

Influences of Cultural Differences on Swiss-British Business Negotiations

International Business Communication

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ABSTRACT

In this paper, the author uses the theory of Hofstede's Cultural Dimensions as the basic model of the study. The author carefully analyzes six cultural dimensions that have an important influence on the business communication between Britain and Switzerland. The influence can be divided into three aspects, these are influence on decision making, risk taking and conflict management. At the same time, this article also reviews the related theory of intercultural communication, which lays the foundation for analyzing the impact of cultural differences.

The main purpose of this assignment is to make negotiators aware of the influence of cultural differences on business negotiations between the United Kingdom and Switzerland in order to reduce the negative impact of cultural differences on the communication and to increase the likelihood of success of the negotiations.

1 INTRODUCTION

With the rapid development of global economic integration, United Kingdom has more and more commercial activities with other countries, and the amount of international business communication is increasing day by day. International business communication plays a very important role in international trade. Its success or failure is directly related to the survival of the enterprise. However, due to different cultural values, both parties have differences in communication methods and the ways of handling problems. Therefore, it is necessary to take a cultural perspective as an entry point to analyze and compare similarities and differences in order to achieve the purpose of communication and understanding.

This article chooses Britain and Switzerland as the research objects. Among the top ten trading partners of the UK, only Switzerland is a European country that does not belong to the European Union. After Brexit, it is helpful for the UK to study how Switzerland deal with the relationship with EU, especially in the political and economic aspects. That is, the "Swiss model." Therefore, it is very practical to study the business communication between Britain and Switzerland from a cultural perspective.

This article will be mainly divided into four parts, the first part is to explain the cultural connotation and Hofstede's Cultural Dimensions theory. The second part will use these theories to describe the specific cultural differences between Britain and Switzerland and provide examples. The third part will explain the concrete impact of cultural differences on the following three aspects of business communication, these are: Decision Making, Risk Taking and Conflict Management. Finally, this article will provide advice on business communications between the UK and Switzerland from a cultural perspective.

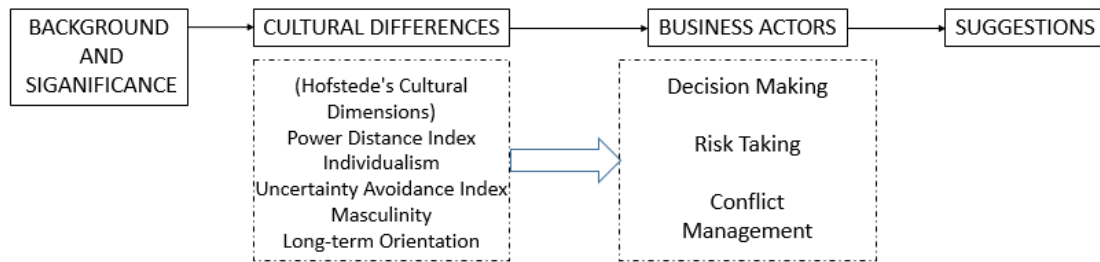


FIGURE1 Article structure

2 LITERATURE REVIEW

2.1 Definition of culture

In order to analyze the cultural difference and cultural influence between two countries, it is necessary and important to understand the meaning of culture. According to Thomas, culture is elusive and can be learned, it may well be outdated and can slow change. (Thomas, M. 1985) This definition illustrates the meaning of culture from the perspective of internal characteristics. According to Terpstra & David, Culture is also defined as a “learned, shared, compelling, interrelated set of symbols whose meaning provides a set of orientations for members of a society.” (Terpstra & David 1991). This definition illustrates the function of culture. Combining above two definitions, we can view culture as an integrated system of behavior patterns, which may has significant influence on many daily aspects, especially on business.

2.2 Hofstede's Cultural Dimensions

2.2.1 Definition of Hofstede's Cultural Dimensions

Culture's Consequences, published in 1980, was one of the major works of Hofstede. According to his study, the working performance has great relationship with personal values, which reflects a person's point of view of the world. (Culture's Consequences, 1980) It is different national cultures that shape different ways of thinking and acting. Hofstede divided cultural differences into five specific dimensions, these are:

Power Distance Index: It focus on the acceptance level of the inequitable power distribution.

