The Effect of Culture on Business Relationships

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Introduction

With the tremendous increase in global trade, learning more about doing international business has become especially significant. It is vital to learn about the different cultures around the world before doing business in other countries, in order to reduce the risk of failure. Becoming knowledgeable about different countries’ communication styles, body language, meeting and negotiation tactics, dress, greetings, and social events are all keys to having good business relationships with individuals in other countries. China, Mexico, France and the United States are nations that do business with each other regularly. While they do share similarities, there are many differences between these cultures.

It is John’s first trip overseas to meet a potential client in China for his company, Toys Inc. Upon arrival he greets the first man he sees with a loud, boisterous hello and a firm hug. After being formally introduced, he calls his potential client by his first name, and shoves the business card he was given carelessly into his pocket. Later in the day he joins his new team for a business lunch where he arrives five minutes late. There John takes the initiative to begin eating, using a fork, and takes the last of the food on the table. During the meal he is loud, and makes an attempt to tell a joke when there is silence at the table.

John’s outgoing, friendly personality makes him a great employee of Toys Inc. in the United States; however, his behavior with the Chinese clients could cost Toys Inc. their business. Communication and business practices vary greatly from country to country. It is important for American business men and women to study the way business is conducted in other countries as
there are very different norms for behavior across borders. This not only includes the way meetings and negotiations are run, but how greetings are done, whether gifts are appropriate, what types of verbal and non-verbal communication are used, as well as cultural attitudes. It is also imperative to learn how to behave in a social setting, because in many countries a personal relationship precedes that of a business relationship.

Thomas Jaffee once said that first impressions- looking good and having a friendly greeting for someone- will go a long way. In business, this is much harder than it sounds because looking good and being friendly must be catered specifically to each culture. On a first encounter, eye contact, distance, introduction styles, dress, gifts, and language are all things that should be studied before a meeting takes place. In this research, four countries will be explored in detail including China, Mexico, France and the United States of America.

Appropriate Business Behavior in China

Of these four countries, business culture in China is the most reserved, and is perhaps most unlike that of the United States. First and foremost, a contact should always be established before representatives of a business are sent to China. Trips to China are best if scheduled between the months of April to June, and September through October, when they will not conflict with any Chinese holidays (Morrison, Conaway, and Borden, 1994). On arrival, the business person should not touch people because touching makes the Chinese uncomfortable, especially if it is the first meeting. Inappropriate touching would include patting on the back or squeezing the arm (Morrison et al., 1994).

In China a light handshake is accepted, but the Chinese business associate should initiate the action. Bowing is common and is done with the palms together while facing each other
Holding eye contact is a sign of disrespect and should be done cautiously, especially in a social setting.

When entering a room full of potential business partners, greeting the most senior person first is important, as is using appropriate titles. Sometimes the last name is said first in Chinese culture, and individuals will expect to be addressed formally until they say otherwise. Also, if greeted with applause, return the gesture (Kenna and Lacy, 1994a).

Chinese often show little to no emotion. Generally joking is not accepted because they may not interpret humor in the same way as others. Exchanging business cards is something of great importance in China. Business cards should be printed in both English and Chinese and in plain lettering. Cards should be accepted using both hands, read, and placed somewhere safe. It is inappropriate to write on another’s card in front of the person who gave it (Morrison et al., 1994).

Business dress in China is conservative and formal. Women should wear a high neckline, and should avoid high heels if they make them taller than their host. Gift giving should be done only after a relationship has developed, and should be modest (Martin and Chaney, 2006). It is important to consider carefully what is given. Researching potential cultural superstitions and hidden meanings is a very good idea. For example, a clock, anything given in a group of four, and white flowers all symbolize death. If a gift seems appropriate for a particular business situation, a nice pen or cognac is a good choice. A gift received should not be opened immediately; it is polite to open it at a later time (Martin and Chaney, 2006).

Business Behavior in Mexico
Mexico has a more expressive culture than does China and individuals show more affection and emotion. On the first meeting, a potential partner or client should be addressed formally using titles. Like China, the most senior person should be addressed first followed by everyone else in the room. Shaking hands is very common and should be done with all upon entry and exit.

