highly on the collectivism scale include those of Mexico, Greece, Hong Kong, Pakistan, Peru, Singapore and Taiwan.”<sup>49</sup>

Another category is masculine – feminine orientation. It can be applied to gender roles as masculine values are more typical for men but it does not create the rule as there can also be exceptions. It means that societies behave in a sense “of achievement, ambition, acquisition of material goods”. Rather than appreciate values typical for feminine orientation “in sense of quality of life, service to others, nurturance values.” There are typical examples of both orientations.

According to Hofstede: the United States, Austria, Italy, Japan, and Mexico score high on the masculinity index viewing work, recognition, and advancement as particularly important. Chile, Portugal, Sweden, Norway, Denmark, and Thailand display a feminine orientation, where personal intrinsic balance and the importance of life choices that improve society are important.<sup>50</sup>

Power distance is important to understand, because it varies in every culture and defines the style of formality to be used. The formal or informal style can be used depending on cultural values. The formal style is recommended to use in cultures with hierarchy orientation and inequality within the powers and imply greater distance towards authorities. However in egalitarian cultures it is recommended to use informal style. Their organization structure is flatter and it should be dealt with everyone as equal. “The Philippines, Indonesia, Mexico, Venezuela, Singapore, Brazil, Spain and France all scored towards the high end of the power distance continuum. Contrary to that Austria, Denmark, Ireland and New Zealand are in the opposite direction.”<sup>51</sup>

The way how people deal with uncertainty differs. The society with high uncertainty avoidance prefers rules, which they do not want to change and are resistant towards the changes. These rules help to avoid and deal with uncertainty. On the contrary people from

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<sup>48</sup> Michael J. Rouse and Sandra Rouse, 259.

<sup>49</sup> Michael J. Rouse and Sandra Rouse, 258 – 259.

<sup>50</sup> Wallace et al., 26.

<sup>51</sup> Michael J. Rouse and Sandra Rouse, 260.



cultures with low uncertainty avoidance are more flexible and accept changes as they perceive them like opportunities for development. For example when communicating with German people are likely to follow their embedded rules as they belong to the category with low uncertainty avoidance. “Cultures that score higher at this end of the continuum include Austria, France, Germany, Japan, Italy and Peru. Cultures rated low on the uncertainty avoidance scale are Australia, Canada, Denmark, Hong Kong, Singapore, Sweden and the United States.”<sup>52</sup>

The last dimension, which was defined and further added by Geert Hofstede is time orientation. It distinguishes between long-term or a short term view towards life and ambitions. One of the long - term oriented nation is China and majority of Western countries are short term oriented.<sup>53</sup>

Another important aspect concerning the approach towards time was developed by social scientist Hall (1987) he defined the monochronic and polychronic cultures. In monochronic cultures people prefer to do one thing at a same time and organize their time as the source which can be used or wasted. On the contrary people from polychronic cultures have more arbitrary approach towards time. It is a common practise to do more things at one time and often without planning. According to Hall: Many Western cultures such as those of Germany, Canada, the United States and the Scandinavian countries tend to be predominantly monochromic cultures Many Latin American cultures are characterized by a tendency towards polychronic attitude.<sup>54</sup> It is important to understand these universal characteristic and try to find the similarities and major differences when dealing with other cultures. However apart from that the country specific knowledge should be developed for deep cultural understanding.

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<sup>52</sup> Michael J. Rouse and Sandra Rouse, 260 -261.

<sup>53</sup> Geert Hofstede, National Culture – Countries “China, Canada and United States,” Itim Culture & Management Consultancy, <http://geert-hofstede.com/china.html> (accessed April 5, 2012).

<sup>54</sup> Michael J. Rouse and Sandra Rouse, 261-262.

## 5 THE CULTURAL COMPARISON CHINA – USA -CANADA

In the next paragraphs I am going to narrow my focus on 3 countries – China, U.S.A. and Canada. I had decided to devote most of the time to China because it is rapidly progressing economy and provides opportunities for many foreign companies. It was the Cultural Revolution that opened the door for international cooperation. This has led to economical progress and it can be demonstrated in case of the town Shanghai, where many new skyscrapers are being built.<sup>55</sup>

Nowadays China is the country, which ranks second in respect of the participation in international trade. This applies to an export and also an import. It is not a place, where many companies are seeking only for the cheap labour and materials. The economic development and size of population form also moneymaking opportunities. “For the Coca-Cola Company, China is now the fastest growing market in consumption volume worldwide. In 2005, China was Coke’s fifth – largest purchaser in terms of consumption volume.”<sup>56</sup>

Another country I had chosen is the U.S.A. because it is the most prominent nation in international trade. It ranks first in respect to an export and import.<sup>57</sup> Apart from that it is important business partner for China. The amount of export from China to U.S.A. in 2011 was approximately in the amount of 399 billion dollars.<sup>58</sup> These two countries dominate global trade and cooperate together.

The last selected country is Canada, which is also important in international trade with the 10th place ranking.<sup>59</sup> However the main reason for this choice was due to its diversity

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<sup>55</sup> Juan Fernandez Antonio and Laurie Underwood, *China CEO: Voices of Experience from 20 International Business Leaders*, (Singapore: Wiley, 200), xii.

<sup>56</sup> Fernandez and Underwood, xiv.

<sup>57</sup> The World Factbook Country Comparison: “Exports,” Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2078rank.html> /; The World Factbook Country Comparison: “Imports,” Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2087rank.html> (accessed April 5, 2012).

<sup>58</sup> “US – China Trade Statistics and China’s World Trade Statistics,” The US - China Business Council, <https://www.uschina.org/statistics/tradetable.html> (accessed April 25, 2012).

within the national borders and with the aim to disprove the common stereotype that Canadians are same as Americans. The country specific knowledge has to be developed, even when companies are trading with the neighbour of the most powerful nation in international trade. The tendency towards generalizations leads to stereotyping which is a common barrier for communication. “Criticizing Canada, and highlighting the similarities between Canadians and Americans, are conversation stoppers.”<sup>60</sup>

In this chapter I will explain Canadian, American and Chinese cultural characteristics and prove the diversity among these three countries. Then they are going to be further analysed. The comparison will be primarily based on the Hofstede’s and Hall’s cultural dimensions. This will help to understand main differences and similarities, which are furthermore reflected in style of communication and business practices. These dimensions have to be understood for productive business results. Apart from that, I will also focus on history, because it is important for understanding of regional subcultures, especially in the case of Quebec and Hong Kong.

