

Everywhere you export

The Canadian Trade Commissioner Service

SPOTLIGHT

ON INTERCULTURAL BUSINESS



TCS



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As the popular saying goes, “when in Rome do as the Romans do”. One of the biggest challenges faced when exporting abroad is crossing the cultural divide.

Culture affects every part of the way people live and interact, including the way business is conducted around the world. Generating an understanding of the local culture is essential to commercial success. Before you decide to take on global markets, you should set time aside to do your homework on the cultural aspects that can impact building successful commercial relationships.

The following Spotlight will help you to examine what defines culture, the challenges that will arise, how to understand culture, and how to be interculturally effective.

According to the Harvard Business Review, if a trade deal is perfectly aligned on price and service, but fails to come to fruition, 80% of those failures are most likely due to a cultural misstep.

“Take the time to examine the local culture, find out how things are done there and adapt.”
- Export Award Winner

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What is culture?

Having an understanding of the concept of culture and how it affects people's daily lives is the first step in becoming ready to do business in another market.

Without an understanding of how culture affects people's behaviour, cultural mistakes and misinterpretations are inevitable.

The Canadian Trade Commissioner Service (TCS) is pleased to present the following *Spotlight on Intercultural Business* that compiles information and external resources for Canadians looking to diversify their exports to new markets abroad where business is conducted according to different cultural practices.

The sensitivity to cultural business practices will enrich the knowledge of Canadian small and medium-sized enterprises (SME) that a one-size fits all approach does not always work when entering a new market. This

involves understanding the importance of culture and how it relates to conducting trade and formalizing partnerships. For further information consult the [Step-by-Step Guide to Exporting's](#) Step #6 - Opening the door: entering your target market.

What is culture? Many people describe culture as things such as music, literature, visual arts, and architecture. While these are aspects of culture, they are not what defines it. Culture is what people do, think and feel, and why. Everything perceived through the five senses is observed through a cultural lens. Culture rules virtually every aspect of life and many people are completely unaware of this factor.

Examples of Social Norms:

- Gender roles
- Clothing and appearance
- Greetings and goodbyes
- Nonverbal communication
- Humour
- Use of technology
- Freedom of speech and other liberties
- Religion

Key Business Protocols:

- Language usage
- Exchange of business cards
- Introductions
- Appropriate socializing
- Gift giving
- Meeting protocols
- Ethical standards

To help you better understand culture; imagine an iceberg floating in the water. The tip of the iceberg, the part we can see, would be the way people do things, such as their behaviours and language. Beneath the surface of the water we have norms, which are the way people think. For example, how people define what is morally right and wrong within a culture. Even deeper in the water, at the bottom of the iceberg are the values, which are based on the way people feel, such as what people consider important in their lives. Culture is intertwined within symbols; meaning and weight are placed on behaviour, words and objects. This meaning is objectively arbitrary, but subjectively logical and rational.

Culture is useful to society because it allows its members to function with each other with a mutual understanding of the subtleties of communication. It is important to be aware of the influence of culture and how it affects the way the world is perceived and interacted with.

Culture and language are impossible to separate. They are intertwined and shape each other. Each time someone selects a particular word, forms a sentence, or sends a message, they are making cultural choices. Communication is a process that ends when the intended message is understood. Ideas do not magically travel from person to person. They must first be encoded into either words or body language before then being decoded. During this encoding and decoding process, our cultural filters play a significant role. Even if someone could send a message without cultural content, it is not possible to perceive the message without seeing it through your own cultural lens. For example, here is a way “no” can be said in different cultures: “That isn’t going to work for me”; or, “That may pose difficulties for me”. The central message behind these statements is similar however it may cause confusion due to the way the message is culturally encoded.

To learn more about culture and its influence on life, visit [the centre for intercultural learning](#).



Conducting cultural research

Before doing business abroad, it is essential to learn about the expected cultural behaviours in social and business situations in a particular market. There are many resources available to educate yourself on social norms and business protocols to ensure you are being polite and respectful.

Without proper knowledge of the social norms and business practices, you can risk misinterpretation as acting in a disrespectful manner. A good strategy to help you remember how to behave in an unfamiliar culture is to create a list of the dos and don'ts in terms of favourable and unfavourable behaviours.

Knowing the social norms and business protocols is a good start, but to be successful research must go beyond the dos and don'ts. Look into the differences and the similarities between your own culture and the host culture to understand where to adapt your behaviour.