If meeting with a woman, bow and wait for her to extend a hand. If meeting with a man, it is the women’s choice whether to offer her hand (Gesteland, 1999). At later meetings, a hug may be given rather than a handshake; this is a compliment. Appointments should always be made two to three weeks prior to when a meeting is desired.

In Mexico and other Spanish speaking countries, attempts at learning and speaking basic greetings in Spanish go a long way, even if they are not perfect (Gesteland, 1999). Business cards should be printed in both English and Spanish. Mexican dress is conservative and fairly formal. The way one is dressed and groomed is a symbol of their status in society (Kenna and Lacy, 1994c). Women should wear a dress or skirt and look feminine, and should not always expect to be treated equally in a Spanish speaking country (Martin and Chaney, 2006).

For the most part, gifts are not customary in Mexico, but are accepted. The gift of flowers is not a good choice and should be avoided if possible because the colors of different flowers have various meanings. For example, yellow and purple signify death while red is said to cast spells (Morrison et al., 1994). One occasion where a gift absolutely should be presented is to a secretary who has helped with the business transactions. If a man is presenting a gift to a female secretary he should always say it was sent by his wife (Morrison et al., 1994).

The French View of Business Behavior
In France, introductions are very formal and should be given by the embassy of the visiting country if possible, or at least by someone who knows the French party. It is not a good idea to travel to France in the months of July through August, because these are the holiday or vacation months (Morrison et al., 1994).

First names should not be used until one is specifically told to do so. It may be the case that a French business person introduces him or herself saying their last name first, so care must be taken during the introduction process. It is rude to simply ask the individual to clarify, so some other means of clarifying the name will have to be used. Shaking hands is the most common form of touching in French culture and should include everyone in the room, though it is possible to see a small kiss given on each cheek (Kenna and Lacy, 1994b).

The exchanging of business cards comes only after a relationship has been established and their content should be treated very carefully (Martin and Chaney, 2006). Also, they should be printed in English and French and should include the degrees earned rather than a job title and description (Morrison et al., 1994).

The French are impressed by a personal sense of style that is both formal and fashionable. Businesswomen are noted for dressing up an outfit by using accessories (Gesteland, 1999). In France, formality is practiced in every respect including gift giving. Although gifts should not be given on the first encounter, it would be acceptable to bring a small gift for a host. Giving products with logos is very common, as is giving books and music. The French are impressed if the gift given shows that some thought was put into it (Morrison et al., 1994).

Business Behavior in the United States
In the United States, the first impression is key to a successful business relationship. Americans like direct eye contact and a firm handshake from a client or partner. They often perceive a weak handshake as a sign of weakness in all aspects of life (Kenna and Lacy, 1994a). When being introduced, American business people typically give a full name but insist that they are called by their first name.

Of the four countries discussed, citizens of the United States are the most casual in both addressing one another and in dress. When meeting in a purely social environment, the foreign business person should expect to come dressed casually, rather than in proper business attire (Kenna and Lacy, 1994b). Americans tend to be very friendly and will go out of their way to say hello or wave from afar. Like the other cultures, business cards are given frequently but are not treated with the same amount of respect as other countries. They are usually presented after the first meeting with the other party rather than the beginning (Gesteland, 1999).

In the United States, gift giving is not practiced very often and is discouraged by law, but it is still done in some settings. In two situations gifts are appropriate: if attending a function at the person’s home or after a deal is closed (Morrison et al., 1994).

The Impact of Cultural Differences

Styles of communication, both verbal and nonverbal, are different in many cultures. Words and phrases can be interpreted differently, as can gestures. Something as simple as a nod can be interpreted in two completely different ways in two countries. Seating arrangements and the distance between two people are also something that varies from culture to culture. It is important to be sensitive to the place business is being conducted. Also important for the traveling business person, is to observe things like speaking volume, posture, touching, typical conversation, and how something is written.
**Chinese Cultural Norms**

China has one of largest populations in the world; therefore, certain behaviors that may be considered rude here are generally accepted there. For example, pushing and shoving on buses or trains is not considered out of the ordinary (Kenna and Lacy, 1994a). Also, spitting on the street is not considered foul or disgusting but a cultural norm (Martin and Chaney, 2006).