Not everybody might know that Canadians are different to Americans, Anglophone Canadians to Francophone Canadians, Chinese mainlanders to people from Hong Kong and Americans in respect to West and East Coast. However probably everybody knows that China is culturally different to USA and Canada but apart from the differences there are also similarities. It is the understanding of these aspects that is helpful for effective interaction. Before the comparison of these countries and regions, in respect to the style of communication, which is further reflected in business practices, it is important to understand their specific characteristics.

First attention is devoted to Canada because it is essential to have the country specific information for further comparison with USA and prove that they are culturally diverse. They have many similarities but also differences in many aspects, not only in respect to Hofstede’s ranking, but also in other directions. Furthermore in Canada the communication

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<sup>59</sup> The World Factbook, Country Comparison: “Exports,” Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2078rank.html> /; The World Factbook, Country Comparison: “Imports,” Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2087rank.html> (accessed April 5, 2012).

<sup>60</sup> Lemieux, 92.

differs when dealing with Anglophone or Francophone Canadians<sup>61</sup> as there are also certain differences between people from East and West Coast in the USA.<sup>62</sup> This distinction could be furthermore developed to more detailed regional differences or in respect to distinct subcultures but in this work the focus is on the mainstream cultures and its main characteristics.

Canada is a multicultural society with a high number of immigrants and for that reason the political concept of cultural mosaic was developed, because there are many other cultural subcultures within the mainstream society. The immigrants are preserving their own cultural values which they are combining with Canadian identity. This concept as previously mentioned is more realistic than American melting pot, which stands for unite cultural assimilation, and was replaced by a cultural term in the form of salad bowl, which is similar to cultural mosaic.

The multiculturalism is certainly shaping the modern Canadian society but other cultural values have been formed in respect to historical development and divided Canadian culture in two streams. There are Anglophone and Francophone Canadians. The first group associate themselves more with British roots and the second group more with French ancestors. As an impact of those two mainstream societies Canada is bilingual<sup>63</sup>

These cultural differences in Francophone area are results of historical development in the New World. As the first European nation to settle around this area was France. It was Jacques Cartier who was the first Frenchman to arrive and later on *Samuel de Chaplain* in 1608 establish the first permanent French settlement in Quebec.<sup>64</sup> This is the main reason why the Québécois have preserved and are promoting the different identity with French cultural ties. The French language in the province of Quebec represents the strong symbolism. It is the way how local people associate themselves with history and French roots. There are extensive efforts from regional government to promote the usage of this language. It is widely used in administration and immigrants are supposed to learn it

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<sup>61</sup> Geert Hofstede, National Culture – “Canada”, Itim Culture & Management Consultancy. <http://geert-hofstede.com/canada.html> (accessed April 5, 2012).

<sup>62</sup> “United States of America Business Etiquette, Culture, & Manners,” International Business Center.org, <http://www.cyborlink.com/besite/us.htm> (accessed April 5, 2012).

<sup>63</sup> “Doing Business in Canada: Canadian Social and Business Culture,” Communicaid Ltd., <http://www.communicaid.com/access/pdf/library/culture/doing-business-in/Doing%20Business%20in%20Canada.pdf> (accessed April 5, 2012).

<sup>64</sup> Lemieux, 24.

because it signals belonging to this province and community. The language represents cultural identity in this region, but for economic reasons also English can be used in international business communication.<sup>65</sup> However when English speaking countries trade with Canada they have to label their products also in French because Canada is bilingual. Apart from that in Quebec province official documents have to be written in French and English alike and it can be advantage to have employees who can speak French.<sup>66</sup> In respect to legal aspects, French civil code is used instead of Common law in Quebec.<sup>67</sup>

There are the different results for Quebec in Hofstede's analysis. In comparison to Anglophone Canadians people in Quebec have bigger power distance and are less individualistic, masculine and uncertainty accepting. These dimensions are similar to one's in France, but the French have bigger power distance, higher uncertainty avoidance. They are less individualistic and masculine oriented than people in Quebec. This phenomenon can be explained as the fact that in Quebec there were Anglo-Saxon influences. Canada was for a long time under the British rule.

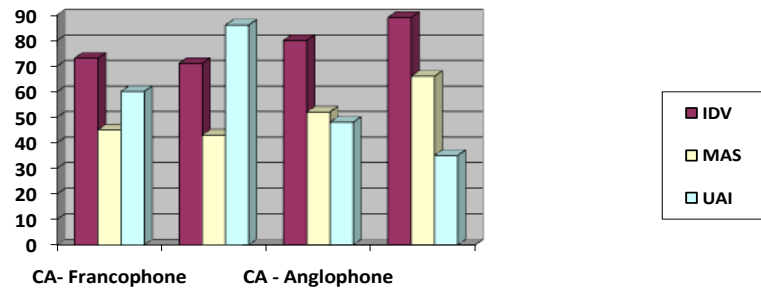
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<sup>65</sup> Simon Langlois, "The Quebec National Identity," <http://www.multiculturalcanada.ca/Encyclopedia/A-Z/c4/3> (accessed April 5, 2012).

<sup>66</sup> "Make Doing Business in Quebec Easier with Proper Labeling and Translation," Nevada District Export Council, [http://www.nevadadec.com/cg\\_na\\_can\\_quebec.htm](http://www.nevadadec.com/cg_na_can_quebec.htm) (accessed April 5, 2012).

<sup>67</sup> Lemieux, 44.

**Figure1. Comparison of Francophone Canadian values to French, Anglophone Canadians to British.**



Source: Geert Hofstede. National Culture – Comparison “Canada, France, United Kingdom.” Itim Culture & Management Consultancy. <http://geert-hofstede.com/canada.html> (accessed April 5, 2012)..<sup>68</sup>

Note: The results for France are on the left, the results for British are on the right.

