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**Cross Cultural Business  
Communication: Problems  
for the Unwary**

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# *Contents*

List of Figures	(i)
1. Introduction	1
2. Cross-Cultural Business Communication	2
3. Cognition, Culture and Communication: The 3 C's	5
4. Context and Communication	9
5. Conclusion	11
References	13

## *List of Figures*

1.	The Impact of Culture on Cognitive Processing	6
2.	Potential Conflict Areas Between Balinese-New Zealand Traders	7
3.	Communicated Meaning Square	10
4.	Cross-Cultural Exchange: The Channel Ratio Model	11
5.	Schemata Are Merging with Actual Cultures and Communication is Subject to Less Misunderstanding	12

# 1. Introduction

The study of linguistics and its relationship to communication is a well-developed discipline. Communication across cultural boundaries is also a subject of interest to many social scientists. The study of cross-cultural communication in a business setting, however, is an under-researched topic (Kale, 1993; Limaye and Victor, 1995; Haworth and Savage, 1989).

The Indonesian economy has gradually diversified and opened its doors to encourage private enterprise and links with overseas business people, particularly in the last decade. Given the abundance of natural resources in Indonesia and the huge human resource potential, it is critical that potential problems associated with cross-cultural trade are understood and conveyed to students and business managers alike. Such knowledge should contribute to the growth and development of Indonesia and Indonesia's economy and people.

This paper examines the likely areas of miscommunication between Indonesian traders and those from New Zealand, a small country but one that is increasingly active in the Southeast Asian region. The basic concepts that are introduced, however, are applicable in most cross-cultural settings.

The first section of this paper defines key terms, discusses the importance of this topic and suggests reasons why it has been under-researched. The relationship between cognition, culture and communication is then presented, with reference to New Zealand-Indonesian trade relations. The focus then turns to exploring the circumstances or environment in which cross-cultural communication occurs. This has the potential to create significant misunderstandings. The subject of explicit and implicit communication, and high and low contexting cultures is addressed. The concluding section provides suggestions for further research, based on the concepts discussed in this paper. The researchers also identify other fruitful areas for cross-cultural communication research and call for more Asian researchers to contribute to this area.

## 2. Cross-Cultural Business Communication

Culture, as Victor (1992) observed, is difficult to define. As early as the 1950's more than 500 definitions were counted (Kroeber and Kluckhohn, 1950). Most definitions, however, emphasise a number of key themes. Culture, first and foremost, is not inherent. It is learned. Culture is a "collective programming of the mind" (Hofstede, 1984, 21). Thus, an individual's behaviour can only be understood from an examination of the culture to which they belong. Culture and communication are also inseparable. We communicate based on accepted patterns of communication that form the basis of our mindset. This is how we and our cultural group perceive the world. Finally, culture is dynamic. It is continually evolving, accepting or rejecting components from other cultures as it sees fit (Agar, 1994).

Culture has often been described as a nation-wide phenomena. This view of culture is outdated in today's environment. The study of a group of people in an isolated space ignores migration patterns and the impact of technology and international trade. While the Indonesian government encourages national unity and identity, from an academic perspective we gain a better understanding of Indonesian people if we first recognise that this country, with its more than 200 million people, also comprises more than 300 ethnic groups. To say that Chinese Indonesians, Balinese and Acehnese are a homogeneous group overlooks the historical influences that have helped make them who and what they are. We avoid gross over-generalisations and contribute much more to the understanding of cultural behaviour if we acknowledge nations are "hybridised societies" (Weiss, 1993, 203). This paper, however, explores cross-cultural communication from a broad national perspective, for as Hofstede (1993) notes, while there are distinct differences within nations, at a global level it is still possible to identify national cultural characteristics.

The terms international, cross-cultural and intercultural require explanation as they are frequently used interchangeably, however, we argue they explain different conditions. International means "between or among nation states" (Victor, 1992, 12). Cross-cultural and intercultural though, more accurately reflect the heterogeneous nature of most nations. We use these terms interchangeably to acknowledge the multi-cultural characteristics of countries like Indonesia and New Zealand. Thus, intercultural communication refers to communication between two or more distinct cultural groups, and in this instance nations are compared.