As mentioned previously, China is not a touching culture, and individuals like to maintain their personal space. They tend to speak softly and expect their guests to do the same. Pointing with one finger is considered very rude. If pointing is necessary, it should be done with an open hand. Also, the traveler to China should be aware that “yes” does not always mean that a Chinese business person is in agreement with what is said. It means simply that they have heard what was said and will consider it (Kenna and Lacy, 1994a).

**Norms in Mexico**

Closeness in a family setting, as well as a business setting, is a way of life in Mexico. Physical contact, even same sex, is seen as part of the cultural norm, and increased physical contact is a sign that the relationship is progressing. To pull back or step away from someone is considered rude and unfriendly (Martin and Chaney, 2006). Mexicans stand much closer to one another than is comfortable for Americans. They are animated speakers and use many expressions and gestures while talking or presenting something (Kenna and Lacy, 1994c).

When a Mexican business contact is speaking, it is important not to maintain eye contact the whole time. Continued eye contact and placing hands on hips are seen as confrontational actions and aggressive behavior. Also, Mexicans will feel threatened, challenged, and annoyed if an American uses the phrase, “How we do it in America is…” (Kenna and Lacy, 1994c).
Common habits that seem normal to some may be interpreted differently in Mexico. For example, placing hands in the pockets of clothing is considered impolite. Additionally giving someone a thumbs down is seen as vulgar and should never be done (Martin and Chaney, 2006).

**Appropriate Behavior in France**

Just as the thumbs down is vulgar in Mexico, slapping a fist over an open palm is considered vulgar in France. Some things that may seem perfectly fine to do in some places are unacceptable in France. Combing hair, placing hands in pockets, or yawning are all examples of actions that are rude. Chewing gum is also considered a bad habit and should not be done in public (Kenna and Lacy, 1994b).

Gestures can also be construed differently. Pointing to the eye means, “You can’t fool me.” The hand sign for okay in English means zero or worthless in France. It is important to be careful of these things when in a foreign place. The French are often more intense with their eye contact and with gestures. They remain very formal, for the most part, and dislike touching (Kenna and Lacy, 1994b).

It is important not to slouch, sit with legs apart, or with legs stretched out completely when in a meeting in France. Standing with arms folded also gives a negative vibe in the French business world, and in France in general (Martin and Chaney, 2006).

When holding a conversation, it is a good idea to make sure an interpreter is present if needed, though the French do appreciate it if an effort is made to use their language. Being able to discuss matters of French art, history, and architecture are good choices for topics of conversation when initiating a relationship because the French value interest shown in their culture. Topics that should be avoided include personal questions, politics, money, and religion.
Using the word “I” is not a good idea as, in France, using the word “I” is negatively associated with arrogance and boasting (Gesteland, 1999).

**American Behavioral Norms**

While Americans also do not like boasting, they are more focused on the individual and are more self-centered than members of other cultures. Americans tend to confront problems head on, and get right to the point when it comes to conversation (Kenna and Lacy, 1994a). Normal distance is about an arm’s length away from each other, but varies depending on the person. Touching also varies. Common forms of touching in the United States include patting one another on the back, and slapping each other lightly on the arms (Gesteland, 1999).

When receiving mail or setting up dates for meetings, care must be taken with the way the date is written. In America the date is written in the format of month, day, and then year; in most other countries it is written day, month, and then year (Morrison et al., 1994). Styles of communication are different everywhere. To ensure successful business relationships, it is imperative that communication styles are learned before visiting any other country so that offensive mistakes may be avoided.

**The Place of Social Settings in China**

In many countries, when someone wants to do business they often want to develop a relationship first, getting to know their future partner, client, or employee through social settings, rather than by doing business. Often this relationship will be developed through social interaction at banquets, luncheons, dinners, visits to individual homes, and over drinks (Gesteland, 1999). It is vital to know not only how to behave when put in these situations, but also what is expected of a visitor. There may be rules, or cultural norms, for eating, when arrival is expected, and how to dress. Again, this varies from country to country and should be researched in advance.
Banquets and lunches are the most common ways in which the Chinese will try to get to know a person. These events are not set up to talk about business, so it is important to let the Chinese hosts lead the conversation, and not bring up business unless directly asked a question (Kenna and Lacy, 1994a).

