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US-ASIAN COMMUNICATION STRATEGIES TO DEVELOP TRUST IN BUSINESS RELATIONSHIPS

Abstract

Personal relationships matter in Asian business, in contrast to their lesser role in US business. As a result, US managers do not always understand the need to establish trust and build business relationships with Asian partners and clients. This study investigates strategies that US managers can use to develop trust in business relationships with Asian partners. In the process, it examines the knowledge, attitude, and skills that US and Asian managers can use to establish business relationships. The research findings suggest that language and cultural knowledge are of primary importance in building trust. Attitudes of patience, humility, friendship, interest, respect, sincerity, and honesty help develop and maintain relationships. Communication and interpersonal skills also play an important role in relationship development.

Introduction

How do US and Asian managers develop trust in their international business relationships? What knowledge, attitudes, and skills do they need to initiate, develop, maintain, and repair business relationships? Asian and North American cultures clearly differ in the ways that they value trust in business relationships. For Asians and those in many other cultures, establishing a business relationship with a client is a necessary requirement for doing business. This study investigates the knowledge, attitudes, and skills that managers need to initiate, cultivate, maintain, and repair business relationships.

In Asian cultures, an atmosphere of trust and knowing business partners are essential to conducting business. Because of cultural differences, US managers sometimes run into problems understanding how to build strong relationships with Asian partners and customers.

Importance of Problem

This study investigates the research concern regarding strategies US managers use to develop trust in business relationships with Asian partners.

In the global economy, knowing how to communicate across cultures helps businesses to open new markets. Many cultures in Asia, Europe, and Latin America believe that establishing trust and strong relationships among business partners is critical to doing business. Too often the US manager simply wants to close the deal as quickly as possible, without taking time to build a working relationship and foundation for mutual respect. Cross-cultural differences can interfere with US managers' understanding of the situation. Underestimating the importance of building trust and relationships can undermine the negotiations before they start. The results of this study will help global managers to understand specific communication strategies and behaviors to help them develop mutual respect and sound working relationships with their counterparts in other cultures.

METHODOLOGY

The data for this study were collected from three graduate business communication classes I taught at Thunderbird, The American Graduate School of International Management. All students completed a forty-minute in-class writing assignment.

Respond to this e-mail.

TO: You
FROM: Your boss
DATE: Oct. 6, 2003
RE: Developing a new business relationship in your home country

We have decided to open an important new joint venture in your home country. I will be traveling there frequently in 2003–2004 to develop a close business relationship with our new partners. I want to win their trust. What's the best way to do this? How long will it take?

I haven't met any of the partners yet. What can I do to win their confidence from the moment I arrive in the country? Can you give me a step-by-step guide to develop trust and our business relationship? What things should I avoid doing? I don't want to blow this opportunity. Any advice you can give me is much appreciated. Thanks for your help.

Figure 1. BC 5011 Business Communication In-class Writing Activity

The sample for this study was taken from the responses of sixteen Thunderbird MBA students from the following countries (number in parentheses): China (3), India (3), Japan (3), Korea (4) and Taiwan (3).

FINDINGS

The responses were analyzed in terms of knowledge, attitudes, and skills that the graduate students identified as helpful in establishing business relationships with people from their cultures. Across the various cultures, different themes were found repeatedly. These trends in beliefs about how to build trust are reported below.

KNOWLEDGE

A common theme in the responses across cultures related to the importance of language and cultural knowledge. Again and again, respondents underlined the value of knowing the language and culture of Asian clients and partners in order to do business. Given the American tendency to devalue language and cultural knowledge, these responses are of special interest.

The best advice of the respondents from the five cultures represented in the study consisted of "Know the language" and "Understand the culture."

One Chinese respondent urged "Learn to speak a little bit of Chinese." Giving more detail about what to learn, she recommended that business people learn at least how to say greetings and express appreciation. Specifically she recommended learning how to say: "How are you?" "Good morning," "Glad to meet you," " thank you," and "goodbye." Not enough American businessmen and women traveling to China learn even these phrases. Another respondent encouraged people who want to do business in China to take a Chinese language course.

A Taiwanese student suggested that language training would speed up market entry and create opportunities. She wrote, "If your company wants to get into the Taiwan market rapidly, it is better for . . . middle managers to take some Mandarin programs. This training will bring many business opportunities without communication problems."

One Japanese respondent considered language the secret to opening the door to doing business in Japan. He explained, "I strongly recommend studying Japanese. A friend from Italy was having trouble starting a business relationship in Japan. As time went by, he became fluent in Japanese. Then he found the secret to open the door is language." Another replied, "It is better to speak Japanese, of course" when trying to begin a relationship in Japan.