In our introduction, we stated that cross-cultural business communication is an under-researched field. Why should this be? Exchange between different cultural groups, for business purposes, is increasingly common. Advances in technology (especially communications), more liberal trade practices in many nations and a recognition that multiculturalism pervades the modern workplace, would all suggest it is an important topic. Research that helps improve cross-cultural trade should provide economic benefits, improve workplace productivity and foster a greater understanding between different groups of people. Why then has this topic been overlooked or avoided?

The two most significant reasons for the failure of researchers to investigate cross-cultural business communications are best labelled “researcher parochialism” and “methodological difficulties”. Most of the widely-disseminated research that covers the issue of business communication has been published in Western, especially American, periodicals. Munch (1989) eloquently explored the relationship between the socio-cultural environment and knowledge creation. Over the centuries, different societies have been centres of expertise and knowledge development. For example, ancient China had highly-developed technology, 17<sup>th</sup> century Britain was a world leader in reasoning and rationality, and Germans in the 19<sup>th</sup> century became recognised as experts in the abstraction of knowledge, the great masterpiece of private study and the university seminar (Munch, 1989). During the 13<sup>th</sup> and 14<sup>th</sup> centuries the Majapahit empire in Indonesia also became a recognised centre for agriculture and Hinduism in the region.

America was the centre of much of the development of knowledge in the 20<sup>th</sup> century (Munch, 1989). The competitive nature of this culture, plus its domination of world trade and affairs during this time has meant that research about management and cross-cultural business communication has been predominantly researched and published in American journals (Boyacigiller and Adler, 1995). Many of these studies, however, focus on the importance of individualistic traits, characteristic of Americans, and overlook the role of culture in business and research settings. Limaye and Victor (1995) rightly state that management is bounded by culture. What is accepted as best practice in America may well be unacceptable in business negotiation with a Thai or Indonesian official. Nowadays, however, this ethnocentric focus is gradually being replaced by a recognition that culture impacts all aspects of human life. Other Western nations, notably those in Europe, have also contributed to this field. They have

adopted a more sociological perspective (Boyacigiller and Adler, 1995), however, the marketplace has largely been ignored in these cross-cultural communication studies.

Methodological problems abound in cross-cultural research. It is much easier, because of time constraints and the academic race to “publish or perish” to study local settings. Access is also less of an issue. More difficult problems, however, have to be overcome. Any concepts used in such research should have the same meaning in other cultures being investigated. Many studies in this area though are direct replications of work conducted in a different culture by a researcher that is often, unwittingly, culture-bound. A multi-disciplinary and multi-researcher approach can often overcome many of these problems but this takes time to organise and implement.

Cross-cultural sampling is fraught with difficulties. Opportunism is therefore usually the technique most commonly used, for example students are frequently used to represent a cultural group (Nasif, Al-Dacal, Ebrahimi and Thibodeaux, 1991). This is a genuine problem and hard to address. At the very least, the researcher needs to acknowledge this limitation, if it is present. The use of surveys, common in Western business research, is often invalid in societies unfamiliar with this technique or those where illiteracy rates are high. Research can be conducted, however, it should ensure equivalence in instructions, administration, timing and setting (Nasif, Al-Dacal, Ebrahimi and Thibodeaux, 1991). Finally, most academic programmes fail to teach their students about cross-cultural research and the role of culture in influencing perceptions (Boyacigiller and Adler, 1995).