As the result of different ranking in Hofstede’s analysis Anglophone and Francophone communication patterns differ in Canada. The biggest difference was in power distance indicator with the variation of 15 points. The score was 39 for Anglophone Canadians, 54 for Québécois and French scored 68.<sup>69</sup> It indicates that people around the Quebec are similar to French and are more formal in business communication. In comparison to egalitarian and informal Anglophone Canadians. In Quebec business cards should have bilingual translation and apart from that also indicate title before the name, in contrast to Anglophone ones, which do not state it in most cases.<sup>70</sup> It is a polite gesture to examine the card before putting into a card case. The power distance can be also observed in a language. In English there is no difference between being on formal or on first-name terms when using the pronoun *you*. However in French there is a distinction between the second person pronoun in form of *tu* and *vous*. The last pronoun is the polite form and should be used in

<sup>69</sup> Geert Hofstede, National Culture – “Canada,” Itim Culture & Management Consultancy, <http://geert-hofstede.com/canada.html> (accessed April 5, 2012).

<sup>70</sup> “Doing Business in Canada: Canadian Social and Business Culture,” Communicaid Ltd., <http://www.communicaid.com/access/pdf/library/culture/doing-business-in/Doing%20Business%20in%20Canada.pdf> (accessed April 5, 2012).

business meetings when people do not have a close relationship. However the power distance, which is reflected in formality, is not that high as in France.

In respect to Hall's analysis people from Francophone Canada as French are high context cultures and English Canadians are low context culture.<sup>71</sup> The ones from the first group express the meaning also in body language and stay closer to each other in communication. In Canada when meeting a business partner it is a common practise to shake hands and use direct eye contact when arriving and leaving. It is the same in Francophone area, but when there is a closer business relationship, it is a common practise to greet each other by kissing slightly on each cheek as in France.<sup>72</sup>

Another cultural dimension defined by Hall is being monochronic or polychronic. They both differ in this distinction. Anglophone Canadians are monochronic. The meetings are generally according to the schedule and punctuality is important. In business people should stick to the agenda and talk in respect to planned issues and only a small part of the small talk is at the begging of the meeting. It is not highly valued to spent more time on the relationship building, but this differs in Quebec, where people like in France spent more time on social activities. They do not rely on cues from relationship they have with others or non- verbal communication but rather prefer to decide and work with information based on facts and figures.<sup>73</sup> Francophone's are polychronic like French people.<sup>74</sup> The attitude towards time is more relaxed but still it is important to be on time.<sup>75</sup>

Another characteristic is devoted to the USA. In respect to the regional differences there are also some distinction between people from the East and West Coast. However the differences are not that diverse like in the example of Quebec. It is mainly the formality in business communication, which distinguishes these two American coasts. It can be also the

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<sup>71</sup> "High Context Culture," *Wikipedia, The Free Encyclopedia*,

[http://en.wikipedia.org/wiki/High\\_context\\_culture](http://en.wikipedia.org/wiki/High_context_culture) (accessed April 5, 2012).

<sup>72</sup> "Canada – Language, Culture, Customs and Etiquette," Kwintessential Ltd.,

<http://www.kwintessential.co.uk/resources/global-etiquette/canada.html> (accessed April 5, 2012).

<sup>73</sup> "Canada – Language, Culture, Customs and Etiquette," Kwintessential Ltd.,

<http://www.kwintessential.co.uk/resources/global-etiquette/canada.html> (accessed April 5, 2012).

<sup>74</sup> "Monochronic or Polychronic," MediaWiki,

[www.theamway.com/wikis/amway/index.php?title=Monochronic\\_or\\_Polychronic](http://www.theamway.com/wikis/amway/index.php?title=Monochronic_or_Polychronic) (accessed April 5, 2012).

<sup>75</sup> "Canada Business Etiquette & Culture," International Business Center.org.,

<http://www.cyborlink.com/besite/canada.htm> (accessed April 5, 2012).

consequence of weather conditions that makes people from West Coast more relaxed and informal.<sup>76</sup>

The next stage is the comparison of Americans and Canadians. The aim is to prove diversity among these two countries, which is further reflected in communication style. As the result of Anglo – Saxon roots Americans are much more similar to Anglophone Canadians. For that reason this group is going to be the main focus for the comparison, because the differences in respect to Americans and Francophone Canadians are more obvious. As previously mentioned they are to certain extent similar to French with higher power distance and uncertainty avoidance.<sup>77</sup> In communication it is good to be formal with the people from Francophone areas rather than to use American informal style and consider different attitude than towards the Anglophone Canadians.

In the next paragraphs there is detailed comparison among Americans and Canadians, this expression is going to be used furthermore for Anglophone Canadians. They are similar in many aspects like lower distance attitude, acceptance of uncertainty and short term-orientation but Americans are much more individualistic and masculine oriented with the score of 91/62 than Canadians with results 80/52.<sup>78</sup> These differences are reflected in the following figure.

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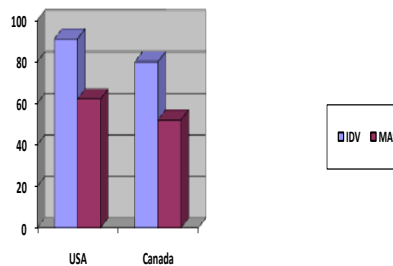
<sup>76</sup> “United States of America Business Etiquette, Culture, & Manners,” International Business Center.org., <http://www.cyborlink.com/besite/us.htm> (accessed April 5, 2012).

<sup>77</sup> Geert Hofstede, National Culture – “United States,” Itim Culture & Management Consultancy, <http://geert-hofstede.com/united-states.html> (accessed April 5, 2012).

<sup>78</sup> Geert Hofstede, National Culture – “Comparison United States and Canada,” Itim Culture & Management Consultancy, <http://geert-hofstede.com/united-states.html> (accessed April 5, 2012).



Figure 2. Comparison USA and Canada



Source: Geert Hofstede. National Culture – “United States and Canada.” Itim Culture & Management Consultancy. <http://geert-hofstede.com/united-states.html> (accessed April 5, 2012).

