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Business and Culture in South-East Asia: Its Relevance for Britain

VICTOR T. KING and
MICHAEL J.G. PARNWELL

I. INTRODUCTION

Many opportunities are missed . . . because too many . . . business-people are not aware of the importance of understanding cultural differences. Business is business, they think. And they are wrong.¹

It has long been accepted in academic and in some business circles that business organisation, decision-making and practices in different countries are influenced to varying degrees by the wider cultural systems within which they are located. As the economies of the Western Pacific Rim continue to expand rapidly, interest from Western countries, including Britain, in understanding this economic success and in securing some of its benefits for themselves has increased dramatically. As one might expect, specific Western attention to the Orient has concentrated on Japanese business and industrial growth, and the ways in which the Japanese manage and organise their companies. A widespread professional and academic view is that Japanese 'human resources management' is, in general terms, different from that in the West.² However, the earlier Western perspectives, which were certainly 'culturalist' in orientation, tended to create a stereotype of Japanese business organisation based on three main characteristics – 'lifetime employment security, a seniority system in wages and promotions plus enterprise unionism'.³ Another important feature, which has also been identified in other Asian cultures, is the value placed by the Japanese on the group or collectivity rather than on the individual.⁴

These generalisations have been subject to several criticisms; in particular, that there are variations among different Japanese companies depending on the size, nature and domicile of the business; these cultural features above are also said to be more typical of certain kinds of workers, specifically 'male employees in large corporations',⁵ rather than, for example, of casual or part-time female labour in smaller companies. What is more the stereotypes are not historically grounded and sensitive to changes in cultural values and organisational forms, nor do they emerge from a detailed consideration of the interrelations between certain ideas, values, behaviours and social forms and the relevant economic and political contexts in which they are embedded. It has also been pointed out that

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it is problematical to distinguish sharply between Western and Eastern cultures and their respective relationships with business. The Japanese have adopted certain management techniques and organisational forms from Western experience, adapting them to and integrating them into their own systems. One significant observation is that the Japanese are good at making other people's ideas work.⁶

Despite these criticisms and qualifications of the culture-business paradigm as it relates to Japan, it is still accepted that there are both general and specific differences in business styles between different cultures. As Blunt and Richards note

The structures and cultures of, for example, successful Japanese, Korean, and overseas Chinese enterprises are significantly different from one another and from most forms of organisation and culture found among western enterprises. Managers everywhere clearly stand to benefit from an improved understanding of their nature and the [national] cultural and institutional settings which give rise to them.⁷

Indeed, as many of the countries of the Western Pacific Rim have experienced generally rapid rates of economic growth since the 1970s, attention has widened out from Japan to embrace other business cultures as well, including South Korea, Taiwan, Hong Kong and Singapore, and more recently mainland China, Malaysia, Thailand and Indonesia.⁸ There has been particular interest, for example, in the nature and degree of influence of Confucian ideas and practices on the business success of the overseas Chinese.⁹ Furthermore, as a result of the penetration of these various other Asian markets by Japanese capital, elements of Japanese business organisation and practice have also been transferred there. This transferability has presumably been facilitated by the existence of certain similar traditions in Asian cultures. Nevertheless, there is also considerable cultural variation among Asian populations, and a situation in which a dominant economy relocates some of its operations to a dependent economy and has managerial and financial control over these subsidiaries also affects the nature of technological and organisational transfer. Changes in the forms of transnational activity in a given dependent country will also have consequences for business structures and practices.

As Smith indicates, in her study of Japanese management in Malaysia,¹⁰ it has been difficult to establish some Japanese conceptions of management in Malaysian subsidiaries partly because of cultural differences between Japanese and Malaysians, particularly among the Malaysian unionised employees. In general, the Japanese have experienced problems in encouraging job rotation practices, and the 'egalitarianism of job function' (page 65) along with elements of a merit-related wage system. Furthermore, while there has been some success in instilling aspects of

the Japanese 'corporate culture' among local Malaysian managers, the latter have adopted the Japanese model to varying degrees (pages 68–73).

II BUSINESS AND CULTURE: EXAMPLES FROM SOUTH-EAST ASIA

Probably one of the best known texts to explore the relations between business and culture is Geert Hofstede's *Culture's Consequences: International Differences in Work-Related Values*.¹¹ His concern has been to examine 'differences in mental programming among similar people in different nations, as expressed in the distribution of certain values'.¹² Hofstede also undertook a specific study of Indonesian culture as it relates to Indonesian–Dutch relations, and he produced a booklet *Cultural Pitfalls for Dutch Expatriates in Indonesia*¹³ which 'suggests in what respects Indonesian people and Indonesian organisations act differently from Dutch ones'.¹⁴

In his 1980 text Hofstede attempted to demonstrate that managers from different cultures hold different values in relation to organisational responsibilities and preferences. Using material from an IBM cross-cultural study of attitudes among 116,000 of its employees from over 50 countries, in addition to other research findings, Hofstede concluded that the dominant value patterns revealed in these studies could be understood in terms of variations along four major axes.

- (1) Individualism versus collectivism
- (2) Large versus small power distance
- (3) Strong versus weak uncertainty avoidance
- (4) Masculinity versus femininity.

Hofstede's sample included the Asian countries of Indonesia, Malaysia, the Philippines, Singapore, Thailand, Japan, South Korea, Taiwan and Hong Kong. He discovered that the South-East Asian countries of Indonesia, Malaysia, the Philippines, Singapore and Thailand all score high on the collectivism and large power distance side of dimensions (1) and (2). In other words, in his terms, South-East Asian societies are characterised by close and supportive relationships between individuals; people identify closely with groups, whether they be based on kinship, residence or ethnicity. The scope for the pursuit of individual interests is constrained. What is more, societies in this region emphasise social inequalities and institutionalise them in various ways so that everybody should know their place. In contrast, Western countries such as the USA and the Netherlands are characterised by individualism and smaller power distances, while Japan falls somewhere in the middle of these two dimensions. Hofstede notes that there is likely to be variation within South-East Asian countries, but broadly the 'regional cultures' there will come closer to the collectivism/inequality poles.