In addition, research major events happening in that culture, such as political, economic, and social events. Events like war, revolutions, and recessions can have a large impact on the culture of a country or region. Take time to examine pre-existing notions that you may have about the host culture as well as how local contacts in the country view Canadians. Stereotypes are often not representative of a culture, so reflect on any biases that you may possess.

Checklist

Key questions to ask before going to another culture:

- What are the social norms and business protocols?
- What are the definite dos and don'ts?
- What are the key differences and key similarities between this culture and ours?
- What stereotypes does this culture have about our culture and what stereotypes do we have about theirs?
- What events are currently impacting the culture?



Fact:

Canadians are viewed as being innovative, reliable, fair, clean and safe, so try to use these positive traits to your advantage. Canadians also have a reputation of being less assertive or passive in nature, so be mindful to account for this perception when conducting business abroad.

TIP:

Before travelling to another country, be sure to know the local laws, health notices, safety and security, climate information, and entry and exit regulations. All this info can be found at travel.gc.ca

Before travelling to another culture, it is important to know whether local business contacts use a direct or indirect method of communication. Direct communicators will make their intentions clear and they will often come right out and say what they mean. These communicators take every response at face value and expect frankness when communicating. Indirect communicators keep their true intentions hidden, to avoid uncomfortable situations and tension. Responses such as “possibly” and “maybe” normally mean “no” for indirect communicators who value being polite over giving a negative response, so the other person can save face. It is crucial to make sure you understand and match the communication style, as being direct may come off as rude and pushy to an indirect communicator, and being indirect can come off as evasive or untrustworthy to a direct communicator.

Finally, consider the gift giving procedures. In some cultures, it is perceived as bribery to give a gift. In cultures where gift-giving is accepted, be sure that you understand what items are appropriate, when it is appropriate to exchange gifts, and who should receive them.

The Government of Canada provides great resources for researching the cultures of different countries. The centre for intercultural learning has a list [of country insights](#), which covers the topics that you should consider before visiting a particular market. It also provides the viewpoint of a Canadian who lives in the country as well as from the perspective of a native-born person from the country. Also look into [EDC's market advisors](#) section, which provides insights from professionals on markets around the world.

Communication Tips:

- Think through what you are communicating before attempting to communicate
- Complex ideas should be broken down to keep it as simple as possible
- Use pictures, diagrams or stories to communicate complex ideas
- Ensure that the receiver has understood what was communicated
- Reassure the sender that you understand what they communicated
- Avoid slang, jargon, acronyms, metaphors, and figures of speech that may confuse
- Always ask when unfamiliar sayings or phrases are used to ensure mutual understanding
- Be conscious of changes in speech patterns or the tone of voice as subtle but important cues
- Use active listening skills while being patient and observant of non-verbal cues
- Be aware of pauses or silence as it may denote different meanings depending on the culture



Cultural characteristics and comparisons

We tend to label other cultures in a subjective manner, which can lead to misinformed evaluations. Professor Geert Hofstede developed a solution to this issue after studying culture all his life.

He created a matrix of six cultural dimensions that every culture can be ranked on. These dimensions are not a guide for how to behave or conduct business in another culture, but instead can provide insight on the cultural reasons for why certain social norms and business practices are in place. Hofstede ranks each country's character according to the following characteristics.

Learning the social norms and business practices of a culture is useful, but understanding the reason behind the norms and protocols increases your chance of success and ability to adapt in a business setting.

Use Hofstede's country comparison tool to explore differences in values between countries. hofstede-insights.com/country-comparison/



Dimension	Description
Power distance	The degree to which people accept inequality in society, and accept the role in the hierarchy.
Individualism versus collectivism	The degree to which people in a society are integrated into groups
Masculinity versus femininity	Whether people value assertiveness and competitiveness or value modesty and consensus.
Uncertainty avoidance index	The degree to which people are uncomfortable with an event of something unexpected, unknown, or against the status quo.
Long term or short term orientation	The degree to which people are focused on time and the future.
Indulgence versus restraint	The degree to which strict norms are used to suppress gratification.



Country Highlight: Japan

To break the ice when meeting someone, make conversation about positive experiences and things that you enjoyed about travelling to Japan whether for personal reasons or business purposes. Avoid speaking on controversial subjects, even if it appears safe to do so. Silence is considered polite in Japan, as it shows active listening and reflection. Handshakes are reserved for business situations, while bowing is for casual encounters. Japanese people do not openly express emotion because it is frowned upon. In Japan, hierarchy and structure are clearly established in business. A personal relationship in business is very important in Japan; often people will go to bars and restaurants before signing a deal. Confrontation should be avoided.