Note: These two factors differ in higher number. In other aspects these two nationalities are more similar, generally they prefer lower distance attitude, accepting uncertainty and short orientation.

The individualism is important factor in the American society and they are one of the most individualistic people in the world. Apart from that they are considered to be highly egalitarian society and it is important to follow this attitude in business communication. This concept comes from a protestant work ethic and claims that everyone has the rights to become successful in his life regardless his social class or nobility. The position is determined by hard work, which leads to personal achievements.<sup>79</sup> The U.S.A. is a masculine society and this aspect is encouraged from an early age by various school competitions. The life is oriented around work and career goals.<sup>80</sup> The handshake should be more firm and confident than do Canadians and other countries.<sup>81</sup> It is obvious in the graph that Americans score much higher in these two dimensions than Canadians and this should be taken into account for effective business communication.

As the result of these two aspects more individualistic Americans, value each personal opinion and everyone should speak up for their points. However this often leads to confrontations, which are not valued by more group oriented Canadians. This self-assertive behaviour is not welcomed in Canadian business meetings and interrupting others and

<sup>79</sup> Allyson Stewart-Allen and Lanie Denslow, *Working with Americans: How to build profitable business relationships*, (London: Pearson Education Limited, 2002), 12.

<sup>80</sup> Geert Hofstede, National Culture – “United States,” Itim, Culture & Management Consultancy, <http://geert-hofstede.com/united-states.html> (accessed April 5, 2012).

<sup>81</sup> “Canada – Language, Culture, Customs and Etiquette,” Kwintessential Ltd., <http://www.kwintessential.co.uk/resources/global-etiquette/canada.html> (accessed April 5, 2012).

vigorously presenting own arguments, is considered to be rude, and it is better to wait for a conversational turn. As an impact of higher ranking in masculine dimension Americans are more direct and straight to the point, but Canadians are rather indirect with the intention of being tactful and polite.<sup>82</sup> These are the main differences between Americans and Canadian.

In other dimensions they are culturally similar, especially in the respect to power distance with the variation of only 1 point.<sup>83</sup> They also scored low in context according to Hall's classification. As the result communication does not differ in respect to these values. The both Americans and Canadians do not use titles on their cards or in business interactions and deal with everyone as equal.<sup>84</sup> They are both low in context and rely on facts and figures rather than on other factors like previous relationship or non-verbal communication. They use linear language and presentations should be direct to the point with many statistics and data.<sup>85</sup>

Apart from that they also have the same attitude towards time. They are both monochronic, punctuality and deadlines are very important in business and meetings strictly follow the time schedule. "As said Benjamin Franklin: remember that time is money. The importance of time was reflected in another quote by American author "John H. Aughey: lost time is never found again".<sup>86</sup> This concept is taken seriously in the U.S.A. It is important to respect the time of other's when working with monochronic cultures. It is good to be always on time or call in advance if it is inevitable of being late and people should speak directly to the point during the business meetings, otherwise it is considered to be a waste of time.<sup>87</sup>

The attempt to control time is an important aspect in American society. They do not try to build a relationship in business, which is usually developed afterwards, and try to sign a contract and get business done in the shortest time.<sup>88</sup> Now after all the provided information

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<sup>82</sup> "Canada vs. America's Business Culture," Demand Media, Inc., [http://www.ehow.com/about\\_6574247\\_canada-vs\\_-america\\_s-business-culture.html](http://www.ehow.com/about_6574247_canada-vs_-america_s-business-culture.html) (accessed April 5, 2012).

<sup>83</sup> Geert Hofstede, National Culture – "Comparison United States and Canada," Itim Culture & Management Consultancy, <http://geert-hofstede.com/united-states.html> (accessed April 5, 2012).

<sup>84</sup> Stewart and Denslow, 14.

<sup>85</sup> "Canada – Language, Culture, Customs and Etiquette," Kwintessential Ltd., <http://www.kwintessential.co.uk/resources/global-etiquette/canada.html> (accessed April 5, 2012).

<sup>86</sup> Stewart and Denslow, 73.

<sup>87</sup> Stewart and Denslow, 66 -67.

<sup>88</sup> "USA – Language, Culture, Customs and Etiquette," Kwintessential Ltd., <http://www.kwintessential.co.uk/resources/global-etiquette/usa>. (accessed April 5, 2012).

in respect to Canada and U.S.A. and its regional differences more time is going to be devoted to China for the final comparison in respect to cultural values, communication style and business practices.

The first important thing essential to know about China is that the official name is People's Republic of China and is ruled by Communist party and in Taiwan there is separated government forming Republic of China. After the explanation of these two terms I am going to use the general term China for further comparison. I am not going to focus on Taiwan as there are still disputes whether this region belongs to China as the consequence of the Chinese Civil War fought in 1949. However it is crucial to acknowledge this separation when dealing with Taiwanese. China was for a long time an Empire before the Qing dynasty was defeated by communist party and republic was proclaimed in 1912 under the leader Mao Zedong.<sup>89</sup>

Apart from that Hong Kong is a special administrative region and has its own cultural characteristic. The area was for a long time part of the British Empire and some Western values have been adopted. China “is sometimes called a place where East meets West.”<sup>90</sup> However the core Chinese values based on philosophy of Confucius have been preserved. The British presence had primarily an impact on Hong Kong economic mindset or slightly modified some local values. “People have retained their traditional respect for authority while rejecting its fatalism and have adopted modern competitiveness.”<sup>91</sup>

Hong Kong had primarily preserved due to British former presence greater freedom and free capitalistic form of economy. Under treaties, which were negotiated by British politicians like the one called the Sino – British Joint Declaration. The treaty was signed by Margaret Thatcher and ensured certain depart from Communism and centrally controlled

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<sup>89</sup> “China,” *Wikipedia, The Free Encyclopedia*, <http://en.wikipedia.org/wiki/China> (accessed April 5, 2012).

<sup>90</sup> “Doing Business in Hong Kong: Hong Kong Social and Business Culture,” Communicaid Ltd., <http://www.communicaid.com/access/pdf/library/culture/doing-business-in/Doing%20Business%20in%20Hong%20Kong.pdf> (accessed April 5, 2012).