In regard to the remaining two dimensions, Hofstede contended that there was no clustering of the South-East Asian countries as opposed to Western countries. Generally the South-East Asian scores in the uncertainty avoidance dimension were on the low to medium side; in other words people tended to accept an uncertain future and not become anxious about it; they exhibited tolerance of others and did not feel threatened by people culturally different from themselves. These scores did not indicate any significant distinctions between South-East Asian and Western countries such as the USA, although interestingly Japan scores high on the uncertainty avoidance index.

Finally, Hofstede distinguished between those societies in which there is a relatively sharp gender division of roles and male dominance ('masculinity') and those in which there is considerable overlap between the social roles of males and females and in which males are much less authoritative ('femininity'). The South-East Asian countries show considerable variability in this regard, from Thailand with a low 'masculinity' score to the Philippines with a relatively high one. Indonesia, Malaysia and Singapore cluster in the middle of the range. Western countries vary considerably as well, while Japan is found to be highly 'masculine'.

As one might expect, the surveys and data used by Hofstede, and various of his results and analyses have been the subjects of much debate, critical commentary and qualification,¹⁵ not least the use of a gender differentiation approach which is seen as dated, ethnocentric and an oversimplification of a complex reality. Nonetheless the research does demonstrate that there are cultural variations which influence business ethos, organisation and practice. Hofstede himself admits that these dimensions clearly generalise culture, and they do not encapsulate change and variation, but they do 'at least indicate where some of the very big differences among the cultures of countries can be found'.¹⁶ Mead too concludes that 'Hofstede's research demonstrates that management values are *not* the same across the world'.¹⁷

Arising from his research on Indonesia Hofstede, in a recent article,¹⁸ reinforces his earlier general findings on South-East Asia. He argues that ideas about human resources development which have their roots in 'US humanistic organisation theories' (page 139) run counter to the collectivist and hierarchical values of South-East Asian cultures. He concludes that the concept of 'Human Resource Development' '... would never have been invented in South East Asia ... It comes as a foreign idea, to be adapted to the different local cultures' (page 138). Therefore, these alien theories need to be revised and reformulated according to local assumptions and contexts.

In a recent examination of cultural values and public organisations in the oil-rich South-East Asian Muslim Malay monarchy of Brunei Darussalam, Blunt¹⁹ confirms some of Hofstede's findings as they relate

to Brunei and to her close neighbour Malaysia, and also to some extent Indonesia. Bruneian and Malaysian cultural orientations are characterised by Blunt as comprising high power distance, low individualism and medium masculinity (page 129). However, Blunt disagrees with Hofstede in assigning these cultures a low uncertainty avoidance index. On the contrary, Blunt argues that in Brunei and elsewhere in the region there is a preference for certainty, predictability, clear rules and organisation, harmony and stability, and therefore a strong desire to avoid uncertainty and change. In this regard, he proposes tentatively that 'work-related values in Brunei, Malaysia, and possibly Indonesia are not receptive to conventional organisational development interventions . . .' (page 130). Richards has also confirmed Blunt's findings in a study of the values and behaviour of the staff in two organisations in Brunei Darussalam which were in 'very modern areas of business'.²⁰ Richards discovered that, although staff were exposed to 'modern management ideas' through training, seminars and conferences, attendance at these activities was conceived of in ritual and ceremonial terms; the values and practices of largely Western-derived management and organisation were not, in effect, internalised or operationalised by the local Bruneians (page 368). Richards suggests that, in Brunei, there is considerable tension between the processes of technological and educational change in public life and the desire to retain local values based on a collectivist and hierarchical society.

Other studies of South-East Asian business and culture have generally produced similar results to those above. In an important recent book *Managing in a Plural Society*,²¹ which focuses on Malaysia, Sendut, Madsen and Thong reflect on the issues arising from business management in a plural society comprising Malays, Chinese and Indians. They advocate the need for 'multicultural managers' in Asia, both expatriates and nationals. Unequivocally they conclude that 'The cultural myopic is doomed to failure' (page 203). Sendut *et al.* identify various broad differences between the cultural traditions of West and East. Perhaps these differences are encapsulated in a popular Western perception of Asian workers as cautious and deferential. One should beware these stereotypes, and, as we have seen, they demand qualification and elaboration. But Sendut *et al.* do consider fundamental cultural premises which are in evidence in Malaysia, though there are variations between ethnic groups and between different social groups and even individuals.

The authors argue that generally in Western cultures the importance of the individual gives rise to the emphasis on individual conscience. One's self worth and integrity are expressed in the significance of persuading others to accept one's point of view in more open argument and debate; this cultural style is more conducive to confrontation, to stating things as they are or should be. Emotions and opinions are given more public

display and expression. In management terms, there is greater emphasis on the strength of argument, effectiveness and the importance of technical application of skills, knowledge and expertise.

