

Corporate strategy

Crossing the divide



Fish Can't See Water: How National Cultures Can Make or Break Your Corporate Strategy. By Kai Hammerich and Richard Lewis. Wiley; 297 pages; \$40 and £19.99.

- 1 **I**N THE 1990s Walmart decided to advance into German territory. It was the biggest retailer in the world, with 3,800 stores in America alone and a huge pile of cash to spend. And Germany's retail sector was in a lamentable state. The Arkansas giant bought two German chains – Wertkauf (with 21 stores) and Interspar (with 74) – and immediately began Americanising them. There were greeters at the door to wish shoppers a good day and strict instructions to smile at customers.
- 2 The result was a disaster. The have-a-nice-day stuff went down like a lead Zeppelin with employees and shoppers alike. And Walmart compounded its mistakes by putting an American expat in charge of the German operations (he insisted on everybody speaking English). The company lost \$150m a year and soon decided to sell out to a German rival, Metro.
- 3 Coping with cultural differences is becoming a valued skill. The advance of globalisation, particularly the rise of powerful emerging countries such as Brazil and China, means that companies have to deal with business and consumers from a wider range of backgrounds.

- 4 Yet many companies are bad at understanding culture. No serious business would dream of spending hundreds of millions buying a subsidiary without doing a thorough audit of its books. But Walmart advanced into the German market without bothering to make even the most rudimentary inquiries about German culture.
- 5 In "Fish Can't See Water" Kai Hammerich, a Danish headhunter, and Richard Lewis, a British linguist, try to teach company directors to see the water that they are swimming in. They argue that world civilisation can be divided into three global archetypes: linear-active, multi-active and reactive. Linear-active culture stresses timekeeping and getting-to-the-point and dominates in North America and northern Europe. Multi-active stresses emotion and sociability and dominates in southern Europe and Latin America. Reactive stresses "face" and harmony and dominates in Asia. But different countries stand in different positions on these various continuums: India is halfway between reactive and multi-active and Canada halfway between linear-active and reactive.
- 6 It is easy to poke fun at trying to capture human civilisation in a three-pointed diagram and producing a guide to business strategy from it. 25 : China is very different from what it was a decade ago. And businesses frequently defy national stereotypes: Brazil's Inbev proved to be sufficiently action-oriented and analytical to take over America's Budweiser.
- 7 But in focusing on culture they are clearly onto something important. "Fish Can't See Water" is full of interesting insights into modern business. Hammerich and Lewis demonstrate that cultures have a variety of comparative advantages at different stages of development. The authors have examined the life cycle of companies. It turns out that the individualistic English are good at starting companies but bad at keeping them going: Austin Motors could not compete with the more methodical Americans and Japanese. The collectivist Japanese are good at running mature companies when they have hit on a successful formula but bad at dealing with disruptive innovation. Sony was a master-innovator in the analogue age but failed to adjust to the digital age.
- 8 There are signs that Western firms are taking cultural sensitivity more seriously. For example, country managers are making a comeback after a long period of centralisation. Walmart now has a policy of emphasising local cultures. Stores in China sell fish in tanks rather than on slabs, and stores in Latino-dominated bits of the United States are called Supermercados de Walmart. However, emerging-market multinationals still lag behind, particularly in China, where they tend to be run by local managers who have little if any experience of working abroad and think that if they keep costs low culture will take care of itself. Messrs Hammerich and Lewis need to take their message about fish and water East as well as West.

adapted from an article from *The Economist*, 2013

Tekst 6 Crossing the divide

- “The result was a disaster.” (paragraph 2)
- 1p 21 Why?
- A Local workers were replaced by foreign personnel.
 - B The new owners failed to grasp local customs.
 - C The public were reluctant to buy American products.
 - D The staff addressed the customers in English.
- 1p 22 How does paragraph 3 relate to paragraphs 1 and 2?
- A it calls into question the range of the problem
 - B it indicates the range of the problem
 - C it mocks the range of the problem
 - D it sheds new light on the range of the problem
- 1p 23 Which of the following is in line with the main idea of paragraph 4?
- A A country’s economy is dependent on its culture.
 - B Cultural diversity should preferably be preserved.
 - C Local cultures are readily sacrificed in the quest for profit.
 - D The significance of cultural differences is underestimated.
- 1p 24 What is the goal of paragraph 5 in relation to the book that is reviewed in this article?
- A to analyse its style
 - B to elaborate on its success
 - C to expose its weaknesses
 - D to outline its contents
 - E to question its merit
- 1p 25 Which of the following fits the gap in paragraph 6?
- A A chain is as strong as its weakest link
 - B Cultures are hard to pin down
 - C History repeats itself
 - D Money is the root of all evil
 - E National identities are set in stone
- 1p 26 Welke zin uit alinea 7 vat het in deze alinea gepresenteerde inzicht samen?
Citeer de eerste twee woorden van deze zin.

- 1p 27 Which of the following is in line with what the writer says in paragraph 8?
- A Authors Hammerich and Lewis have focused exclusively on Western mistakes.
 - B Eastern companies still fail to realise that adjusting to local culture is advisable.
 - C Potentially lucrative opportunities are overlooked because of Western arrogance.
 - D The Eastern approach generally tends to be more profitable and sensible.

“Crossing the divide” (titel)

- 1p 28 In welke **twee** alinea’s worden voorbeelden genoemd van bedrijven die dit succesvol gedaan hebben?
Noteer de nummers van deze twee alinea’s.

Bronvermelding

Een opsomming van de in dit examen gebruikte bronnen, zoals teksten en afbeeldingen, is te vinden in het bij dit examen behorende correctievoorschrift, dat na afloop van het examen wordt gepubliceerd.