<sup>91</sup> Thomas and Inkson, 28.

economy.<sup>92</sup> It is recommended by many international executive leaders to start working in Taiwan or Hong Kong before entering to mainland China.<sup>93</sup>

Much of today's Chinese culture comes from the old times and was influenced by the Han Dynasty, which was in power between 206 BC and 220 AD. The Han Chinese form the biggest ethnic group in China and in the world. Majority of them speak Mandarin Chinese or other dialects depending on the region, but they share the same written system and main cultural beliefs based on Confucianism, which is an important factor determining the Chinese values.<sup>94</sup> They are reflected in the acceptance of hierarchy, preference of collectivism, determine importance of family, and significance of saving a face and not to offend others in public in order to maintain group harmony.<sup>95</sup>

In respect to Hofstede's cultural dimensions. China scored high in power distance, the hierarchy is generally acceptable and there are big differences among the people in respect to social class. They do not question their status as they strongly believe that it comes from Confucianism and everyone has a determined position in society, which should be followed. The score for China in this dimension is 80 and it is one of the highest ranking as the average score in Asia is 60.<sup>96</sup> China with the ranking of 20 in IDV index is highly collectivist society. The family and group are important and individual achievements are discouraged. China is a masculine society with the score 66. The work is the most important aspect in the life of the Chinese. China has very low uncertainty avoidance with score 30. In respect to another Hofstede's dimension the Chinese people do not have the problem to accept ambiguity as they do it every day in their language, where a word depends on intonation or symbols can have more meanings. They scored with a high rank in long-term orientation.<sup>97</sup>

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<sup>92</sup> "Sino-British Joint Declaration," *Wikipedia, The Free Encyclopedia*, [http://en.wikipedia.org/wiki/Sino-British\\_Joint\\_Declaration](http://en.wikipedia.org/wiki/Sino-British_Joint_Declaration) (accessed April 5, 2012).

<sup>93</sup> Juan Fernandez Antonio and Laurie Underwood, *China CEO: Voices of Experience from 20 International Business Leaders*, (Singapore: Wiley, 200), 9.

<sup>94</sup> "Han Chinese," *Wikipedia, The Free Encyclopedia*, [http://en.wikipedia.org/wiki/Han\\_Chinese](http://en.wikipedia.org/wiki/Han_Chinese) (accessed April 5, 2012).

<sup>95</sup> "Doing Business in Hong Kong: Hong Kong Social and Business Culture," Communicaid Ltd., <http://www.communicaid.com/access/pdf/library/culture/doing-business-in/Doing%20Business%20in%20Hong%20Kong.pdf> (accessed April 5, 2012).

<sup>96</sup> "China Business Etiquette, Culture, & Manners," International Business Center.org., <http://www.cyborlink.com/besite/china.htm> (accessed April 5, 2012).

<sup>97</sup> "Geert Hofstede, National Culture – "China," Itim Culture & Management Consultancy, <http://geert-hofstede.com/china.html> (accessed April 5, 2012).

Regarding to Hall's classification China is high context culture, because the meaning comes from non-verbal cues or previous relationship. They are rather polychronic culture as the concept "the time is money" is not common to follow in China.<sup>98</sup> The punctuality is also important for the Chinese and it is crucial to be on time. It is a common practise that hosts arrive before the guests.<sup>99</sup> Apart from that the Chinese are very indirect as a consequence of the concept of face, because it is the biggest offence to put down someone in front of others. They do not disagree in public with other's especially the ones in higher positions and use other diplomatic ways of saying no.

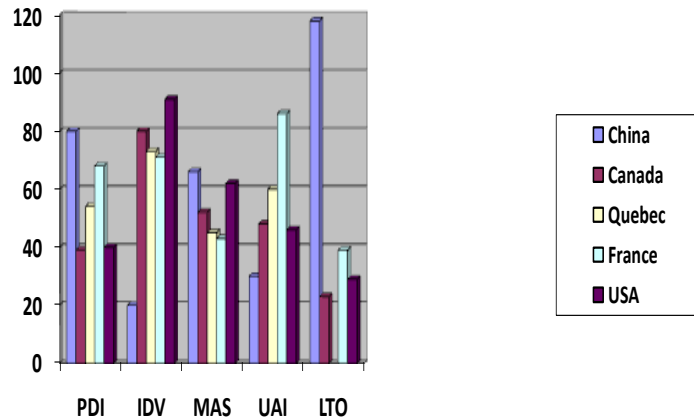
In the business communication the following rules should be understood, especially the concept of the face *mianzi* or reciprocal beneficial process *guanxi* should be respected, for successful interactions and business results. China is the country that has exceptional culture based on harmony, no one should break it, people do not offend or disagree with others in public or in person, because this could lead to loss of *mianzi* (the face), the way how people see and behave towards others is serious business for the Chinese. When bad news need to be delivered they often use intermediaries and will never say no straight to others face. They use more diplomatic ways or use silence. As Chinese do not feel any responsibility to strangers because of their circle, where can be find a family, close relatives, friends and business partners. This leads to fact that they do not like to do business with people who they do not know. It is crucial to introduce the company as much as possible or function via intermediary. It is important to develop personal relationship in business. Westerners can see this attitude rather slow together with indirect approach and are often forgetting about basic rules, which should be followed for effective cross-cultural communication.<sup>100</sup> Not only the growing economic potential of this country was the initiative to devote more time to this culture, but also the complexity and exceptionality of Chinese culture was the reason why I dedicated more time to protocol and manners, which can be found in the People's Republic of China and the book of Scott D. Seligman provided me the sufficient knowledge for the explanation of this cultural complexity.

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<sup>98</sup> "Monochronic or Polychronic" MediaWiki, [http://www.theamway.com/wikis/amway/index.php?title=Monochronic\\_or\\_Polychronic](http://www.theamway.com/wikis/amway/index.php?title=Monochronic_or_Polychronic) (accessed April 5, 2012).