Many respondents consider cultural understanding to be fundamental to establishing trust with Asian partners. They gave suggestions about ways to learn more about a culture and which aspects were of special relevance to business people. Recognizing that it takes years to develop profound cultural understanding, the comments in the study suggest that even a minimal level of cultural understanding is helpful for US business people who do not have months or years to devote to cultural study.

To gain valuable cultural information, a Chinese respondent recommends reading books about her country for background information. She wrote "Go ahead and read some books that introduce China. Get to know some historic stories about China. And talk about what you've read from the book when staying with your Chinese partners. They would be very happy to exchange their ideas with you." Reading to gain initial background knowledge about the country and its history, and then asking colleagues for more information are helpful strategies to build cultural knowledge.

A Japanese man suggests, "Get used to the customs in Japan. Follow the lead of the Japanese, and do exactly what they do. The more we have in common the better. Don't try to show off. First impressions matter." A Korean businessman recommended, "Try to do everything together. Koreans sometimes do not distinguish individualism from egoism. They like making a group in which members can find similarities. If you work alone, you will feel isolated."

Respondents referred to a variety of cultural aspects as valuable for doing business. These included: dining and drinking, golf, greetings, long-term relationships, seniors, and contracts.

Dining and Drinking

Korean respondents believe that dining and drinking with colleagues are the most efficient ways to build human relationships in a short time. One man cited a statistic to support his statement. According to the Korean Development Institute, 85% of business deals in Korea are done when business partners meet together at pubs or restaurants, drinking a lot of alcohol. He emphasized that understanding the drinking habits of Koreans is one of the most important things one can do to build a good relationship with them. Another Korean cautioned against declining an offer of two or even three rounds of drinks when invited out to dinner. He explained that Koreans consider the process of building a relationship very important, and that drinking together through the night is one of the ways to do it.

In Japan as well, respondents indicated that going to the pub with colleagues and entertaining clients are most important ways to build business relationships in Japan. One respondent pointed out that Japan ranks first among countries that use company expense for entertainment. He said, "If you find yourself somewhere in a pub with your clients at midnight, it's a signal that you're establishing a good relationship. But you must sacrifice your spouse and children, since you may never spend time as father, even on weekends. Prepare for coming hectic days."

A Chinese student also warned against rejecting a toast from Chinese colleagues. "Don't reject a toast. Male partners will consider you a friend after you accept the toast. Wish them a toast too."

A Korean gave another piece of advice concerning who should pay for a meal. "Don't let your partners pay for lunch or dinner. Koreans hate Dutch treat. Just follow the culture. This may be the only time you can fight with them by yelling 'I'll treat.' Remember that they may not allow you to pay."

An important consideration in India related to dining is to avoid offering or eating beef in the presence of a Hindu person.

Golf

Japanese and Taiwanese companies often take their clients to golf courses for informal meetings, although golf is more expensive than in the US. During the four-hour game, typically business people are not disturbed, and they can reach an agreement or get a promise from their clients. Many companies believe that the golf appointments boost their corporate image. Golf also helps employees maintain better relationships with their families by reducing some sales people's obligations to socialize with clients late into the night at clubs.

Greetings

Japanese and Korean respondents advised US business people not to kiss or hug when meeting for the first time with counterparts, since that kind of greeting is very rare in their business culture. A Korean recommended bowing to partners as Koreans do upon the first meeting, since it is a sign of respect.

Long-Term Relationships

Long-term relationships are valued in Asian business. One Korean respondent indicated that Koreans usually want to keep relationships for as long as

possible, and do not want to break trust ever. The US business person should also want to keep a close relationship as long as possible.

Seniors

Seniors are highly respected in Japan, Korea, and other Asian countries. Business people working in Asia should make special efforts to be polite to seniors. In Japan, it is wise to identify the key player in a negotiation in order to move issues forward. Typically it is the oldest person present.

Contracts

Following traditional Chinese culture, most Taiwanese companies do not like to use contracts. The Taiwanese tend to keep their promises and expect their business partners to do so. Very detailed and complex contracts reduce trust in each other and decrease efficiency.

Attitude

Attitudes of business people toward others play a major role in establishing trust. In particular, respondents described the importance of the following attitudes in building relationships with Asian partners: patience, humility, friendship, interest, respect, sincerity, and honesty.