In contrast, Sendut *et al.* argue, using Malaysian material, that group or collective concerns are uppermost, expressed in the central role of family, kinship and friendship. An individual is part of a wider community within which he or she must subsume various of his or her interests and identities. Rather than individual evaluation and conscience there is an ever-present concern with one's relations with others. Conflict and confrontation, which arise from the assertion of the individual, are usually avoided.²² In Malaysia one is preoccupied with the need to maintain harmony in social relations, with reaching consensus, with deferring to one's seniors and elders, securing respect from one's juniors, ensuring that social intercourse is conducted cooperatively, in terms of the values of loyalty, trust and friendship. In cultures in which the etiquette of behaviour is vital, and harmony is all-important, an individual does not wish to upset others or to express views and emotions in public.²³ An individual's self-image as part of a wider community is externalised so that one is concerned not to 'lose face', not to be 'shamed' or to lose one's honour in front of others.²⁴ Outspokenness and open criticism and ridicule of others are specifically discouraged. As Cooper also says in his advice to non-Thai business people undertaking business in Thailand

... it is safer and more productive to forget anything you might have come to believe about the value of constructive criticism and to be aware that any criticism is likely to have negative rather than positive effects.²⁵

In this regard various South-East Asian management styles tend to stress a humanistic, people-centred approach; spiritual values arising from the continuing vitality and importance of religion are also guides to behaviour and action. These cultural orientations tend to dampen individual initiative and encourage paternalism. The concern for the moods and feelings of others leads to an ongoing interest in monitoring and evaluating social action and interpersonal behaviour. Disagreement and resentments are tacit; they are exhibited in a host of subtle ways and sometimes by avoidance.²⁶

In short, cultural prerogatives affect the ways in which information is processed, the processes of decision-making and prioritisation, and modes of intercommunication and negotiation. Richard Mead of the Sasin Graduate Institute of Business Administration in Thailand provides a number of instructive examples of failures in cross-cultural business negotiations and communications, many of them from Asia. He demonstrates in his book *Cross-Cultural Management Communication*, that cross-cultural interaction is not just a matter of common sense, tolerance

and good humour, although these qualities clearly help; nor is it simply a matter of obtaining the right kinds of information about cultural differences; there is a specific training function which is needed for business people. One has to learn to recognise cultural differences, to understand how cultural priorities influence communication styles, including the nuances of interaction, to plan and deliver messages so that they are comprehensible to those of other cultures, and how to overcome the difficulties arising from communication processes in cross-cultural situations.

Deeply embedded, fundamental cultural values are usually much more resistant to modification and change. For someone from another culture the long-established traditions are often especially difficult to understand and accommodate. A normal reaction is to evaluate them negatively and construct ethnic stereotypes. The potential for misunderstandings then multiplies. Reeder, referring to American business people operating in Pacific Asia, neatly conveys the feeling engendered by this situation:

It's possible for self-assured Americans in Asia to leave wide paths of resentment and never know that they have offended anyone. No one will tell them. Or, if anyone does, the message will be delivered so obliquely that it probably will not be received. Such Americans will find that life becomes 'difficult', that no one seems very co-operative. More than likely they will not blame themselves nor examine their actions and words. They may well conclude that the people are lazy and stupid and dismiss them with the thought 'I can't wait to get back to the good old U.S.A. where people can understand plain English'.²⁷

There are also various forms of culture which we commonly refer to as 'etiquette' – ways and tones of speaking, moving the body, greeting, eating and so on – some of which are surface expressions of these deep-seated values, others of which are more independent. The cultural dos and don'ts of social interaction – the specific and overt signs and symbols of culture – can usually be learned relatively quickly and are the stuff of tourist guidebooks. On the other hand, modes of life arising from cultural values which shape human thinking and action in both a deep and general way are much more difficult to learn and accommodate.

III BRITAIN, ASIA AND THE DEPARTMENT OF TRADE AND INDUSTRY SURVEY

Clearly the above considerations are important for British business in its activities in the South-East Asian region. Given its colonial and Commonwealth connections with such countries as Malaysia, Singapore and Brunei Darussalam, Britain has a significant and long-established commercial

presence in the area. However, the traditional markets are becoming increasingly competitive and it has become a formidable task to sustain market share, let alone increase it. In the new and expanding markets of Thailand, Indonesia, the Philippines and Vietnam, there is a greater learning process required of British companies in their attempts to become established in these countries, and any competitive advantage, including cultural knowledge and market intelligence, is of potential benefit. Even in the traditional markets, there is still a need for British cultural sensitivity and understanding, as the recent Anglo-Malaysian débâcle demonstrates. Indeed, the popular business literature is replete with anecdotes and instances where the failure of Western firms to recognise the importance of culture in business undertakings in Asia has significantly undermined business success in the region. The DTI report which is referred to below also revealed evidence of such unfortunate, but inherently avoidable, situations. The cost of cultural misunderstanding is borne in a number of ways, many of them subtle and not easily recognised. These costs are grouped by McCaffrey and Hafner²⁸ into three broad categories, and it is worthwhile outlining these briefly below.

The most obvious aspect is the loss of business or missed opportunity, although this is clearly very difficult to identify or measure: someone who is not culturally attuned may simply fail to recognise when subtle signs and invitations are being given, and opportunities are passing them by.²⁹ In other instances, personal tensions and frictions created by cultural and linguistic ignorance (occasionally also arrogance) have led to the loss or cancellation of hard-fought contracts, or have necessitated protracted discussions and negotiations to keep business deals on track.³⁰ Typical explanations for such situations include the tendency to push ahead too quickly with business transactions, to be too aggressive and single-minded, the failure to identify who the principal decision-maker is or when a definitive decision has been made, the failure to recognise the need for protecting dignity and 'face' on both sides, and so on.³¹

A second, related aspect is 'false efficiency': where firms seek to gain the maximum short-term advantage from their forays into the Asian market, but where a failure to read cultural signals in tying up loose ends leads to efficiency losses as representatives have to return to the region to patch up deals and clear up misunderstandings. McCaffrey and Hafner³² cite the example of a representative of an American firm, seeking to extend its business interests in Indonesia, who pressurised his Indonesian counterpart so strongly into making a decision that he was told 'yes' when really the answer should have been 'not yet' or even 'no'. In such a situation, according to Reeder, 'appearance is more important than truth'.³³ It was culturally inappropriate for the local representative to say 'no' directly, and thus the American's persistence forced an affirmative response. Only after his return to the USA did it transpire that the

transaction had not been cemented after all, necessitating an expensive return visit to Indonesia in an attempt to salvage the deal. Our own study revealed similar instances from Singapore, Korea and Thailand.