When invited out, it is customary for a visiting business person to arrive 20 to 30 minutes early, although the host will probably arrive right on time. While eating, it is crucial to have good manners because the Chinese are easily offended by how people eat. It is impolite to eat or drink before the host does, and it is also considered impolite to take the last bit of food in a dish because it signifies hunger (Morrison et al., 1994).

Even if it is hard to use chopsticks, the Chinese are pleased when a foreign business person attempts to use them. Great pride is taken in the food of China, and sampling the various dishes presented at a lunch or dinner is considered good manners. If a visitor finds a dish less than pleasing, that visitor should politely refuse seconds and move to the next dish. If visiting a host at home, it is prudent to be mindful that when fruit is offered or hot towels, presented it is a sign that it is time for the honored guests of the evening to depart (Martin and Chaney, 2006).

**Social Settings in Mexico**

As in China, people in Mexico often use social events to get to know potential business partners before they are willing to make any business commitments. At these events business is not to be discussed. Instead family, sports and Mexican culture are more appropriate topics (Kenna and Lacy, 1994c).

Mexico is a bit more casual about meetings, and it is customary to arrive 20 to 30 minutes late to a dinner. Table manners are comparable to those of United States, except that both hands should remain on the table throughout the entire meal. Normally the host will pay; but, if a
personal tip is given to the server by the guest it should be placed directly into their hands (Martin and Chaney, 2006). If a woman is inviting a man to a business dinner or event it is almost required that she invite his wife to join them (Gesteland, 1999).

**Social Behavior in France**

Business people in France share the behavior of building relationships through social events. In France, as in China and Mexico, individuals find it very important to get to know the people with whom they will be working, before they actually start doing business with them. If a potential business partner is invited out for dinner in France, that individual should plan to arrive about five to ten minutes late. This is done so one does not appear to be too anxious (Kenna and Lacy, 1994b). If a dinner is going to be held at the French host’s home, the visitor should plan to arrive about 15 minutes late.

Normally a host will invite a visiting guest to join them at a meal, but in case the visitor offers the invitation, that visitor must realize that it is generally the person who extends the invitation who is expected to pay. Although business is not usually conducted at these events, if business must be discussed over a meal, then lunch is the preferred meal during which to have discussion. Also, it is important to show enthusiasm for the food and the place where the luncheon is being held before discussing any heavy business matters (Morrison et al., 1994).

When eating, cleaning the plate or taking a second helping is not viewed as rude, but rather is a way of expressing that the food was enjoyed. Cutting a salad with a knife is impolite; instead the pieces of lettuce should be folded to fit on the fork. To impress a French partner, a visiting business person might try a traditional French dish. The effort to experience the French culture will be appreciated (Martin and Chaney, 2006).

**A Different View of Social Interaction in the United States**
In the United States, social interaction is viewed differently than it is in the three other countries reviewed in this research. Lunches, dinners, and other gatherings are seen as appropriate venues to conduct business with potential clients, partners, or employees.

People in the United States tend to be less concerned with getting to know people and more concerned with closing deals (Morrison et al., 1994). They tend to be rushed and very direct. Americans are punctual and expect guests to arrive on time for all events, including social ones. Individuals should come prepared to talk business.

A recent addition to the social-business meal is the “power breakfast,” where meetings are conducted over breakfast. Behavior during breakfast should be considered the same as other meals. Americans are more focused on the business aspect of meals than they are with manners or conversation (Gesteland, 1999). Getting down to business, without much small talk or socializing, is appropriate. For Americans, relationships can be formed while business is taking place (Gesteland, 1999). “Time is money” is a recurring theme in the United States.

**Business Negotiation and Acceptable Practices in China**

Negotiating business in China is very different from American practices. It is good practice to send the same representative to do business in China every time. This builds the strong, solid relationship that the Chinese prefer. While in a meeting, the Chinese will be very vague in their propositions so that those propositions may be adjusted in the future if needed. It would not be unusual to ask the same question in many different ways in order to test a potential partner for consistency, although this practice tries the patience of the other negotiating party (Kenna and Lacy, 1994a).