Patience

Patience is a key attitude for those who would do business in Asia. Establish the relationship first before expecting to get much business accomplished. Many advised US business people not to be in a rush when starting a business venture in Asia. An Indian student wrote "As for business, I would give it some time before I let 'the cat out of the bag.' It will work wonders to talk about business slowly and be more direct once you have known the partners on a rather personal note. "

A Chinese student echoed the sentiment. "Please be patient when dealing with business issues with some organizations in China. Usually it would take several days for people in those organizations to make a final decision. 'Be patient, be happy'."

For the Japanese also, patience makes a difference. "Don't jump into the topic right away. Make the Japanese feel comfortable before the main theme or negotiations start. Pace yourself and find ways to compromise," advised one Japanese writer.

Koreans urged patience as well, asking US business people not to hurry, and instead take time to develop close relationships. From the Korean per-

spective, it appears that most Americans want to get a quick response and make decisions quickly. One wrote, "if you are just about to strike a deal, and they [Koreans] seem to need more time, do not force them to draw some results. Be patient and take your time."

Humility

Arrogance does not work well in winning trust. Humility produces much better results, according to the respondents. One Chinese woman advised, "The only thing that you should remember is 'Never show an arrogant face in front of Chinese people.' No one likes it."

A Korean commented that although no one has one correct answer as to how to build good relations, "you can be a member of the community as long as you humble yourself."

Friendship

Most respondents encouraged US business people to work on developing friendship first, and business dealings later. An Indian remarked, "You will be able to win the trust of our Indian partners faster if you can befriend them and then talk business to them." Common courtesy in Indian business culture dictates a "thank you" call before leaving the country.

One Taiwanese wrote about the importance of establishing friendship first. "In order to have a successful business relationship with Taiwanese people, you have to be their friends first. To be their friends, you have to be honest, sincere, and flexible. It is even hard for native people. I can imagine how hard it would be for you, but that is the only key to success."

Interest

Show interest in people, their lives, country, and culture in order to build relationships in Asia. One Chinese woman urged, "Show your enthusiasm for this old country. Please feel free to ask any questions about China. Chinese people would appreciate your interest in China."

Following the same line of reasoning, a Korean advised, "You shouldn't make them feel that you are seeking just profit in Korea. Korean people basically loathe those kinds of companies. You should consider those in need of help, such as the disabled and the homeless before business gains." Another suggested, "Ask about Korean culture continuously. They will happily tell you that because they have big pride in it." Still another recommended "You should show interest in your partners' lives." Since Koreans put a high value on human relationships, business people need to express personal interest in the partner.

Respect

Respect plays an important role in winning trust. One responded, "The Chinese will think highly of you if you show respect for their culture," while another wrote, "If you show your attitude to respect Japanese culture, you would be trusted by them."

Sincerity

Sincerity appeared as a theme in many respondents' recipe to win trust. "It is not so difficult to be a Chinese person's friend as long as you have a sincere heart." A Taiwanese woman replied, "To have an efficient and proper business relationship with Taiwanese is easy, but it is hard to earn their trust and it usually takes a long time. However, if you can show them how sincere you are in doing business with them, it will definitely shorten the time."

Honesty

As a Korean respondent wrote, "Everybody in the world likes an honest person no matter what his or her nationality is." A Taiwanese woman commented that "It is important to know that you have to be honest to win trust from Taiwanese people. I suggest you be honest with them from the very beginning."

Another Taiwanese respondent cited attitudes of honesty, friendship, patience, and sincerity as important to win trust. She wrote, "after showing the Taiwanese you are an honest person, then build friendship with them. Spend after hours with them if they invite you to dinner or golf. Don't talk about business all the time. You have to understand that you have to be their friends to earn their trust. This takes time as well. However, just be flexible as you can about time, and try to communicate with them through your heart."

Communication Skills

Communication skills affect relationships in doing business in Asia. They can make or break an attempt to get close to a potential business partner. When getting to know a Japanese partner or client, a respondent recommended talking about family, health, other personal things. Another Japanese businessman suggested, "Try to disclose what you are and what you think as much as possible, and in turn, listen to their words carefully. Even if you can't understand, your attitude is more important."

A Korean also advised against talking about business right at first. Koreans want to get to know someone better before getting into business discussions.

As a result, they tend to ask questions and talk about people's backgrounds in order to become more familiar with them.

Another Korean recommended avoiding confrontation in doing business. He wrote, "Suppose you are in a meeting. Even though you disagree with a person's point of view, don't show your opinions directly. Koreans do hate losing face in front of others. They don't like confrontation." Another person described how Koreans prefer to approach business informally and indirectly, rather than getting straight to the point.