The third aspect, which is often overlooked because it is not so easily identifiable and measurable, concerns the 'human resource' impact of business failure through cultural misunderstanding. Setting aside the financial costs and business losses which may be associated with having expatriate workers who cannot settle, and thus perform optimally, in an 'alien' culture, there are also costs associated with workers who return from an overseas assignment having performed poorly. There are, of course, non-cultural factors which may have come into play here but failure overseas may affect both how the employee sees the company and how the company looks at the employee. It may also have a subtle influence on how others in the company view overseas assignments, making it difficult to motivate people to represent the company abroad. This in turn may constrain a firm's ability to penetrate international markets.³⁴

Notwithstanding the substantial amount of anecdotal evidence which exists, the relationships between business and culture in these 'exotic' markets in the context of British (and other Western countries') activities in the region is a poorly researched field. An important first step, and that which provides the context for our subsequent discussion, is to establish whether or not British business people acknowledge the role of cultural awareness and understanding in doing business in Asia and, for those that do, what degree of importance they accord it.

The Survey

In 1992 the then South-East Asia Trade Advisory Group (SEATAG) of the Department of Trade and Industry, now part of the newly formed Asia Pacific Advisory Group (APAG), commissioned a team from the Centre for South-East Asian Studies at the University of Hull to undertake a study of the so-called 'commercial-cultural gap' between Britain and Asia. Semi-structured interviews were conducted in February–March 1992 with representatives of a targeted cross-section of British companies, Chambers of Commerce, exhibition organisers and trade associations; a literature search was undertaken; and a workshop with Asian students on advanced business studies courses was held.³⁵ The practical purpose of the study was to establish whether or not there was a demand for information on business and culture among British firms. If there was, then a second step was to determine the feasibility of providing supporting literature on commercial cultures for British exporters conducting business in Asia, and in particular with the less traditional markets of Vietnam, Indonesia, Thailand, Taiwan and South Korea.

An important decision in planning the research was to adopt a broad

definition of culture: it embraced language and the acquisition of language skills, a whole host of overt cultural items, including cuisine and costume, religious beliefs and practices, and other values and modes of behaviour which define what it is to be Thai, Indonesian or Vietnamese. It was a deliberate decision not to differentiate between different dimensions of culture, but to allow as far as possible, the perceptions and understanding of those business people questioned to direct the enquiry.

The Findings

In responses to questions about the importance of different kinds of information for British business dealings in Asia it was clear that specific and strategic market and sector information is of premium importance; it is this information which may ultimately determine the success or failure of a firm's operations there. It is of vital importance to companies as they contemplate breaking into the Asian market or as they make their first venture into the region via a trade mission. Among the specific kinds of information mentioned were data on the protection of intellectual property rights, legislation affecting business, taxation regimes, guarantees of payment, up-and-coming market opportunities in particular product ranges or service needs, pricing situations, mark-up procedures, local company profiles, recent government statements and political trends in the country which could affect the business environment, and changes in government economic plans and policies. The availability and quality of such information continues to be important once firms have established a business connection in Asia. Information on the availability of financial support comes a close second in both instances (Table 1).

Several respondents complained that this information was not always available when needed and in a convenient form. Some comments were made about the failure of public sector institutions to obtain and make available such information, whereas a reasonable number of firms accepted that, beyond a certain point, it was principally their own responsibility to search out this material. The firms which had been particularly successful in this regard had been those companies with a regular presence in the Asian region, which helps substantially in the gathering of market and other forms of intelligence.

Information of a more general nature also tends to figure quite prominently in the requirements of firms entering and consolidating their position in the Asian market. Background economic data are seen as significant in providing useful indicators to the current nature and future potential of market demand in the region. Up-to-date information on the political situation is also important in underpinning the strategic decisions of firms about long-term investment and market diversification. Given the cost of venturing into new markets and the inexperience of various

TABLE 1
THE RELATIVE IMPORTANCE OF DIFFERENT TYPES OF INFORMATION AS
IDENTIFIED BY BRITISH BUSINESSES OPERATING IN THE PACIFIC ASIAN REGION
AND THE SUPPORTING AGENCIES

	Businesses		Agencies	
	On Gaining Access to the Market	Once Established in the Market	On Gaining Access to the Market	Once Established in the Market
Market/Sector Information	9.0	7.9	9.6	9.3
Finance	8.2	7.7	9.0	9.0
Background Economic Data	7.6	7.0	8.1	8.1
Information on Politics	7.5	7.1	6.1	7.4
Government Support	7.1	7.1	7.7	7.9
Local Agents	6.8	6.5	8.6	8.2
Culture and Language	5.7	4.6	7.1	7.9
Information on Joint Ventures	5.2	4.3	7.4	7.5
Average (N=36)	7.1	6.5 (n=29)	8.0	8.2 (n=7)

Note: Respondents were asked to weight the importance of various types of information on a sliding scale of 1–10, with 1 being 'not important' and 10 being 'very important'. The figures above are the average scores for each type of information. Respondents included firms and support agencies, and were asked to differentiate between information needs (a) as they had sought to gain entry to the Pacific Asian market, and (b) as they later strove to consolidate their position in this market.

Source: DTI Survey, 1992.

British firms in this regard, a number attached significance to the need for information about the services and grants available from public sector agencies both in Britain and in Asia.