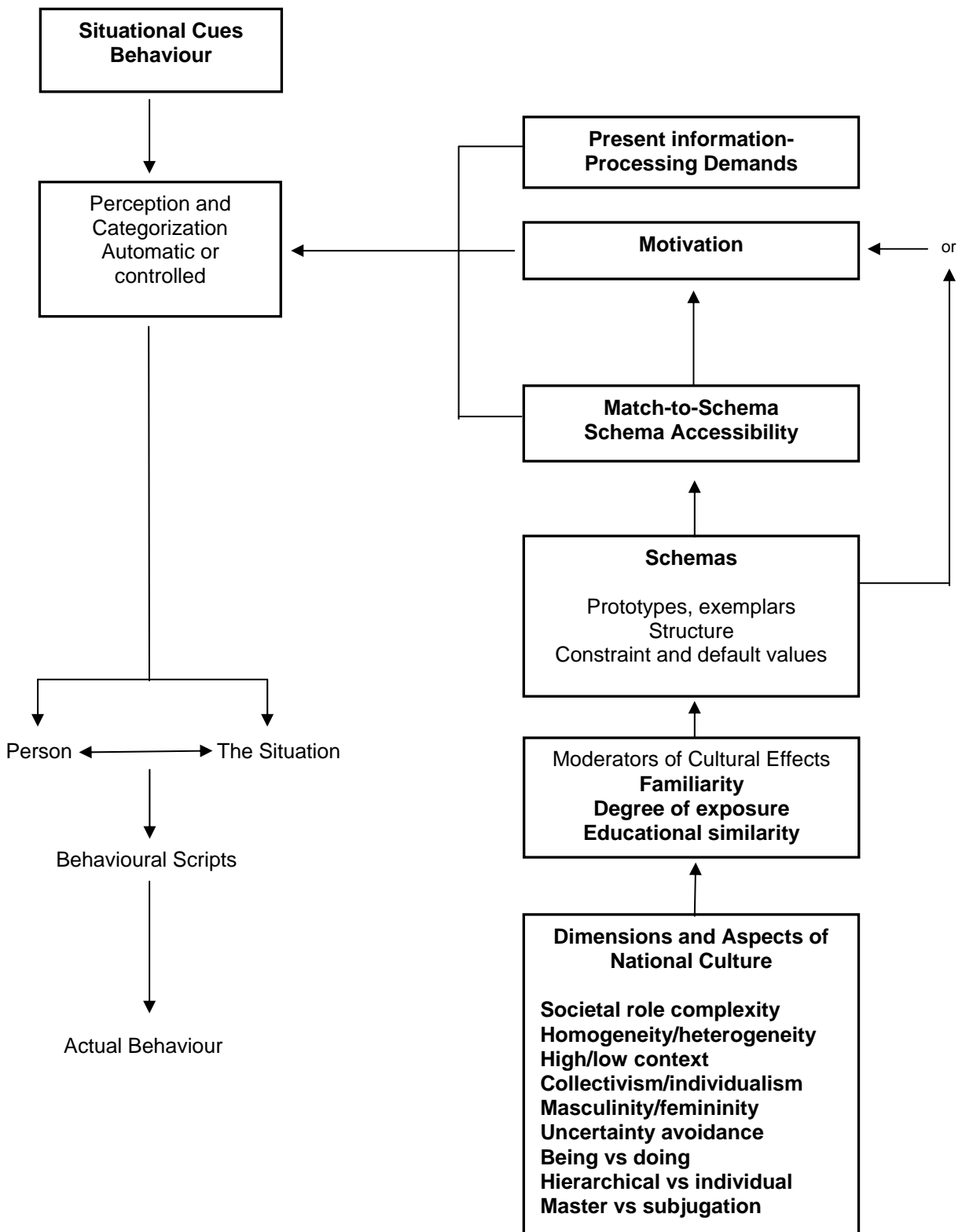
This section has provided definitions of culture and cross-cultural research. It has briefly explored the need to recognise we live in a multi-cultural world and the value of understanding cultural differences. Some of the reasons for the dearth of cross-cultural business communication research have also been explained. This section by no means attempts to provide the reader with a complete picture of these issues. Awareness, however, should help assist researchers conduct studies that more realistically capture cross-cultural differences and similarities. Those interested in gaining a more thorough grounding in cross-cultural research are directed, in the first instance, to read the articles identified in this paper.