<sup>99</sup> Scott D. Seligman, *Chinese Business Etiquette: A Guide to Protocol, Manners, and Culture in the People's Republic of China* (New York: Grand Central Publishing, 1999), 107 – 210.

<sup>100</sup> Seligman, 7 – 255.

**Figure 3. Final comparison – China, Canada, Quebec, France, USA**

*Source:* Geert Hofstede. National Culture – Comparison “China, Canada, France, United States.” Itim Culture & Management Consultancy. <http://geert-hofstede.com/united-states.html> (accessed April 5, 2012).

The last aspect is the comparison of all three mentioned countries in respect to cultural differences and similarities, which are furthermore reflected in communication style and business practices. The most individualistic are Americans and the only compared country, which is not individualistic, is collectivist China. It is reflected in many aspects of communication. As for example Americans are proud to present their achievements as individuals. This is considered to be inappropriate in China. Americans and Canadians like their privacy as an individualistic nation and keep greater distance when communicating, but this is not common in China as people do not have their own rooms or space in one of the most overpopulated society.<sup>101</sup> Apart from that they are raised in the sense of group belongings rather than supported to express their own opinions in public like kids in U.S.A. This individualistic or group orientation should be taken into account and also the facts that all Canadians are more group oriented compared to Americans.

The dimension of individualism has furthermore impact on other factor the power distance, as all individualistic countries have the low ranking in this dimension. In the USA the slogans like “liberty and justice for all or all men are created equal” if we do not take

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<sup>101</sup> Seligman, 61.

into account the foregone racial segregation, which was in confrontation with these values, had an impact on the creation of egalitarian society. The individuals are treated as equal and their opinions matters especially in the U.S.A. The Anglophone Canada is also low in power distance and it can be demonstrated in the language as English do not distinguish between being on a first – name or formal terms.

The people in business are often informal, the titles are not indicated on business cards and Americans often suggest to others to use their first name. However this differs in China or also when dealing with Francophone Canadians and the business communication should be more formal with greater power distance. It is also important to respect people in higher positions. Apart from that titles are used in conversation and on business cards. The Quebec is more formal in business communication as the consequence of similarities with French. It can be also demonstrated in the language as the polite forms in form of *tu* or *vous* pronouns have to be distinguished and properly used.

In respect to masculine - feminine orientation Americans, Anglophone Canadians and Chinese have a higher score in this dimension and work and career is more important than quality of life. On the contrary people from area around the Quebec and France are more feminine. In these countries career is a common topic and supervisor can ask more often for extra time to be spent at work. The promotion is frequently used as an aspect to reinforce staff motivation.

Regarding to uncertainty avoidance all countries, except to France and to certain extent Francophone Canadians, are more flexible, and accepting the uncertainty. It means that in communication, the long established rules do not have to be strictly followed, and people are open towards new ideas and directions.

The Shanghai executive Helen Tantau says: China is a very ambiguous place, in terms of the bureaucracy and the way rules change from today to tomorrow. You have no control over it. The foreign managers must be flexible and “more responsive to their environment than they would be at home in the U.S. or Europe.”<sup>102</sup>

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<sup>102</sup> Fernandez and Underwood, 12.

The last factor in the graph demonstrated that the Chinese are much more long term oriented than any other of the compared countries, which are short – term oriented and wants to see immediate business results. This concept should be taken into account in business communication and will be furthermore demonstrated in practical example when Bill Gates was building a relationship with China. The Chinese do not like to work with strangers who are not in their circle and prefer to establish relationship and focus on long-term business results.

In respect to the Hall's classification of high and low context cultures. People in a high context culture are collectivistic, indirect in their speech and use non-verbal symbols. On the contrary in low context cultures people are individualistic, direct and verbal.”<sup>103</sup> It is crucial for successful communication to be aware of these important facts. In a low context cultures the meaning comes from other aspects than words and these aspects have to be properly understood. In a low context culture it is important to express meaning directly by exact words and provide data rather than trying to establish relationship or use non verbal signs for effective communication.

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<sup>103</sup> Chaney and Martin,95.



## 5 HOW DOES THE CULTURE INFLUENCE BUSINESS PRACTICES

The Chinese, Canadian and American communication patterns differ in many ways as it was demonstrated before. However also the business practices are influenced by cultural aspects and for that reason the development of relationship in business plays a crucial role in high context culture like China. As was already mentioned USA and Anglophone Canadians are low context culture and in business they prefer to make decisions upon factual information rather than considering business relationships or other non-verbal aspects. It is true that Francophone Canadians are rather high context culture and spent more time on building relationship. However the significance of building the one in business is unique to China and is reflected in the concept known as guanxi. "In Mandarin, guan means gate and xi means links. The concept can thus be defined as a gateway or connection between two people created by a link of mutual obligation to each other."<sup>104</sup> The currency of guanxi is normally in form of favours, not cash. Chinese generally accept foreigners to understand quanxi and behave according to its rules.<sup>105</sup> These reciprocal favours are unknown in democratic and egalitarian nations, where business is determined by numbers rather than the relationship and mutual obligation. However it is the way how business is done in China and should be followed for better business results.

It is important to understand this concept as it was mentioned to be the most important one by many top executives operating in China: Throughout the interviews carried by Juan Fernandez and Laurie Underwood with top executives and China based consultants, guanxi, or Chinese- style networking, was identified as one of the most important aspect of doing business in China."<sup>106</sup>The interviewed top executives were for example from companies like Siemens, Phillips, Carrefour, Coca- Cola, L'Oréal, General Motors and Microsoft.<sup>107</sup>

The next paragraphs are going to be devoted to story of Microsoft when building the relationship with China and further analysed. It is an American story of doing business in

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<sup>104</sup> Fernandez and Underwood, 23.

<sup>105</sup> Seligman, 65.

<sup>106</sup> Fernandez and Underwood, xxii.

<sup>107</sup> Fernandez and Underwood, xviii.

China and many different cultural aspects created challenges for Microsoft operation. The company primarily applied the concept of guanxi in its communication strategy and obtained better business results.