There was general satisfaction with the quality and accessibility of such background information from public sector agencies such as Chambers of Commerce and British diplomatic missions and through informal contacts in such functions as DTI-sponsored seminars and briefings. However, some companies asked for more objective and penetrating analyses of political issues in overseas markets. Such information is available in the academic literature, but is not readily accessible by the business community. Information concerning the availability of and means of establishing contact with local agents was accorded a quite high level of importance, although it should be noted that the heterogeneous nature of the sample firms yielded a considerable degree of variation in this regard. It is thus clear that, for the majority of firms interviewed, information which directly or indirectly relates to their business dealings in the region is perceived to be of the greatest importance.

However, specific information on culture and language is generally seen by British firms as being of less importance than economic and

market intelligence, both as they seek to break into the Asian market and once they have become established there. In most cases, such information ranked lowest or next lowest in their list of priorities (Table 1). It should be noted, however, that there is once again a considerable degree of variation between individual firms in this respect. Shipping, engineering and banking firms, for instance, commented that the highly international character of such forms of business meant that they often operated with people who were themselves very internationalised, indeed Westernised, and thus a knowledge and understanding of culture, customs and language was relatively unimportant. Manufacturing firms which relied on establishing a close relationship with their respective distributors, agents and customers, on the other hand, recognised the role of information on culture in their business undertakings. But the comments of individual respondents show how variable is the level of importance attached to information on culture. One interviewee noted that 'all business is about people', and one must therefore be fully informed about the factors which make people in the Asian region 'tick' and what determines their reactions to certain situations or proposals. Others claimed that it is quite possible to do business in the region armed with simple common sense, politeness and a sense of humour. If both sides of a transaction wanted to do business, cultural factors would not present a barrier to clinching a business deal. Furthermore, it was stated that several East and South-East Asian countries had undergone such fundamental modernisation that the degree of cultural differences between East and West had narrowed considerably over the last decade or so. Where such differences were still in evidence, many firms preferred to employ local agents to help them avoid potential problems and misunderstandings.

Several respondents claimed that knowledge of a local language was unimportant because English is so widely spoken in the region, whereas a few pointed to its significance (at least the knowledge of a few words) as an indicator of a person's willingness to make some effort to adapt to the local situation. It should be noted, however, that the respondents often had no systematic means of judging the accuracy of their perceptions concerning the relative unimportance of linguistic capability and other forms of cultural preparedness. Many will surely have taken at face value the comments and reactions of their Asian counterparts, whereas a more penetrative assessment may have revealed a rather different picture.

Virtually every respondent firm either explicitly or implicitly drew a distinction between *background information* on culture and language, which most rated as relatively unimportant (particularly as they become established in the region and are therefore able to draw upon their own experience and sources), and what we might call *cultural understanding*, which a majority considered to be very or vitally important to the long-term success of a firm's business dealings in the region. The Asian business

community usually shows a general level of tolerance of cultural *faux pas*, but this can be relied upon only up to a point: one can only operate within the tolerance threshold of one's clients. Of vital importance to the development of cultural understanding and personal relationships, which are of central importance to doing business in the region, is that firms should have a regular and long-term presence in South-East Asia. Several respondents remarked that 'flitting in and out' of the region, and expecting to be able to conduct business in much the same way as in Europe, would be most unlikely to achieve results in Asia (Appendix 1 contains a selection of quotations from business people and agencies which illustrate other areas where cultural awareness and understanding is considered to be important).

It is clear that there is a considerable level of variation in terms of the relative and absolute importance attributed to information on local culture amongst the British business community operating in South-East Asia. To some extent this can be attributed to the heterogeneous nature of that business community, both in terms of the historical length and extent of its dealings with the region, and in terms of the types of products or services which are being sold there. Nonetheless, one could interpret these findings either as revealing that background cultural information and language are unimportant elements of doing business in South-East Asia, or as confirming the very limited extent to which the business community takes seriously the cultural dimension and understands its importance in the conducting of business in the region. The fact that several firms rank cultural factors as of relatively low priority yet they point to the importance of cultural understanding in honing their competitive edge, and a number claimed to be able to relate 'horror stories' where other firms (and occasionally their own) had lost business through a variety of cultural misunderstandings, suggested to us that a number of firms are not taking the cultural dimension as seriously as they might, given the increasingly competitive nature of the South-East Asian market. Let us now identify the extent to which it is the paucity or inadequacy of available information which may explain the reticence of some firms to invest in 'cultural preparedness'.

How Firms Deal with the 'Information Gap'

All respondents cited multiple sources for information in support of their business dealings in Asia. 'Conventional' sources, such as the DTI and Chambers of Commerce are clearly important, and had been approached for information by at least half of the sample firms over the last few years. A quite impressive array of materials relating to many countries in the region is provided by these sources, especially the DTI. Firms' principal sources of information included: local agents and staff, the DTI, Chambers of Commerce, informal contacts, the SEATAG and the British

Overseas Trade Board, local Embassies and High Commissions, Trade Associations, own sources (within the firm), the 'University of Life' (local presence), private consultancy, the Institute of Export, the World Bank, other business people, Anglo-national exchange organisations, and various published sources.

It is clear, however, that the most important source of information is provided by local staff and agents. There is little doubt that a good local representative should be able to provide excellent market and other intelligence by plugging into informal networks of information to which 'outsiders' may not easily be able to gain access. However, several firms had encountered problems when local agents tended to provide information which they perceived their clients wished to hear, and which may not always have been most accurate or reliable. Furthermore, several agents had experienced difficulties in communicating the subtleties and nuances of business conversations to their employers. Local agents and staff were shown by many respondents to be of considerable importance in providing information on culture. Furthermore, in addition to overcoming problems of language and communication, they were very often relied upon to prevent or circumvent potential problems relating to cultural misunderstanding. Several respondents also pointed to the rôle of the 'University of Life' (that is first-hand contact and experience of the region) in helping them to overcome potential cultural barriers to the conduct of business in the region (although it should be noted that, whilst the 'time-served' approach may contribute to a greater richness and completeness of cultural understanding, it has little appeal to firms seeking a rapid economic return from their foray into the Pacific Asian market). Several respondents indicated that the need for information 'per se' also declines steadily as a firm becomes established in the region and as personal experience provides the most valuable learning environment.