### **3. Cognition, Culture and Communication: The 3 C's**

The interrelationship between communication, culture and cognition are now discussed. While cross-cultural researchers need to be wary that the theories they adopt are not culture-bound, these concepts are relevant to all cultures. Whatever their social and historical background, all groups cognitively process environmental stimuli and communicate with others in order to negotiate their way in the world. Culture, however, mediates what and how individuals think and communicate. Cultures establish a shared system of meaning (Hoecklin, 1994). This is how a group views the world. These values and beliefs are recorded in memory and drawn upon to interpret in-coming stimuli. This cultural programming impacts cross-cultural exchanges.

Redding (1980) and Shaw (1990), among others, have explored the cognition-culture interface. Figure 1 (Shaw, 1990, 637) illustrates this. For example, suppose a Balinese (Indonesian) woodcarver, who sells only to local buyers, meets a New Zealander anxious to import handicraft to retail stores in New Zealand. Immediately the encounter begins the carver begins to gather information, such as verbal and non-verbal cues from the environment. The trader has to then manage all this information and assess it. Stimuli that are culturally significant, for example, expected or unexpected behaviours, are likely to be acknowledged while other incoming signals may be filtered out. This process is aided by a categorisation (script or schema) system in memory. This is similar to a filing system. Individuals are likely to hold elaborate categories for familiar situations, however, as in the Balinese (Indonesian) carver example, established categories about New Zealanders, New Zealand traders or even any foreigner may be sketchy, because of the carver's lack of knowledge of such outsiders.



(Shaw, 1990, 636)

**Figure 1**  
**The Impact of Culture on Cognitive Processing**

If selected incoming stimuli is considered insufficient to solve a problem or make a decision, an individual may then rely on stereotypical information to try and evaluate their position. They may also recall prototypes of ideal or expected behaviour, i.e. “When someone wishes to establish business relations this is what they do” or “an ideal trade partner should possess X characteristics”. Stereotypes and prototypes of an ideal partner’s characteristics may also be accessed. These categories, prototypes and stereotypes, create expectations about a likely exchange and guide decision making.

Developing Shaw’s (1990) cognition-culture framework further, we can identify some of the most obvious potential conflict areas between our Balinese (Indonesian) trader and a New Zealand import-exporter. Figure 2 is based on the dimensions of national culture identified by Hofstede (1984) and Trompenaars (1993). Again, while these are studies of national characteristics they can still be broadly applied to our Balinese (Indonesian)-New Zealand encounters, i.e. Although they by no means address all of the more specific cultural characteristics likely to impinge on such trade relations they do identify general areas where differences between Indonesian and New Zealand traders may exist.

<b>Cultural Characteristic</b>	<b>New Zealand</b>	<b>Indonesia</b>
** Universalism/particularism	high universalism	high particularism
* Power Distance	low (22)	high (78)
* Collectivism/individualism	individualistic high (79)	individualistic low (14)
** Neutral/affect relations	Relatively neutral	highly affective

(Source: \* Hofstede (1984) and \*\* Trompenaars (1993))

**Figure 2**  
**Potential Conflict Areas Between Balinese (Indonesian)-New Zealand Traders**

Universalism is “... where people believe what is true or good can be discovered, defined and applied everywhere”, (Hoecklin, 1994, 41). Circumstances and relationships mediate what is right or good, however, in a particularistic society. New Zealand falls into the former category and Indonesia into the latter. In trade encounters, this means New Zealanders may emphasis rules whereas Indonesians emphasise relationships. In New Zealand a good partner

honours a contract. In Indonesia a good partner honours changing circumstances and family and organisational commitments. From these, few examples, one can already see potential communication problems for the unwary trader.