## 6 MICROSOFT AND CHINA

In the case of Microsoft it was important to understand the significance of relationship when dealing with high context culture. Apart from that Chinese are long - term oriented and business relationship should be built over time. The first visit of Bill Gates to China was not successful, because he did not understand the Chinese culture. The level of informality and lack of time spent on building the relationship lead to initial failure.

Next time Bill Gates tried to understand Chinese culture and started to build long term relationship in form of *guanxi* with Chinese government. It is well established phenomenon and foreigners are expected to follow the rules, it is the way of getting things done by reciprocity and to mutual benefit. This has lead to one of the most successful story of foreign operation in China. In the next paragraphs some aspects from the book *Guanxi – Microsoft, China and Bill Gate's Plan to Win the Road Ahead* will be analysed

The story begins at the airport: “The head of the Microsoft China business office, Jia-Bin Duh, went to the airport to pick up Gates. He was expecting a man in a suit, but Bill arrived in jeans and tennis shoes. He expected Bill to stay a week, but Bill only had a backpack: no luggage.”<sup>108</sup>

China is a country, which is formal in communication and proper suit have to be used for business occasions. The dress Bill Gates chose was inappropriate and the sign that he had no luggage indicated that he came for a short visit, but in China it takes time before the business contact is signed in contrast to American culture, where it is important to get business done in a short term in informal manners and building a relationship is not valued.

The cultural misunderstandings continued since the arrival: “The next day, Bill went to meet the president, Jiang Zemin. He wore jeans again. It was a short visit. Jiang’s spokesperson later told the press the Chinese leader had mentioned that Bill should learn more about Chinese culture. That was a polite way of saying the president was insulted.”<sup>109</sup>

In this example is clearly demonstrated that it is important to be formal and respect the higher authorities. The way how Bill Gates was dressed was offensive. It was perceived as disrespect towards Jiang Zemin. It is important to adapt to Chinese rules, understand them and respect them. Being informal and low in power distance is not valued by Chinese. Apart

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<sup>108</sup> Robert Buderer and Gregory T.Huang, *Guanxi: Microsoft, China and Bill Gate's Plan to Win the Road Ahea*, (London: Arrow, 2007), 1.

from that the profitable relationship in China cannot be build in the short term. It is necessary to spent more time and effort on building one. His first visit to China was not successful because he underestimated importance of understanding culture and behaved according to own cultural rules.

However he did not give up: “Gates continued his efforts to build relations with the government, updating the prime minister on Microsoft’s previous pledge of \$ 750 million for helping foster local industry and training software engineers’ <sup>110</sup> Bill Gates decided to come back and build his relationship with China. The success was determined by greater understanding of China’s cultural values. He understood that relationship should be built over time and also the concept of guanxi. He started building one with the Chinese government by investing into the education of information technology. This process of developing the credibility and relationship in form of guanxi meant that he could established China research centre and employee one of the best Chine’s talents.

It took time before the cooperation with China was established: The initial recruiting thrust, coupled with efforts to forge good relationships with Chinese universities, dominated the lab’s agenda well into the New Year. To be honest, for the first six months we didn’t do any real research, remember Lee. The most important thing we needed to do was establish credibility.<sup>111</sup>

The process of establishing the relationship was not in the short-term. It took long time before the Microsoft intentions have been taken seriously and they could start doing the research and recruit the Chinese professionals.

“In 1949, only 107 students earned postgraduate degrees in China. In 2004, the number hit 160,000. China is now home to more engineers than anywhere else on the planet.”<sup>112</sup> China is not only the country with cheap labour but also highly qualified professionals. It is the country with the largest population and more companies are interested to build a deeper cooperation.

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<sup>109</sup> Buderer and Huang, 2.

<sup>110</sup> Buderer and Huang, 4.

<sup>111</sup> Buderer and Huang, 73.

<sup>112</sup> Buderer and Huang, 10.

It is also challenging to manage employees from different cultures: Everyone agreed that the recruits were extremely talented. But they commonly lacked assertiveness and independence found in top U.S. – trained Ph.D.s, who had no problem conducting research on their own and seemed fearless about making mistakes. By contrast, many newly hired Chinese researches were timid, so worried about making errors that they couldn't bring them to push the envelope of their research unless specifically directed by a manager. <sup>113</sup>

When Microsoft was able to establish its research centre and get support from the government because of the relationship in form of Guanxi. Another challenge appeared in form how to manage the local employees because both cultures have different standards of communication in the workplace. The Chinese society is strictly hierarchical and collectivist. It is not common to work as an individual on own initiative. The people perform within the group and follow orders from superordinates and are not used to strive for their own achievement.

However if people are aware of the cultural differences and highlight them, than the communication is less ineffective: “Lee advised researches and managers alike to commit to speaking their minds and not wasting time reading between the lines of a colleague's comments. As Lee put it to the lab: Cut to the chase and say what you mean, and mean what you say and not dance around and make people guess. ” <sup>114</sup> Another important aspect is being direct or indirect. It is a common misunderstanding between the cultures with different orientation towards directness. Americans prefer to speak directly to the point and not to waste time by being indirect and interpreter meaning from other signals rather than the factual information.

In the story of Microsoft there have been analysed some aspect from moments when it was developing the relationship with China. It has been proved that culture has to be understood in order to be able to work effectively abroad. It is important to have relationship in form of guanxi with potential business partners, understand Chinese employees and use communication style based on country specific values.

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<sup>113</sup> Buderer and Huang, 95.

<sup>114</sup> Buderer and Huang, 99.

## 7 THE COMMUNICATION AND SUCCESSFUL BUSINESS

The communication is important in every business because people have to communicate with each other and interact in business activities. The communication has positive business results if it is effective. In international level the cultural values have to be integrated. It is crucial for an organization to be able to communicate effectively under all circumstances in order to achieve its goals and avoid misunderstandings.

There are many types of communication and organization can communicate internally or externally. It is important to communicate effectively within the organization and externally with other companies and public. The greater results are achieved if diversity is managed and communication style adopted in multicultural teams, business contacts and advertising. “Consequently, in all aspects, the growth of international business hinges on the effectiveness of global communication.”<sup>115</sup>

The effective internal communication within the company provides the better business results and even more productive ones if diversity is managed effectively in the workplace. There have to be communication in every organization because it consists of people and they need to cooperate within the company. For example the whole process of manufacturing cannot be performed by single individual but only within the group. Each employee works in division, which has a different specialization and it is essential to communicate within the organization to share skills and information needed to create final product or service.<sup>116</sup> There have been many companies who have decided to improve their internal communication strategies like General Motors. The results have been noticed in many fields.