Nonetheless, it is important to note that these are the perceptions of the firms themselves, many of whom may already be engaged in various forms of 'bad practice' but who perceive it as 'good practice'. For example, the findings of the workshop conducted with Asian business students in Humberside (see below) supports the notion that business people often misread or improperly perceive the true situation and that, in comparison with rivals from Europe, Japan and elsewhere, the business performance of British firms in Asia may be less than optimal.

Whilst firms already established in the region (the majority of our survey respondents) are able to rely on local agents as providers of information, such may not be the situation for firms which are only now beginning to break into the market, and which may have to rely almost wholly upon sources of information available in this country. Yet there is very little evidence to suggest that the material currently available is particularly flexible in dealing with the heterogeneity of firms operating

in the East and South-East Asian market. Although different sources may provide information which is appropriate to different firms at different stages of penetration of the Asian market, its derivation may involve a firm in considerable effort and expense. This may partly explain why so few firms appear willing to venture very far away from the 'conventional' sources of supply. One potential answer to this dilemma may be to facilitate the better delivery of the required information through the 'conventional' channels.

Although it is difficult to demonstrate it in the context of the sample firms, it appears that there is something of a paradox in relation to firms' accessing of information on culture. We discovered that several firms are fairly interested in obtaining this information, but that they perceive there to be a paucity of such information in a usable form. On the other hand, a systematic literature search identified a veritable mountain of information relating to culture and business practice and many other aspects of life in Asia which may be of use to the Asia-bound business person and which is generally only available outside the 'conventional' source agencies such as the DTI. A simple solution to this paradox would be to focus on putting the business community in much better touch with this information. However, our findings suggest that business people are already fairly familiar (at least in their own perception) about where to go for the information they require, and about what is currently available.

Alternatively, it may be the case that the business community in general feels that the information currently available does not meet their needs, either because their need is for much more specific information and more sophisticated information delivery systems, or simply because they are unwilling or unable to invest the necessary time in digesting the available material. We therefore briefly assess the extent to which business people consider this material adequate for their various needs.

Adequacy, Accessibility and User-Friendliness of Material Currently Available

It is clear that, on the supply side, there is a considerable volume of material which, to a greater or lesser extent, offers cultural information of potential value to business people, particularly as they first contemplate breaking into the Asian market. But to what extent is the business community making use of the available material and, if it is not, to what extent can this be explained by the nature of the material itself? In other words, can the supposed 'commercial-cultural gap' be explained by the fact that business people simply cannot find the necessary kinds of information, in a readily digestible form, or is it due to the attitudes and priorities of the business community itself? Or is it the case that the business community's use of the material is less than optimal, and that cultural awareness depends upon more than just the simple *availability* of

information. As one of our respondents put it, presumably with tongue firmly in cheek, 'export salesmen aren't intellectual giants'.

In general, respondent firms noted very few difficulties in actually finding information on Asian cultures. Five firms indicated it was 'very easy' to obtain some information, eight found it 'fairly easy' and only three firms indicated that it was 'fairly difficult' to obtain information on culture. Whilst the amount of material available is clearly not a significant problem, at least for the sample firms, more than half the respondent firms are not satisfied with the quality of the material that is generally available. Eight firms indicated that the material did not suit their needs particularly well, stating that it was too general in nature, was often unreliable, was not easily digestible and was frequently rather 'tame', especially when dealing with sensitive issues (such as inter-ethnic relations). This was particularly the case with information provided by public sector agencies which are to a large extent tied by diplomatic considerations. Firms have to engage in a considerable amount of 'sifting' and additional research to be able to obtain the information that they require. One interviewee commented that firms are far more interested in obtaining information on 'where the peoples and countries of South-East Asia are going' than 'where they have been', which tends to be the angle adopted by most briefing agencies and sources.

Although a number of firms expressed a reasonable level of satisfaction with the amount and quality of information on culture, at least as many firms considered it inadequate or inappropriate for their needs, or that it was not available in a suitable, sufficiently user-friendly form. If we further consider that these are the views of firms which, in the main, are already quite well established in the region and are thus reasonably adept at identifying information requirements, there is likely to be a more fundamental informational barrier to be surmounted by firms new to conducting business in the region. Thus, we concluded that there is a need for an urgent reappraisal of both the kind of material currently being produced and the channels through which this information is disseminated. In essence, this may necessitate entirely new, more innovative forms of information preparation, presentation and diffusion.

Agencies and their Responses

All three types of agencies (Chambers of Commerce, exhibition organisers and Trade Associations) were principally involved in getting firms interested in the South-East Asian region (and other parts of the world) and in facilitating their entry into the regional market. Their level of involvement with firms once they have become established in the region is generally minimal. Most agencies interviewed expressed a certain degree of frustration with the general level of apathy shown by the British business community towards the Asian region. Nonetheless, those firms with

which the agencies came into contact via trade missions and exhibitions were in general very keen and highly motivated about the prospect of breaking into what most perceived as a very dynamic market. Thus, a certain 'filtering' process takes place whereby the agencies tend mainly to deal with firms which have made a reasonable commitment to explore the East and South-East Asian market: the apathetic firms do not, in general, reach the doors of the various agencies.