Power distance “is the extent to which inequality is seen as a fact of life (Hoecklin, 1994, 28). New Zealanders typically de-emphasise power distance and strive toward treating all citizens equally. Indonesians place a different value on such relations. They characteristically adopt a hierarchical approach to interactions in their society. In a business encounter, this means an Indonesian partner would be likely to report to those above them in the hierarchy and would have to get proposals ratified by a number of senior people. New Zealanders, on the other hand, are likely to be loosely supervised and delegated to make a number of decisions without reporting fully to their managers each time. This is an area of possible problems for the inexperienced trader. If expectations of what should happen “don’t fit” what actually occurs then an agreement between the two is likely to be difficult. This difference is also likely to be felt in relation to concepts of time. To New Zealanders “time is money”. The time it takes for meetings and on-going visits to develop relations in Indonesia may frustrate any culture-bound New Zealander. The lack of deference to seniority and a zealous pursuit of deadlines may irritate an Indonesian associate.

In collectivist cultures, like Indonesia (and especially in the clan based society of Bali), the priorities and rules of the group prevail over needs of the individual. New Zealanders hold opposing values, those that stress the interests of the individual first. Likely clashes in value systems in trade relations could involve circumstances where Indonesians defend organisational and social interests whereas New Zealanders focus on their own needs and responsibilities. This has the potential to create misunderstanding. For example, a Balinese Indonesian associate may be confused or insulted that more senior people from the overseas trading mission do not take part in discussions. A New Zealander, on the other hand, may wonder when is something going to be agreed on or answered. If meetings, that include many senior people from the other team are held, the New Zealander may not recognise the social significance of these occasions.

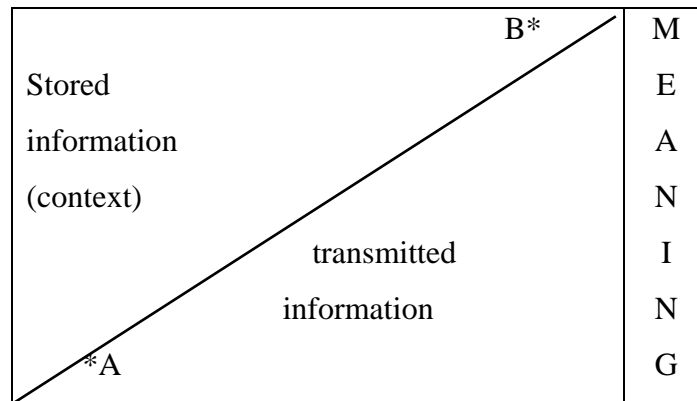
Finally, but as discussed before, by no means the only other area that cross-cultural traders need to be cognisant of, is that of neutral or affect relations. Neutral cultures tend to consider emotion in the workplace as unprofessional whereas those from affective cultures consider

neutrality or unemotive behaviour as unacceptable (Hoecklin, 1994). Like Americans, New Zealanders believe there is a place for emotion at work but it needs to be bounded by objectivity. In Indonesian, the masking of emotion, particularly negative emotion, is highly valued and respected. Again we have a situation of potentially adverse relations. New Zealanders, typically speak directly and may be considered crude or rude. An Indonesian associate, however, may be thought of as untrustworthy for avoiding answers to direct questions.

In this section we have explored the interplay between the 3C's; cognition culture and communication. Cognition and communication are universal. Culture, however, mediates these processes. We have provided examples of how prototype categories, pre-existing scripts and values are likely to influence business relations. In this next section we explore some of the cultural differences in how people think and communicate. While the spoken language is a fertile ground for miscommunication the style (the 'how' rather than the 'what') of communication episodes warrants some discussion.

#### **4. Context and Communication**

“Any communication relies on the context in which it takes place,” (Victor, 1992, 137). Some cultures rely on the context of communication much more than others. Contexting refers to the circumstances surrounding the exchange. It includes physical factors, prior discussions, expected rules of conversations, as well as cognitive mindsets (ibid). For the receiver of a communication episode to clearly hear and understand a message, as was intended by the sender, the sender has to couch the information in readily-acknowledge terms for the receiver. Hall (1983) has written extensively in this area and explains contexting in relation to the amount of information shared, stored, or assumed (Victor, 1992). Figure 3 explains this concept.



