



**The British Chamber
of Commerce for Luxembourg**

By Stephen Evans

Culture shock – how east and west see the world

Whilst Asia offers four billion potential clients in swiftly growing economies, it also presents formidable cultural and business challenges that can be hugely off-putting. The British Chamber of Commerce Evening Business Forum on 22nd May offered a range of advice of how to approach these problems, with the key virtues appearing to be patience and perseverance.

Dr Balbir Bashin Associate Professor of International Business at the Welch College of Business, Sacred Heart University, a man with extensive business experience in the region, kicked off the evening. He highlighted how developing Asian countries will continue to grow three to four times more quickly than Europe and the US – with China, India and Vietnam to the fore. The market is big, with, for example, the number of Chinese middle class set to reach 150 million in the near future. These countries need Europe for expertise, capital and consumer goods so in theory it should be easy to put the two together.

Many differences

However, business and social mores are so different that many western businesses have found it tough to crack Asia. Bhasin pointed out that "along with superficial differences such as food, appearance and language, there are many hidden ones: expectations, communication style, attitudes toward plan-

ning, priorities, perception of professionalism, tempo of work, negotiation styles, concern for efficiency, role expectations, nonverbal communication..." (see box) Add to this inefficient or non-existent property rights and other business laws then the potential for mistakes is vast.

Bashin said there were four guiding principles to cracking the Asian market:

- * Don't look at markets solely through the lens of off-shoring and cost reduction
- * Don't just build marketing strategies centred around the rich cities
- * Don't choose your local partners naively
- * Don't treat Asia as peripheral rather than core to the company's global operations

Above all, he recommended being patient. You will not always receive a straight answer as Asians often use gestures that you have to be smart enough to pick up on.

Spend time

David Arendt CFO of Cargolux backed up these comments. Whilst Cargolux earns 53% of their income from flights to, from or within Asia he said corruption, opaque laws and a lack of give and take can cause problems. Charles-Antoine de Theux, MD of Villeroy & Boch's tableware division agreed. The firm have had shops in China and India for the last 10-15 years but results have been disappointing.



Charles-Antoine de Theux, Villeroy & Boch; Peter Yeates, HSBC; Dr Balbir Bashin, Sacred Heart University; Jean-Claude Vesque, Luxembourg Chamber of Commerce; Dennis Robertson, KPMG

However, he feels the corner has been turned and that "time was the only thing we did not waste." They have the goal of becoming one the top 50 global brands and to achieve these Asia is a must. This aim has led to shorter term strategies which are starting to bare fruit.

Get to know the people

De Theux feels intuition is the best way to find the right people to work with, rather than relying on sometimes dubious numbers. To have a gut instinct you need to spend time getting to know the region. "Develop a passion for Asia – it will show," he said. Peter Yates, MD of HSBC Luxembourg concurred. "Markets are very volatile," he said, "so you must prepare for it and develop relationships. HSBC maintained an office in China even during the cultural revolution and this has paid off." He underlined the importance of having full backing and understanding from headquarters, warning that "it can get very lonely."

Jean Claude Vesque of the Luxembourg Chamber of Commerce's international desk

outlined how his organisation is working to help local business. He pointed to their plans for three trade missions per year to Asia to meet local business people and how the Chamber has four trade promotion offices in the region; a higher number than the country has embassies. Businesses can get help from the Chamber and also the EU's "Asia Invest" programme.

West	East
External control	Internal self control
Individual	Communal
Equality	Hierarchy
Achievement	Modesty
Winning	Harmony
Pride	Saving face
Noise oriented	Silence oriented
Time is money	Time is life
Respect for results	Respect for status
Respect competence	Respect elders
Fact oriented	Truth oriented
Value Privacy	Nosy and curious
Open	Hypocritical
Selfish	Sharing
Control	Accept
Short term oriented	Long term
oriented	
Direct	Indirect
Independent	Interdependent
Doing	Being

Source: Dr Balbir Bashin