It is clear that the agencies perceived the availability of information in general, and of cultural information in particular, to be of considerable importance to the business community. In almost all cases the importance that the agencies attached to such information was much greater than that attached by the firms themselves (Table 1). We noted from some agencies that, in spite of reasonable efforts to brief their clients in advance, the need for information on culture tends mainly to become apparent only after they have ventured into the region. It is at this stage that many business people are surprised to see their preconceived and stereotypical views of the region (such as Asia as a homogeneous economic and cultural zone) exposed as myths. It is generally after their first encounters with Asian business people that they become aware of the different cultural climate within which business transactions and decisions take place. It is at this stage that the agencies perceive their clients to become aware of the importance of culture, and its variation within the region, as an ingredient of business in Asia, and of the need and desire for information on culture. Thus, whilst culture was not seen as a barrier to business people venturing into the Asian market, it did provide a potential barrier to the subsequent consolidation of their position within the market. In general, the agencies were also rather critical about the quality and range of information on culture which is currently available.

Indigenous Perspectives

In order to introduce an alternative perspective to our assessment of the British business community's awareness and understanding of Asian culture and its importance in their dealings with the region, a workshop was arranged with Asian business studies students in the Humberside area. *The discussion identified a number of significant general differences between British and Asian cultural values and practices, and also revealed a quite alarming degree of cultural insensitivity and arrogance among British business travellers in the Asian region.* Among the opinions expressed, some of them possibly a little subjective, were the following:

- (i) British people are more open and direct. They talk about subjects which would not be permitted in Asia. There is more personal freedom and freedom of expression in Britain. Asians are reluctant to express their opinions or show their feelings openly.

- (ii) British people show less respect for their elders and those senior to them. They are more familiar, less hierarchical.
- (iii) British people are less likely to be concerned about losing face or being talked to frankly in front of others.
- (iv) British people are more likely to take quick, individual decisions. Asians prefer collective judgements.
- (v) British people are less hospitable and sociable. Asians prefer face-to-face relations, to get to know those with whom they conduct business. Business is often done in social contexts.
- (vi) British people are concerned about getting things done in as short a time as possible. Asians prefer to spend time building up relationships and getting to know each other.
- (vii) British expectations of educational achievement are lower than in Asia. British students take too much for granted and do not value education as highly as Asians.

The workshop also revealed that despite the perception among some British people, including business representatives, that the English language can always be used abroad, knowledge of foreign languages is therefore less necessary, and knowledge of other cultures is either unnecessary or a matter of common sense, indigenous perceptions are generally different. Indeed, with the exception of Singapore and possibly also Malaysia, business transactions between Asians in the region, and between different ethnic groups within Asian countries are more frequently conducted in languages other than English. In Indonesia and Thailand, for instance, the Chinese typically use Thai and Indonesian respectively, whilst the Japanese seldom use English as their medium of communication but more typically make extensive use of translators in their business dealings.

However, exceptions to these prevailing British attitudes were noted, particularly with regard to some members of the British business community who have a long experience of Asia, or who have lived and worked there for a considerable time. Furthermore, it was felt among workshop participants (drawn from several Asian countries) that cultural knowledge is rather less important when doing business with Chinese than with other Asians. Nevertheless, the Asian participants in the workshop were of the view that:

- (i) The British are culturally and linguistically arrogant. They show virtually no willingness to learn local languages. They know little about Asian cultures, sensitivities or values. Their geographical and historical knowledge of Asia is poor.
- (ii) The British tend to look down on local people; it is a product of their imperial past.
- (iii) They know little about the cultural and religious diversity between Asian ethnic groups.

- (iv) The British are perceived as less interested in cultural learning in Asia in comparison with the Japanese, Germans and French. The Japanese especially are seen as more culturally aware, and their culture is, in any case, closer to other Asians.
- (v) British businesses, in particular, often work through local agents, but it is important that British business people should also establish personal relations with Asian businesses and not leave it solely to their agents.
- (vi) The British tend to trade on the past; Asians look to the future, and therefore have few problems in working with the Japanese.

Whilst we have no means of ascertaining the representativeness of these opinions, they do nonetheless give considerable cause for concern.

IV CONCLUSIONS

Our research has shown that there is room for optimism in some of the responses of British business people on the business–culture interface but there are still significant problems in the ways in which the influence of culture is perceived. Perhaps the British dilemma in relation to South-East Asia is summarised in two quotations. One is from a respected businessman with a strong pedigree of experience in the region. He said to us that ‘The tragedy of British industry in South-East Asia is that we work just as hard as our European competitors, but are less successful. The missing “component” is the ability to motivate in an alien culture’. His view was that British firms attempting to break into or consolidate their position in one of the world’s most dynamic regions often lacked a competitive edge in an increasingly competitive market, and an important consideration in this competition is cross-cultural understanding.

As a result, Britain’s formerly leading commercial position in the region is gradually being eroded. The demise of British interests in the region is also highlighted in a recent statement made to us by a South-East Asian government minister. ‘Until quite recently we would look first to Britain in seeking to fulfil our country’s needs. Now Britain is seen and treated as just another European country’. There are a number of factors which may have contributed to this situation, not least macro-level changes in the political and diplomatic relationship between Britain and South-East Asia, and the growing economic dynamism and commercial sophistication of several competitor nations. Sadly, the recent dispute between the Malaysian government and the British press which, in turn, will damage Britain’s business and commercial activities in that country, illustrates these changing realities and the continuing problems of British cultural ignorance and paternalism. As Zauddin Sardar has said ‘Britain needs to adjust to the emerging post-modern world, which requires

cultural awareness and sensitivity to the concerns and attitudes of others'.³⁶

At the micro-level it seems that British businesses may not be sufficiently adventurous about seizing opportunities in Asia, and examining market potential in the region by making personal visits. For some companies already operating in the region there is often insufficient time to establish and maintain personal contacts, or to cover the region as comprehensively as they might. These difficulties are compounded by the fact that it usually takes longer to do business in the region. The extended time spent in negotiation and forming relationships in business in Asia is very much a function of culture. It is our view that the British business community is rather more insular than our competitors, and as a result may generally fail to appreciate how important the ingredients of culture and language are in conducting business dealings overseas, not least in such a culturally different and diverse region as Asia.