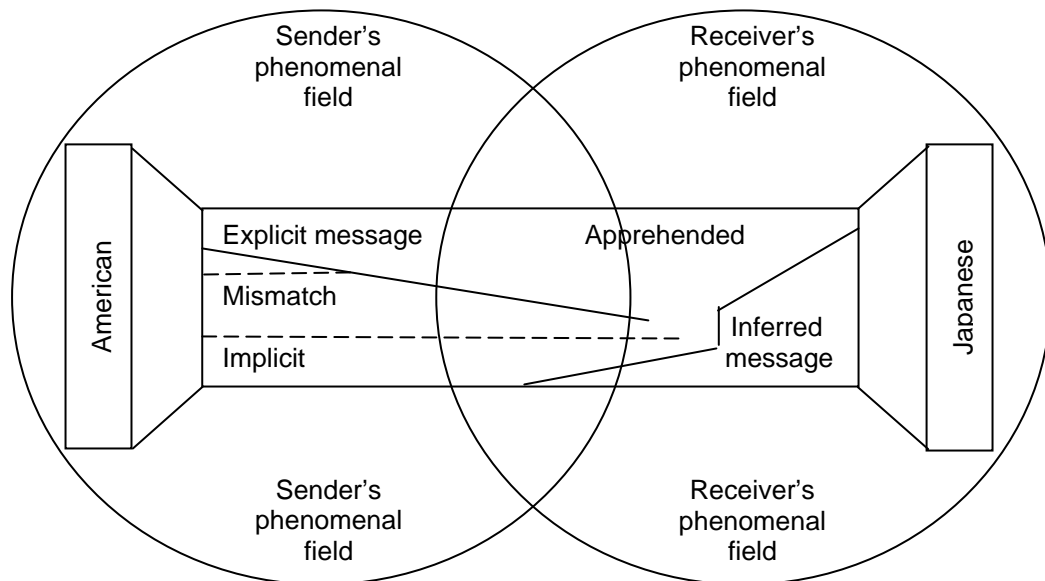
(Source: Hall, 1983, 61)

**Figure 3**  
**Communicated Meaning Square**

Different societies store or transfer varying levels of information during communications. Low context communication cultures are positioned at the lower portion of the top triangle at “A”. New Zealanders are a good example of this type of society. New Zealanders characteristically store little information and rely on explicit (usually verbal or written) messages to communicate with others. This directness is the preferred and expected way of talking in New Zealand. Indonesians, including Balinese, are culturally programmed to store a significant amount of information so a message is conveyed more in indirect terms (B) compared to New Zealand. Thus, examining the lower triangle in Figure 3, we can see that if stored information is low in a society, transmitted information will be abundant. This mismatch in how communication is likely to occur may result in cross-cultural exchange difficulties and hinder business negotiations.

Haworth and Savage (1989) provide a communication channel model to illustrate these type of differences further. In Figure 4, used by the authors to depict a Japanese-American exchange, we can see how Indonesian-New Zealand trade discussions could lead to misunderstandings through an imbalance in the preferred explicit or implicit communication components. An American (read “New Zealander”) communicates with a Japanese (read “Balinese or Indonesian”). New Zealanders are direct, stating their message explicitly. A Balinese spoken to in this manner may feel “talked down to”. A New Zealander, on the other hand, may completely overlook the subtle message from an Indonesian. Contexting then, is an

issue often overlooked in cross-cultural settings. This is not surprising for we communicate by subconsciously drawing on the communication style with which we are most familiar. These rules are learned at an early age.



