

- a customer proposition, and
- horizon scanning ability.

Although links between culture and business success are difficult to prove, Stanford maintains that even when there is a strong and healthy culture, a business cannot be successful if there is a flawed business model. However, with a strong and healthy culture there is less likelihood of a flawed business model.²⁵

Hilton believes the key to understanding any business is to understand its culture, yet often it is the most neglected and taken for granted part. There is a strong link and companies both succeed and decline because of their culture. Most management systems such as risk management neglect the importance of culture and treat business as a mechanical operation when its outcomes depend fundamentally on the way people behave and interact. The biggest reason for the failure of two thirds of mergers and acquisitions would probably be the incompatibility in culture of the businesses.²⁶

As *Clifton* points out, an organisation's culture whether official defined and promoted or just established organically will determine a whole range of performance indicators. A happy and engaged workforce is widely acknowledged to outperform one where negativity and office politics thrive. 'Business leaders should re-evaluate the importance of culture when embarking on any change management programme focused on performance improvement.'²⁷

Klugerman maintains that culture will happen whether you like it or not. It is all - embracing touching every interaction or decision in an organisation. For many it is difficult to know how to get a grip on their culture. The power of culture can be illustrated by the expression 'That's just how we did things' as a familiar sentiment in the wake of an organisational scandal. Although changing culture is never easy the rewards can be substantial.²⁸

National and international culture

With greater global competition, an understanding of national culture has become of increasing importance for managers. *Schneider and Barsoux* suggest that cultural beliefs and values influence the meaning of management and also show up differences in conceptions of organisations. National differences and cultural reasons raise concerns about the transferability of organisational structures, systems and processes and question the logic of universal 'best practice'.²⁹ *Cheng, Sculli and Chan* also question the universality of theories of management and organisational behaviour on the grounds that they have not adequately addressed the factor of culture.³⁰

According to *Francesco and Gold*, culture has recently been accepted as an explanation of organisational behaviour. One reason is the increase in competitiveness of nations and a second reason is that managers encounter different cultures in their contacts with people from other nations. However, there are limits to the use of culture to explain organisational behaviour, and the relationship between national cultural values and actual behaviour in organisations is complex.³¹

Menzies points out that understanding the culture of doing business in a particular country can give you the upper hand. While the cultural differences in doing business abroad represent one of the biggest barriers to efficient working,

these barriers can be easily overcome by taking the time to understand the nuances of business culture including different legal frameworks, and local business culture and language.³²

See also discussion on language as part of culture in Chapter 6, and culture as a contingent factor of leadership in Chapter 9.



What examples of different cultural behaviours or etiquettes have YOU observed? Have these differences resulted in misunderstandings or conflict situations?

Case study

Brazil



Full of colour and rhythm, Brazil has become the new land of opportunity in South America. Currently the seventh largest economy in the world, Brazil is wrought by its diverse culture and geography. Its growing economy is a thriving fusion of Portuguese, African and indigenous Indian influences, all of which have left their mark on Brazilian society. When in Brazil to do business, having an understanding of the diversity of its society and the unique values and attitudes of its citizens will help you to develop better relationships and do business more successfully with your Brazilian colleagues.

Under its motto: 'Ordem e Progresso', Brazilian culture is known for its hospitality, openness and traditional events, such as the carnival. The climate of Brazil comprises a wide range of weather conditions across a large area and a varied topography, but most of the country is tropical. It is important to appreciate that the Brazilian football team is a key component of national pride. As such you shouldn't schedule a business meeting during a soccer match and you should always comment about the game when on a conference call.

In Brazil family is at the centre of the social structure. Families in Brazil tend to be large and close-knit, providing members with security and connections. The importance of family is also evident in Brazilian business culture, where family members will often be

found working for the same company, whether or not it is family-owned.

Relationships are one of the most important elements of Brazilian business culture. It is essential therefore to spend time getting to know your Brazilian counterparts, both personally and professionally. By cultivating close personal relationships and building trust, you will have a greater chance of successfully doing business in Brazil.

When you meet someone for the first time, it is polite to say 'muito prazer' (my pleasure). Expressions such as 'como vai' and 'tudo bem' are common forms of saying hello once you know someone and can demonstrate that you are making an effort to develop a relationship with a person. The use of titles and first names varies across Brazilian society. It is polite to address your Brazilian counterpart with their title and surname at the first meeting or when writing to them. Once you know them, it is common to use just first names, or else their title followed by their first name.

Advancing your company's relationship with a Brazilian company may rest upon your ability to gain trust. So, on your next meeting, remember to make eye contact, as this shows you are paying attention and are interested and honest. Make sure to accept any food or coffee that is offered to you, saying no can be seen as insulting. Do not show feelings of

frustration or impatience as this will reflect poorly on you as an individual. Brazilians pride themselves on their ability to be in control, so acting in a similar fashion will improve your relationship with your Brazilian counterparts.

You should bear in mind that Brazilian companies tend to have vertical hierarchies, where managers at the top make most of the decisions. These positions tend to be dominated by men, but women are slowly gaining employment in executive roles. Time in Brazil is approached in a flexible manner; punctuality and defined plans are not common. This carries over into business, which can result in negotiations taking much longer than scheduled. Meetings are

also often delayed or cancelled without any prior warning.

Finally, *Fique tranquilo*, if Brazilians value any single trait, it's optimism and being able to solve problems. If the problem can't be fixed, you should just relax and forget about it. At the first signs of someone becoming stressed, a Brazilian will often say: *Fique tranquilo* (fee-kee kdang-kwee-loh), which means don't worry; it has a very calming effect.

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A generic model of cultural categorisation

With the wide range of national cultures and regional variations, and a world of rapidly globalising business, *Lewis* draws attention to the importance of cross-cultural training and a generic model of cultural categorisation. The model classifies cultures under three main headings: linear-actives; multi-actives; and reactives (see Figure 15.5).

- **Linear-active people** tend to be task-oriented, highly organised planners who complete action chains doing one thing at a time. They prefer straightforward and direct discussion, adhere to logic rather than emotion, have faith in rules and regulations, honour written contracts and are process oriented.
- **Multi-active people** are emotional, loquacious and impulsive and attach great importance to family, feelings and relationships. They like to do many things at the same time. Relationships and connections are more important than products. They have limited respect for authority, often procrastinate, flexible and often change their plans.
- **Reactive people** are listeners who rarely initiate action or discussion. They concentrate on what is being said, listen before they leap and show respect. Reactives are introverts and adept at non-verbal communications. Silence is regarded as a meaningful part of discourse. Smalltalk is not easy and lack of eye contact is typical.³³



Do YOU believe cross-cultural training and understanding of cultural categorisation should be included in classroom courses on Organisational Behaviour?