From various academic studies of business and culture in Asia it is clear that cultural understanding is of importance in business operations in the region. What is more, as Hofstede's findings demonstrate, there are considerable cultural variations among Asian populations which adds to the complexity of business interactions in the region. For example, many aspects of Thai and Japanese culture differ markedly, specifically in the ways in which an individual relates to the wider society. A business person risks major errors if he uses a Japanese or more broadly East Asian cultural model when negotiating a business deal in Thailand.³⁷ Yet from our research the cultural dimension appears to be given a rather low priority in British business circles in relation to Asian markets, specifically cultural understanding in business encounters and negotiations. This fact does indeed present a barrier to Britain's commercial success and competitive capacity in this economically rapidly expanding part of the world. Our overall conclusion is that attention must be directed towards raising the British business community's awareness of the importance of culture in business dealings in Asia. Of equal importance is the need to facilitate learning about Asian business culture and to provide information in a convenient, accessible and user-friendly form.

APPENDIX
AREAS WHERE CULTURAL UNDERSTANDING
IS PERCEIVED TO BE IMPORTANT

1. A number of general views were expressed by respondents concerning the importance of culture in business. A selection of some of the more apposite quotations and anecdotes obtained from personal interviews and a postal questionnaire is presented below. They help to highlight not only areas where cultural understanding is important, but also provide a flavour of some of the

more important areas where cultural differences in the business environment between Britain and South-East Asia are to be found.

- (i) 'Where I had this [cultural] understanding, it has helped me enormously, putting me streets ahead of my rivals and competitors. It helps in the establishment of relationships, which speeds and smoothes the passage of transactions.'
 - (ii) 'No matter how good you are as a businessman, if you do not understand and respect the people and cultures that you are dealing with, you will fall absolutely flat.'
 - (iii) 'The more one operates in these markets, the more one gets to hear stories about people who have come a cropper because they have not appreciated local culture and customs.'
 - (iv) 'Sound knowledge of not breaking customs in the local market, and respect for these has probably indirectly helped our business there.'
 - (v) 'Anyone who goes out to the region who does not know about the local culture is a danger.'
 - (vi) 'You need to work with them, because their ideas and attitudes are very different from the West. If you do not understand and respect these differences, you will not get the business.'
 - (vii) '[In one country there was a] misunderstanding of an aspect of a contract subsequently awarded which led to protracted arguments which consumed a period of several months. This had a lot to do with inadequate understanding of culture, customs and language.'
 - (viii) 'We sometimes apply Western logic to why something should happen or has happened in Asia, and then find that Eastern practice has its own momentum and logic.'
 - (ix) 'If we understand the cultural dimension and our competitors do not, we will have the competitive edge.'
 - (x) 'We had a minor project in Korea where an individual's failure to acknowledge cultural sensitivities led to a major project being undermined.'
2. Some specific areas of cultural understanding and knowledge in business are revealed in the following quotations:
- (i) *Meetings and Decision-Making:*
 'There tend to be a large number of people at meetings in these countries: it is important to resolve even small problems and misunderstandings, since decisions generally rely on 100 per cent concentration. Also, you must be very careful not to let anyone lose face. It is a very slow process. In Europe, people are most likely to make independent decisions, as opposed to group decisions in Asia.'
 'Patience is one of the key aspects: finding the right people who are the decision-makers; [do] not expect to go out there for only a day or two but to stay there for a fairly lengthy period to see things through.'
 - (ii) *Personal Relations:*
 'Very often they (Asians) are very poor correspondents: that is why travel to the region is essential – they like to talk to faces, not fax machines.'
 'If they do not know you, they are unlikely to want to do business with you; [they] need confidence in you.'

(iii) *Time:*

'Time-scales are different; people take a lot longer to do business, especially over negotiation. This can lead to inconsistencies as the negotiation process becomes drawn out.'

'Taiwan, for example, when we first went there we thought we could move more quickly, and we lost business there because we did not understand the situation.'

(iv) *Language:*

'Languages provide a barrier in terms of getting the client to understand the product.'

'The language barrier makes it difficult to form sufficiently close contacts with the market to dig out the detailed commercial information necessary to make you feel in control of the market situation.'

'Communicate some of the pleasantries in their local language. They do not expect anything more than that, but it gives the signs that you are willing to make an effort.'

(v) *Status:*

'[You] need to be aware of the importance of seniority; [you] cannot always talk on first-name terms; also, [you] should communicate with the leader rather than the underlings; identifying who the leader is often takes time and experience, but [it] can be important in the longer term.'

(vi) *Reading the Signs:*

'The people are very polite, and one has the belief that one is forming a firmer friendship or relationship than one actually is.'

'What does their smile mean? What does their body language tell you? When someone says "yes", do they mean "yes" or "maybe"?''

(vii) *Attention to Detail:*

'Buyers turn up in a string vest and shorts . . . You cannot tell the nature and quality of their business from their appearance.'

'They [Koreans] are very thorough, [they] look at everything in a lot of detail, and ask a lot of questions. You need to be very explicit in your dealings with them, and leave no room for ambiguity.'

(viii) *Food:*

'Some people do have problems – food/diet – [you] have to go along with the local food and the local way of living. Some people cannot adapt.'

(ix) *General Etiquette:*

'There are a lot more formalities in South-East Asia, plus etiquette and protocol, which is much more important than in the West.'

(x) *Cultural Diversity:*

'[Newcomers] tend to look at Asia as one market, rather than seeing it as economically and culturally heterogeneous.'

NOTES

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