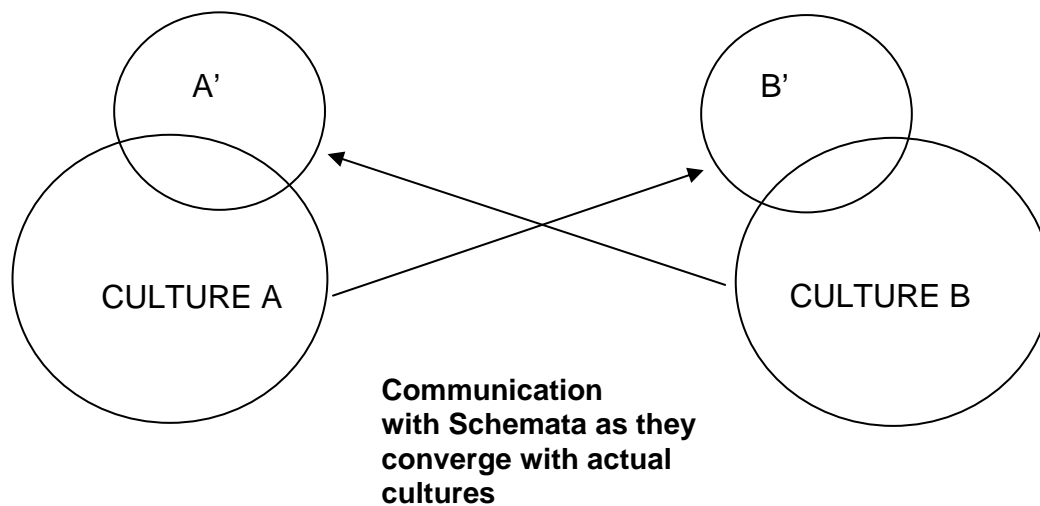
(Source: Haworth and Savage, 1989)

**Figure 4**  
**Cross-Cultural Exchange : The Channel Ratio Model**

## 5. Conclusion

Cognition and communication cannot be understood without reference to culture. In cross-cultural business settings communication is likely to be more effective and lead to more long-term relations if all parties involved in an exchange are aware of the world-view and preferred mode of communication of the others. The same is true for cross-cultural research. Openness and acceptance that people think & do things differently is likely to provide a better understanding of cross-cultural issues than if researcher is closed-minded.

Beamer (1995) believes that communication is likely to be most successful when people are open to adaptation in their cognitive structures in ways that bring them closer to the perceptual mapping of whom they are trying to communicate with. This is explained in Figure 5. Using our Balinese (Indonesian) and New Zealand example, culture A is our Balinese woodcarver and culture B our New Zealand import-exporter. Communication is, in effect, between A' and B'.



(Source: Beamer, 1995, 147).

**Figure 5**  
**Schemata Are Merging with Actual Cultures and Communication**  
**Is Subject to Less Misunderstanding**

Person A holds perceptions of who and what B is and uses this view of reality (B') to try and negotiate with B. "Learning what meaning resides in communicator B's mental data bank can bring schema B, held by communicator A, closer to the actual culture, although probably complete merging rarely occurs," (Beamer, 1995, 143). This closer psychological understanding is likely to foster better relations as it modifies uncertainty and is likely to result in less distrust.

Learning about societal differences, accepting them as neither right nor wrong but just "that's how its done" in a different culture, has been assumed in most of this paper. The question of *how much* adaptation is required to function effectively a cross cultural boundaries has not been addressed. These issues, while important, are beyond the scope of this paper. Personality-type, however, is likely to be a significant indicator of what sort of individuals are more adaptable in their interactions with those from outside their group. These are fruitful areas for further research. Another under-researched topic of value to understanding cross-cultural business exchanges, is to establish the implicit rules that govern acceptable behaviour in different societies. This would assist move overseas business training exercises beyond the checklist approach. Lastly, establishing a weighting system to describe which rules of communication are most critical for ensuring positive communication episodes in any particular culture, would be a worthwhile contribution to this field. In closing, the researchers would like to encourage more non-Western researchers to contribute to this debate. Cross-cultural relations stand to gain much from such studies.



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