Becoming an intercultural effective person

What is an intercultural effective person (IEP)? IEPs have the ability to communicate with a person of another culture in a way that builds trust and adapts their professional and personal skills to fit local conditions.

Moreover, an IEP is someone who can live contently and work successfully in another culture. Anyone who is active in cultures different from their own should strive to be an IEP.

There are 9 core competencies possessed by IEPs:

Adaptation Skills:

IEPs have the ability to cope personally and professionally with the conditions and challenges of living and working in another culture. They can overcome culture shock and even find the experience enriching. IEPs can adjust their behaviour to accommodate the differences of the new culture without abandoning their ideals.



An attitude of modesty and respect:

IEPs are modest about their own culture's solutions to problems and demonstrate a respect for the ways of the local culture. While they have the confidence to take initiative, they are humble about their knowledge of the local context, and are therefore willing to learn and consult with locals before coming to conclusions on issues.

An understanding of the concept of culture:

IEPs have an understanding of the concept of culture and the influence it has on all people and societies. They understand the impact culture will have on their life and work abroad, and that the values they have brought from their own culture may cause problems.

Knowledge of the host country and culture:

IEPs possess knowledge of the host country, including but not limited to geography, history, customs, and socio-economic conditions. They are constantly trying to expand their knowledge and learn more about the host country.

Relationship building:

IEPs possess good relationship building skills, in both personal and professional settings. In addition, they can help people of diverse cultures work together.

Self-knowledge:

IEPs have knowledge of how their own culture shapes the way they think and feel and react to people and events. They have an understanding of their personal workstyle and know their strengths and weaknesses in foreign cultures.

Intercultural communication:

IEPs can communicate their thoughts in a way that is understood and culturally sensitive. They participate in the culture and speak the language to the best of their ability. They can develop shared meanings that both locals and visitors understand. They understand and empathize with the locals' perception of the world.

Organizational skills:

IEPs find a balance between assimilating to the new culture and maintaining their own cultural identity. They reconcile their perspectives of various cultures so locals and visitors both feel valued. They are able to balance workload and cultural and organizational resistance. They strive to improve the quality of organizational structures, processes, and employee morale, and promote a positive atmosphere in the workplace. They can accomplish tasks with different resources than they're accustomed to.

Personal and professional commitment:

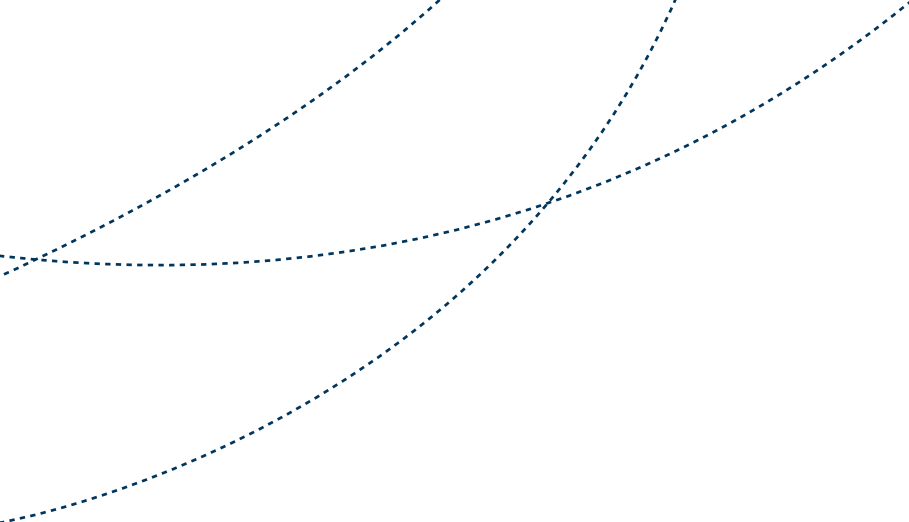
IEPs have a high level of personal and professional commitment to their assignment, contribution to the local community, and life experience in another culture. They have a realistic awareness of their expectations and motivations regarding their life abroad.