A Japanese recommended, "Always think about the other person you are talking to, and don't go too far ahead in the game to maintain a good relationship with your partner."

To be better understood in Japan, an executive recommended, "Be logical. Use logic and facts and data, so the chances of misunderstanding decrease. Common sense for you may not mean common sense for others."

Interpersonal Skills

Many respondents agreed about the importance of interpersonal skills and getting to know a partner well before expecting to do business. A young Indian manager insisted, "The most important thing to win the trust of your Indian partners is to get really close. They will do business with the company more because they trust you and less because our company has a good name in the industry." This belief runs contrary to prevalent US business culture that thinks a company's good name and brand alone will win it new business overseas.

In Japan as well, business people state that the "First thing you must do is get to know each other. Normally Japanese companies don't start any business until they make a close relationship, especially with newcomers. Interacting successfully with others and building friendships involves interpersonal skills.

Clearly interpersonal skills can impact the development of US–Asian business relationships. So how precisely should a US business person approach the development of a business relationship? An Indian businessman encourages American business people to develop a relationship prior to coming to the country and gives a step-by-step guide to do just that (see Figure 2). He explains that the need to begin the relationship early is partially due to his country's history. People in India are usually suspicious of foreign nationals since India was ruled by many European countries from the start of the seventeenth century until the mid-twentieth century. He suggests that the

best way to overcome this fear is to develop a relationship before actually visiting India.

He recommends explaining clearly to the people you intend to meet the reason for the visit, the things expected from them, and the ultimate goal for business relations with them. Basically, he considers doing business in India to be identical to doing business in the US.

- Develop a relationship through e-mail
- Indicate when you want to meet the person (important because of numerous holidays in India)
- Give a gift at this stage, it would be welcome
- Make a business proposal and send a brief of the proposal to partners before meeting them. Since pace of business is very slow in India, this would speed up the process.
- Plan a trip on a mutually agreed date
- Be sure to carry a gift during the first meeting
- Try to be open and clear as to your plans during the meeting. (This requirement is a reflection of the fear of foreign nationals doing business in India mentioned above.)
- Be sure to present an initial deposit for the business to begin rolling, if you agree on a plan
- Get together informally before leaving to cement the relationship developed during the first few meetings
- Remember always to give a “thank you” call on arriving back in the US.

Figure 2. How to Develop a Business Relationship Prior to Coming to India

A Korean businessman also recommended establishing the relationship before arriving in the country. He recommended sending as many friendly e-mails as possible to the partner for a joint venture prior to the business trip to Seoul. This steady interest in the partner and joint business helps establish a friendly relationship with the partner. It also helps to seek harmony in business dealings and emphasize mutual benefits to the Korean partners.

Socialize

Socializing helps to develop a business relationship at the same time that it encourages friendship. An Indian businessman wrote, "Indian people love to socialize, so after a hectic day of arguments and counterarguments, it will suit you well to take them out for drinks in a pub." Another Indian professional offered the following advice, "It might help not to do all the work from the office. People in India like going out for dinner with their business associates. We like to know more about the people we are going to work with. It pays to have a personal touch to the way you conduct work in India."

Gifts

Several respondents mentioned the use of gifts as a means to build friendship and begin business relationships. A respondent from India explained "Being a culturally diverse country we also enjoy knowing more about other cultures. Taking gifts that represent something from your culture would work wonders." Similar advice came from a Japanese respondent. "Bring some small gifts when you start building the relationship. Use it as an ice-breaker to communicate with the Japanese." Another Japanese explained that bringing a gift from your country shows you are here for the benefit of both. The Japanese partner will also do the same.

A Korean explained his culture's perception of gift-giving in business and contrasted it with the American view of gifts as bribery. He commented, "After arriving in Seoul, your partner may treat you at a luxurious restaurant or give you some traditional Korean gifts. Americans tend to refuse these personal treats. But I remind you that Koreans do not regard these treats as bribery. So if you have a warm treat from your partner, you had better treat your partner next time. This is the procedure of making a good relationship."

Conclusion

In summary, the findings indicate that there are no shortcuts to winning trust and building lasting business relationships in Asia. No easy formulas or

standardized rules apply to developing business relationships and friendship. However, knowledge of the target language and understanding of the culture go a long way to developing solid relationships. In addition, attitudes of patience, humility, friendship, interest, respect, sincerity and honesty help develop and maintain relationships. Finally, strong communication and interpersonal skills also play an important role in relationship development. US executives can develop their knowledge base, attitudes and skills to build closer ties with Asian partners, clients, and suppliers.

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