Losing face is an important issue in Chinese culture, so that confrontation and direct questioning should be avoided at all costs. It is considered rude to question authority, speak
loudly, or to give a negative answer (Kenna and Lacy, 1994a). In a negotiation only a leader should be singled out; it is important not to single out others. It is easy to spot the leader because he or she will be the only person speaking, and the one to make the final decisions (Martin and Chaney, 2006).

As the Chinese behave in a modest manner, a business partner, client, or employee should act accordingly. As an example, if one is selling something, it is preferable to solicit the opinions of others on the sale item, in addition to those of the seller. This will be appreciated much more (Gesteland, 1999). People of the Chinese culture are very reserved and hard working, and it is vital that visiting business people remain modest and polite while conducting business there.

**Acceptable Practices in Mexico**

Mexico is similar to China in that it prefers a slower pace in meetings and negotiations. Mexicans tend to prefer a relaxed approach, and in a normal meeting there are likely to be many delays and small interruptions. Also, they will most likely show up a few minutes late to a meeting, a means of saying, “No one has power over me.”

In general, the Mexican culture is not what would be considered a “meeting” culture (Kenna and Lacy, 1994c). Although Mexican business people would rather meet in person than do business over the phone or through email, it may be difficult for them to stay focused on only business topics. There may be long tangents prior to initiating negotiations; jumping right into negotiations is not likely.

“Personalismo,” or personal friendships, are much more important than any business contract (Morrison et al., 1994). Negotiations in Mexico take place often, and when they do, Mexicans tend to be very expressive and passionate. Ideas are usually presented creatively, and
style of presentation is key to getting the point across. Visual aids such as graphs or models and anything “hands on” like handouts are advantageous in negotiations (Kenna and Lacy, 1994c).

Business contracts are not detailed, and are not considered as binding agreements in Mexico. Rather contracts constitute what business partners are striving for. Final decisions regarding any agreement are made by the most senior members of a business delegation, and are not subject to question by lower level associates.

Most managers of Mexican companies are not quick to delegate responsibilities, especially if it involves delegating to a woman. It is a very male-oriented culture and all communication should be done through a male if possible (Kenna and Lacy, 1994c). The Spanish word for appropriate male behavior is “machismo.” This term suggests that men are expected to show self confidence, force, courage, and strong leadership. Regrettably this also prevents many women from advancing to top positions in Mexican companies (Kenna and Lacy, 1994c). Overall, Mexicans can be sensitive people, and tend to avoid competition or criticism.

A danger to the foreigner doing business in Mexico, is that the Mexican business person might wish to avoid causing “hurt feelings” by telling a business associate what they wish to hear rather than telling someone the truth. This is a negative because sometimes it is important to hear about negative things that are taking place around a business or negotiation (Kenna and Lacy, 1994c). Also, though they are good at haggling, Mexicans often do not like to take risks, and plan for short-term rather than long-term. Promotions are based on loyalty, unlike the United States where loyalty is only one small part of why someone is promoted.

**Acceptable Practices in France**

The French are also sensitive to risks. In their culture mistakes are not tolerated and compliments are rarely given. In a negotiation, a strict schedule is rarely followed and plans are changed
frequently. A guest is expected to arrive on time to any type of meeting; however, the host will probably arrive late, to indicate that he or she is very busy (Kenna and Lacy, 1994b).

During a meeting, interruptions are frequent and talking over one another is common but it is respectful to stand when a superior enters a room. Debating during negotiations is a strength to the French (Morrison et al., 1994). Exchanging views is considered stimulating in French culture; this translates to an appreciation of showing all sides in a debate. Even those perspectives with which they do not agree will be valued because recognition will be given to those who are strong debaters. Presenting an argument with wit and scholarly references, mixed with elegance and good use of language, is admired. The French are patient and do not make decisions until after much deliberation (Kenna and Lacy, 1994b).