Anyone attempting to work in a foreign culture should develop the skills and mindset to match the competencies of IEPs. This will increase your chances of success both professionally and personally. To learn more about IEPs, check out the Centre for Intercultural Learning's page on [intercultural effectiveness](#).

Country Highlight: Mexico

In order to make a positive first impression, treat Mexicans as if they are a close friend. Show interest in learning about their life, family, and feelings rather than focus on business all the time. Asking someone, "how are you?" shows that you sincerely care about the person and value their answer. A handshake and a hug is a normal greeting for two men. Speaking in a medium-to-loud voice shows enthusiasm and interest. Mexicans are often very open about their emotions and may tend to display them in a business setting. Formality is important when dealing with superiors as part of a hierarchy and certain protocols should be followed. It is important to always speak to your direct business counterpart in the organization before discussing matters with their superiors at a higher level.





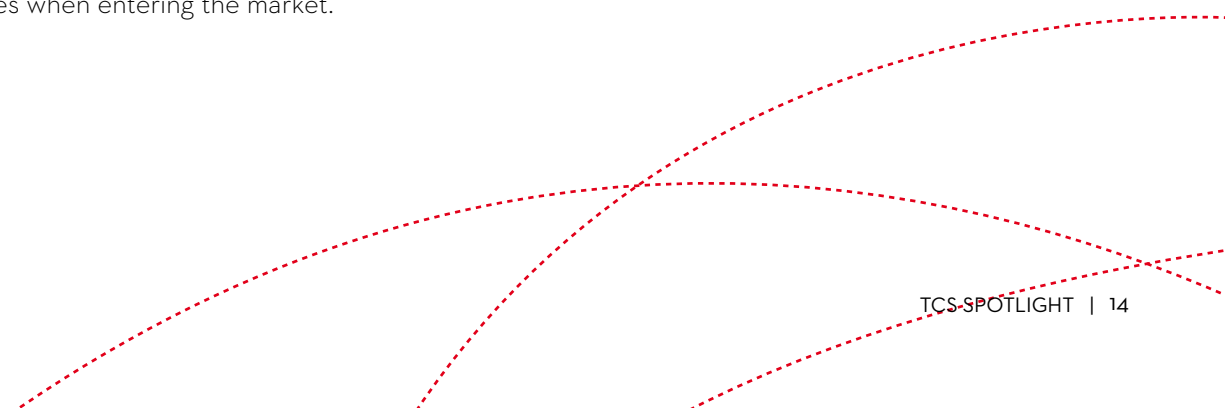
How the TCS can help

More than half of TCS staff that are working abroad are local specialists who are hired for their first-hand knowledge of the country in which they live.

The Canadian Trade Commissioner Service (TCS) can provide owners and representatives of SMEs with valuable insight into the cultural aspects of doing business in markets abroad. Trade commissioners are located in 160 cities worldwide to provide you with key insights on local values and norms.

Trade commissioners provide valuable insight and on-the-ground support to help you navigate the complexities of international markets. They can help you anticipate and address any potential cultural barriers that may pose future challenges when entering the market.

The TCS can also assess your company's market potential for your goods or services and connect you with qualified local business contacts to help you grow and succeed in the market.



Are you export ready?

The [Step-by-Step Guide to Exporting](#) will help you to:

- **Sell to more customers.** Target global buyers online.
- **Enter more markets.** Leverage the benefits of free trade.
- **Save time & avoid risks.** Learn the legal aspects of trade.

Download this free guide and gain access to all TCS export publications through [MY TCS](#).



Access these additional resources:

- Trade Commissioner Service (TCS)
 - [Six Strategies for Success](#)
 - [Business Etiquette in China](#)
 - [CanExport - Funding to help your business take on new markets](#)
 - [Spotlight on Market Research](#)
 - [Spotlight on International Marketing](#)
- EDC
 - [Country Info](#)
 - [Guide - Doing Business with China](#)
 - [Guide - Doing Business in Southeast Asia](#)
 - [Guide - Doing Business with Mexico](#)
 - [Blog - Cultural Intelligence](#)
- BDC
 - [Exporting Services](#)
 - [Common Exporting Risks](#)

Trade Commissioners are on-the-ground in more than 160 cities in Canada and worldwide.

The Canadian Trade Commissioner Service (TCS) is gaining market intelligence and insight, and uncovering opportunities for Canadian companies.

Our export experts can help your company:

- Prepare for international markets
- Assess your market potential
- Find qualified contacts
- Resolve business problems



 tradecommissioner.gc.ca

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