Individualism: It refers to the degree of personal integration into the collective.

Uncertainty Avoidance Index: It refers to the degree of tolerance of uncertainty.

Masculinity: It reflects the degree to which men's values dominate the society.

Long-term Orientation: It focus on the degree of attention to the future

Indulgence vs. Restraint: It illustrates the extent that people intend to control their own desires.

(Hofstede, 1993)

2.2.2 Limitation of the Theory

Hofstede's Cultural Dimensions provide a proper method to evaluate the cultural differences between countries. However, this theory assumes that the character traits of the majority of nationals in a country tend to be consistent and the national culture is

uniform. It can be accepted in some long-history countries, such as China. But in some immigration countries like Singapore, the results are not as correct as they look like because of the diversity groups in these countries. (Gong, 2011) Any theory has its limitations and characteristics, Hofstede's theory of cultural dimensions is of no exception. The main British people are English, Irish, Welsh, but with similar ethnic characteristics. The main ethnic group in Switzerland is the Swiss. So Hofstede's theory can be applied to these two countries.

3 CULTURAL DIFFERENCES IN SWI-UK BUSINESS

COMMUNICATION

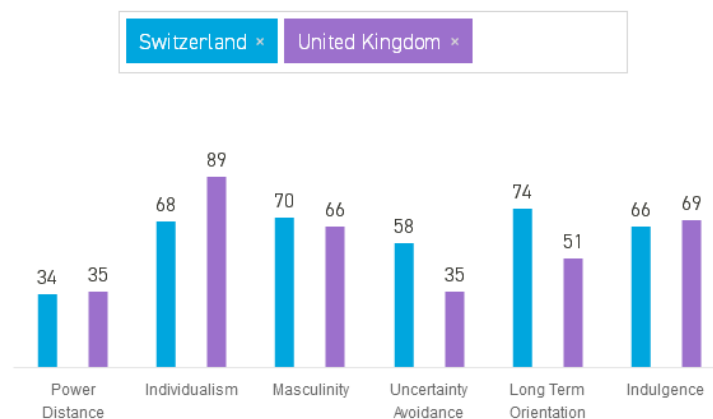


FIGURE3 Cultural difference between SWISS and The UK

3.1 Uncertainty Avoidance

Uncertainty avoidance is to judge the community's attitude for the uncertainty. People, who belong to a high degree of uncertainty avoidance culture, are more likely to feel pressure and anxiety when facing risks. They are more inclined to develop clear procedures and understand the rules in order to avoid conflicts. Those who belong to a low degree of uncertainty avoidance culture are more willing to challenge unknown areas and have more adequate psychological preparation to face unknown risks. (Baker & Carson, 2011)

Britain scored lower than Switzerland on Uncertainty Avoidance. As we all know, entrepreneurship is a kind of thing with high risk and challenge. From the attitude to entrepreneurship, the British's attitude towards the uncertainties can be seen. According to Ernst & Young's "Digital Business Barometer," Britain is the second country in the world that is suitable for entrepreneurship. (Ey.com. 2018). Entrepreneurship education in the UK is well developed, the government not only cultivates students' entrepreneurship spirit and entrepreneurial spirit, but also focus on cultivating students' practical ability. From this, it can be seen that the British are more keen on taking risks.

Compared with the British, the Swiss are tend to follow the established business model. The Swiss company's innovation ability limited in a few industries, such as pharmaceutical, luxury goods and financial products. The Swiss attitude to risk can be

seen from not rich entrepreneurial atmosphere

3.2 Individualism – Collectivism

Individualism and collectivism refer to the degree to which individuals are more regarded as autonomous individuals or socially integrated in a culture. It reveals the individual and collective relationships in society and also reflects how people live together. (Hofstede, 1980)

"Integration into society" is a buzzword that Swiss people often talk about, and people often talk about ways to help and even guide foreigners find their place in Switzerland's economic, social and cultural life. (Page et al., 2018). As a small country with four official languages, and a high foreign population, Switzerland upholds its national identity by promoting common fundamental values, tolerating coexistence, and establishing legal boundaries and acceptable social norms.