Sales doubled over seven years, costs dropped by about 3 per cent per year, part delivery delays were almost totally eliminated, between 1982 and 1986 employees’ trust of manager – supplied information rose from less than 50 per cent to over 80 per cent, savings to the company from its employee suggestion scheme rose from US\$864 per employee in 1981 to US\$5748 in 1987.<sup>117</sup> (McKeans 1990; Smith 1991; Tourish and Hargie 2000).

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<sup>115</sup> Wallace et al., 7.

<sup>116</sup> Michael and J. Rouse and Sandra Rouse, 4.

These results shows, how good internal communication has an effect on business results. In multicultural environment managers have to be more skilful because they have to ensure that people from different cultures are able to work together. If this condition is achieved the results are going to be even better than the ones formed from homogenous groups. It is important to be aware of the fact that multicultural teams have tendency to become highly successful or experience failure. It is necessary to have culturally knowledgeable managers.<sup>118</sup> “Multicultural teams offer a number of advantages to international firms, including deep knowledge of different product markets, culturally sensitive to customer service, and 24 hour rotations.”<sup>119</sup> It is profitable for every company to be able to work with diverse work forces and utilize these advantages.

Concerning the external communication the better is the communication with potential business partners, the more opportunities for expansion and cooperation. The better is the communication with clients and marketing strategy the better image for the company. In international business culture cannot be underestimated in any communication strategy.

As was demonstrated before every country and its individuals prefer different communication and ways to do business. It is impossible to communicate effectively and being indirect with low context cultures or being direct with high context cultures or neglect the importance of building relationship or guanxi with Chinese business partners. It is also important to communicate effectively with customers as it determines whether they will buy the products in the future and not the ones from competition.

In the marketing communication it is important to consider how the company appeal to public. In today's global economy there is increasing the importance of international marketing and understanding cultures. In the example with power distance indicator, the advertisement can be successful only if prestige is communicated by subject higher in status.<sup>120</sup> It is important also to choose proper language and be aware of the meaning of slogans in advertisement. “For example, the slogan employed by the computer games manufacturer, EA Sports, Challenge Everything raises grumbles of disapproval in religious or hierarchical

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<sup>117</sup> Rouse and Rouse, 240 – 241.

<sup>118</sup> Thomas and Inkson, 153 – 154.

<sup>119</sup> Jeanne Brett, “Managing Multicultural Teams,” Harvard Business Review, <http://hbr.org/product/managing-multicultural-teams/an/R0611D-PDF-ENG> (accessed April 5, 2012).

<sup>120</sup> Michael J. Rouse and Sandra Rouse, 260.

societies where harmonious relationships are maintained through the values of respect and non-confrontation. ”<sup>121</sup>In the global market there is growing importance of international marketing for the promotion of products in international trade. The cultural aspects have to be incorporated into marketing strategy.

The communication is important for every organization but has to be effective in order to have good business results. Nowadays it is more common to work with people from other countries or expand abroad. In this case to be able to communicate effectively is even more difficult. However if company is able to manage diversity and put people to work together from different background the better results company is going to obtain. In the external communication, it is important to be able to communicate effectively with other companies, customers and to wider public in form of advertising. In international business the communication cannot be effective without applying cultural aspects for successful business.

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<sup>121</sup> “Cross Cultural Advertising,” Kwintessential Ltd., <http://www.kwintessential.co.uk/cultural-services/articles/cross-cultural-advertising.html> (accessed April 5, 2012).



## CONCLUSION

The progress in communication and transportation technologies had an effect on the globalization and development of international trade together with emerging bilateral treaties, trade unions and agreements. There is increased cooperation across the borders.

However these aspects did not create homogenized society. It is not the melting pot, which is present in multicultural societies, but rather the cultural mosaic or salad bowl. Apart from that there is not global village in a cultural sense but rather global metropolis. It is important to acknowledge different cultures, because the diversity is still present.

It is essential to understand different cultural values for effective cross-cultural communication, because it can be effective only, when both participants have shared understanding. The cultural dimensions classified by Geert Hofstede and Edward T. Hall make it easier to understand major cultural differences and similarities. After the comprehension of these aspects it is important to include them into communication strategy because they are reflected in the style of communication and business practices. It is impossible to communicate effectively with the Chinese if the direct and informal style is used or indirect and formal style to Americans. Apart from that Canadians are not same as Americans and Anglophone Canadians are not the same as Francophone Canadians. The different strategy is essential to apply, for effective communication.

The cultural differences are also reflected in business practices. China is a long term oriented country and value the relationship in business, which has to be build over time. It was the Guanxi relation, which helped Microsoft to succeed in China.

The communication is essential in business for interactions with employees, other companies, customers and wider public. If the company is able to manage this aspect effectively the better business results it is going to obtain. If the diversity is managed the best possible results are achieved.

All these claims prove that globalization has an effect on recent world development. It has unified the business in a global level. However the cultural diversity has not been eradicated, and the only way how to communicate effectively across the borders with favourable business results, is achieved exclusively by cultural understanding. This is a present reality, but the question is whether this will change with new forces in globalization?

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**LIST OF ABBREVIATIONS**

1. EU European Union
2. PDI Power distance index
3. IDV Individualism index
4. MAS Masculinity
5. UAI Uncertainty avoidance index
6. LTO Long-term orientation
7. NAFTA North American Free Trade Agreement
8. SACU Southern Africa Customs Union
9. ANZCERTA Australia New Zealand Closer Economic Agreement
10. MERCOSUR Southern Common Market (MERCOSUR)  
Agreement (Original: Spanish)
11. CEPA Closer Economic Partnership Arrangement
12. U.S.A. United States of America
13. CEO chief executive officer
14. CA Canada

## **LIST OF FIGURES**

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