French society tends to be one of the more hierarchal societies in the world when it comes to business. Status is very important and is based upon degrees, awards and schools attended. It is a country where trust must be earned, and education is the main ticket to a successful career. As a whole, the French are very proud and rivalry, rather than teamwork, is likely to occur (Kenna and Lacy, 1994b). Strong leadership is appreciated, and top managers will keep strict control, which workers are expected to obey. In business, the French may not want to plan very far ahead because they perceive too many things able to interfere with long-term plans (Kenna and Lacy, 1994b). Being very engaged in intellectual conversation and behaving in a scholarly way during discussion is ideal if one wishes to clinch a deal with a French company.

**Business Practices in the United States**
When arriving for a scheduled meeting in the United States, the business person should be sure to be punctual or even a few minutes early. If a guest arrives late, Americans perceive them as being rude or highly disorganized (Gesteland, 1999). 

An action plan or agenda with a clear cut schedule is provided at almost all formal business meetings, and contracts are written out ahead of time. That way time is not wasted in the drafting of new contracts and previously contracts may be easily modified (Kenna and Lacy, 1994a). In negotiating, American business people are more likely to be very open and direct, and normally do not enjoy haggling. The United States produces the fastest negotiators in the world. 

Although they are competitive, Americans value flexibility and spontaneity, and these characteristics play key roles when trying to close out a deal. Often Americans will accept sub-par deals towards the end of a negotiation, due simply to an impatient desire to complete the transaction (Kenna and Lacy, 1994b). Americans tend not to be comfortable with silence and will make every effort to maintain constant communication. Interruptions are not always welcomed either; in presentations all questions and comments should be held to the end of a gathering unless otherwise specified (Gesteland, 1999). 

In less formal business settings, Americans are more relaxed and place great emphasis on personal achievement. Fairness and the ability for a person to move up and down the business ladder are highly valued; however, businesses in the United States also value teamwork. 

Unlike many other countries, business in the United States is based on personal power rather than class, status or seniority. Hiring family or friends solely based on favoritism is completely unethical in the United States (Kenna and Lacy, 1994c). Americans are not as reserved about their personal opinions and express themselves freely in the work environment,
including giving input on important decisions. Managers tend to delegate many of their responsibilities, and it is not uncommon to see lower ranked employees questioning superiors. Decisions are made on all levels (Kenna and Lacy, 1994b).

Americans think big and are constantly planning for and anticipating the future. A job description is appreciated when interviewing because clear cut roles are preferred in a business environment. Once at a job, all employees are expected to be immediately loyal. Changing jobs is very common. A person does not usually stay at one job his or her entire career. Americans are risk takers; they are likely to take chances to achieve goals. In this environment, money equals power and status (Kenna and Lacy, 1994b).

Conclusion

Every country has a different way of communicating and a unique way of doing business. The Chinese tend to be reserved and patient and do not like to be pressured during negotiations. In Mexico, individuals are relationship oriented and like to become friendly with those with whom they are working. Respect plays a huge role in relationships and business people in Mexico will welcome anyone who treats them as valuable. In France, one may not feel as comfortable as in a Mexican culture, but France possesses one of the most interesting business cultures in the world. In France, relationships are developed before business takes place- a phenomenon that occurs in China and Mexico as well.

The emphasis is on deal making in the United States. Americans do not feel it is necessary to form a personal relationship before entering into a business contract with someone. A fast-paced, scheduled plan is the way negotiations are conducted, and for the most part, individuals in the United States do not like to haggle.
This research has illustrated the importance of knowledge of other cultures as the key to reducing risk of failure in business relationships. Revisiting John’s trip to China from earlier, it is now easy to identify exactly what he did wrong. His company is also to fault for not making sure he was prepared to meet with Chinese clients before he was sent.

Today, globalization is the norm, and it is important that people go to different countries prepared to do business and behave in a socially acceptable manner. This includes having a sense of communication styles, being aware of body language, learning meeting and negotiation skills, dressing appropriately, giving proper greetings, and learning how social events are conducted. It is best to be sensitive to other cultures and always treat people with respect. Goethe once said, “There is nothing more frightful than ignorance in action.” This applies to international business and business people should be aware that informed actions will be appreciated by all.
References