Compared with Switzerland, the United Kingdom has a higher score on individualism. It indicates that the British are more competitive in their personal needs rather than their collective needs. According to *The Origins of English Individualism*, The majority of the civilian population in England are unbridled individualists who are highly mobile geographically and socially. They are economically "rational", market-based and greedy and self-centered in kinship and social life. (Macfarlane, 1979)

In sum, neither Britain nor Switzerland is a country that advocates collectivism because both countries get a high score on individualism. Therefore, people from both countries are not willing to define themselves based on their relations with others. When there is a conflict between their own needs and group needs, they tend to pursue their own needs.

3.3 Long-term Orientation

Long-term orientation focuses on the degree the society embraces, or does not embrace long-term devotion to traditional, forward thinking values. (Hofstede, 1991). People who have a short-term orientation tend to see quick result, short-term goals. On the contrary, those who have long-term orientation show preference for persistence and perseverance, thus they seem to be patient. (Seung-Bae & Sang-Cheol, 2013)

In particular, the Swiss value the establishment of long-term relationships. They think that plans and decisions should be considered in the long run, and the transaction itself should be focused on other things expect profits. In other words, the purpose of the transaction may be to establish a relationship. It is important to relate individuals to other important people and even to the environment. There is an old saying goes: "Where there is a will, there is a way." Instead of hurrying to see the fruits of their efforts, the Swiss are paving the way to the ultimate success in the long run.

Compared with the Swiss, the British do not tend to have a long-term orientation. But they also do not like the Americans who pay much attention on the reality of return.

Therefore, the British people have a more pragmatic working attitude. They not only consider the long-term benefits, but also consider the specific implementation plan.

3.4 Power Distance, Masculinity and Indulgence

There is not much difference between Britain and Switzerland in these three cultures. Both countries belong to a low power distance culture. Throughout the rental decision-making process, employees respect the leaders but at the same time can challenge their decisions. So in the communication process employees do not require frequent approval of the leaders, which will make the negotiations more efficient. As for masculinity, both British and Swiss belong to achievement-oriented cultures, all of whom tend to favor more stringent gender-based norms. For example, both countries encourage men to take more jobs to feed their families, and women should instead focus more on families. In terms of indulgence, both countries have relatively high scores, which shows that both British and Swiss people value their lives and are willing to express themselves freely.

4 THREE CULTURAL INFLUENCE ON BUSINESS COMMUNICATION

This section examines the impact of cultural differences on three common business practices. Each of the obvious cultural differences from Hofstede's Cultural Dimensions will be covered and related examples will be given.

4.1 Cultural Influence on Decision making

Having a deeper understanding of the ways that the other side organization functions will help your company make the right negotiation strategy. The decision making process can be affected by many aspects, such as individualism and long term orientation.

In terms of individualism, according to Kluckhohn and Strodtbeck's theory, the happiness of people from a collectivist country is measured by collective welfare, so that employees in a collectivist country are more likely to follow collective norms. (Kluckhohn & Strodtbeck, 1960). In Switzerland, employees are more inclined to put the team's interests above their own interests, so they are more likely to decide to engage in group-related business activities. However, the United Kingdom advocates individualism, believing that personal interests outweigh collective interests. When making decisions in the management of a company, they think more about employee benefits and the impact of the union. Therefore, for British companies, it may be more useful to persuade the other's grassroots employees rather than the executives.

As for long-term orientation, The Swiss believe that the establishment of harmonious interpersonal relationships is the primary task of business communication. In making their decision, they would rather sacrifice some current interest and are willing to spend more time establishing a good personal relationship with the opposite parts for long-

term interests. When Nestle was introduced to China in the 1980s, they did not just promote Nestle coffee. Instead, they vigorously promoted coffee culture and gave the coffee a refreshing and overtime work function in combination with the reform and opening up in China at the time.(Nestle.com, 2018) So when working with a Swiss company, British companies should think more about the long-term rather than just annual financial statements.

4.2 Cultural Influence on Risk Taking

Risk indicates the possibilities of injury, damage, or loss compared to the previous standard. The difference in attitudes toward risk is closely allied to Hofstede's uncertainty avoidance dimension. (Tipu, S.A.A. 2017)

In terms of uncertainty avoidance, the Swiss tend to follow organizational rules and regulations and prefer to having a working atmosphere of stability and consistency. Unlike the British people, they may not use the risky but more profitable programs. So if a British company want to promote a high-risk project, they had better inform Swiss company about the source of the risk in detail and how to avoid it, as well as the consequences of the project's failure.

For Swatch, investing in multiple brands can reduce the group's risk because the company's earnings and image are not tied together. When a brand is in crisis, Swatch can profit from other brands and maintain their reputation. And multi-brand strategy can break the life cycle of a group instead of relying on just one brand's life cycle. Even if a brand into recession or death, the group can still rely on other brands to regain their vitality. Multi-brand strategy can increase business safety. (En.cnki.com.cn. 2018)

Another Swiss company with a similar business model is Richemont, which is one of the top three luxury goods groups in the world. It also adopt a robust multi-brand strategy to avoid risks and capture the market. From these instances we can see the attitude of Swiss companies to risk.

4.3 Cultural Influence on Conflict Management

In business communication, conflicts of interest always exist. Being familiar with the logic of the other company's conflict resolution is crucial to our decision-making. (Dixon, 1993). In general, when the British face conflicts, they prefer competition, while the Swiss tend to make concerted efforts to take care of both sides of the face.

Because of cultural attributes of conflict avoidance, the Swiss are used to using Accommodating methods. The method means both parties seek common ground while reserve differences. They hope to pay attention to their consistent side and dilute inconsistencies. This method always requires maintaining a friendly atmosphere. However it avoids the root causes of conflict resolution. Due to the United Kingdom belongs to the low uncertainty avoidance culture, the British prefer to use confrontation. They gather information about the problem, formulate solutions, and finally choose a

suitable solution to the conflict. However, this situation is not easy to reach in business communication.

In the area of conflict management, the Swiss reinsurance company's approach in the Chinese market can reflect their attitude. Swiss Re needs to choose between paying dividends to shareholders and retaining funds for the consolidation of emerging markets. Swiss Reinsurance has made a bi-comprehensive plan based on the projected consolidated financial. It reserved about 5% of the profit for shareholders' dividends five years in advance and put the remaining part for business development. This will not only satisfy the Chinese investors' expectation of dividend, but also save enough funds for enterprise for long-term development. (SunXin & ZhangHong,2017)

Sometimes retreats are more effective than straightforward negotiations. Combined with the British and Swiss way of resolving conflicts, the companies can seek common ground while reserving differences in order to achieve a win-win situation.

5 CONCLUSION

An important factor of the success of international business communications is understanding each other's company well and using the strengths of both to turn communication into a win-win outcome. Understanding culture is an important part of communication, especially understanding the differences in values and behavior patterns that different cultures bring. In other words, different cultures influence how people judge what's right, what's wrong, and how they do business.

In general, the cultural differences between Switzerland and the United Kingdom are not significant. When the British representatives and Swiss corporate representatives sit at the negotiating table, the British side needs to take more account of the fact that Swiss companies are collective oriented and risk-avoidant oriented, and they are more willing to maintain long-term and effective cooperation than just the immediate interests. Therefore, the British side should as far as possible to provide a robust program and detailed risk management measures to dispel the Swiss concerns. Besides, the British side can temporarily transfer part of the interest in exchange for the trust of Swiss companies to carry out long-term cooperation. Communication may easily break down if they do not have a good understanding of cultural factors playing in negotiation process. Thus, to succeed in negotiation across borders, negotiators must take the time to sufficiently understand the culture of the other side, and the approach that they are likely to use.

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