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# When "Yes" Means "No:" Status Traps in Formal and Informal Business Cultures, Part I: Hierarchies

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Last month, a Korean CEO whom we coach traveled to Los Angeles to attend a meeting to sign contracts worth millions of dollars. When he discovered, however, that his hosts had booked him a hotel room located a floor below one of his managers, he became upset, promptly checked out and flew back to Seoul.

What had happened? His Californian partners had inadvertently, even cluelessly, violated something invisible to them yet extremely real to the Korean businessman: the power of hierarchies.

In virtually every business culture, hierarchies determine one's rank and position in an organization. The way people react to theses hierarchies though, differs dramatically depending on if you work in a formal or informal business culture. Formal business cultures are found in India, China and most of Asia, the Middle East, and in varying degrees Latin America, Eastern Europe, most of Africa and Southern Europe – indeed a large portion of the world's seven billion inhabitants. These

hierarchies are pyramidal in shape: mirroring status levels in their societies. At home, the grandparents reside at the tip, followed by the parents, older siblings – often the sons – and other family members. The mother is normally dominant in this realm. Maids, cooking staff, gardeners, etc., occupy the bottom rungs.

Transposing this to business, the CEO – usually a male – reigns supreme at the top, and alongside him is traditionally his eldest son and then various directors and senior vice-presidents, while other management and staff occupy the lower rungs of the pyramid. At its base are low-level office workers and below them chauffeurs, cleaning and cooking staff.

The essentials of formal business cultures are respect, saving face, honor, dignity and notions of expected behavior and politeness. Great deference is shown regarding a person's age, status, and position, family reputation and other indicators of social rank. The signals of respect are often invisible or strange to those from informal business cultures such as in Australia or the USA. A larger "space bubble," for example, is frequently a cultural status marker; lowering the eyes in the presence of elders and those of higher status is a sign of reverence. Indeed, if the status difference is great, it is a faux pas — or worse, an insult — to initiate eye contact if you are the one with the lower status.

Language style changes dramatically according to status. The higher your counterpart in the hierarchy, the more formal, circumspect and polite your style. Indeed, superiors are rarely or even never spoken to directly; it is unthinkable to contradict them and virtually impossible to say "No!" to them. If an

employee feels that it is necessary to indicate a "No!" it is signaled through a complex weave of gestures, tone of voice, eye contact, hesitations and posture. The language used is so indirect that "Yes!" very often signifies "No!"

This is a mighty challenge for managers from informal business cultures – particularly North European and North American — when working with staff from top-down hierarchical cultures. Their well-meaning encouragements of "Just tell me the facts..." are ineffective and culturally inappropriate. Moreover, they often increase the confusion and anxiety levels of their employees who are culturally unused to and very often incapable of responding to greater levels of directness. Managers have to learn the subtle yet all-important Art of "reading the air," as the Japanese say, to determine which "Yes!" is a "Yes!" and which "Yes!" actually signals "No!"

Most business people from the West misread or are blind to these subtleties and the multiple rules of hierarchical societies because they are used to meeting on an eye-to eye status level with their hierarchical counterparts. Often Western managers are unaware of the multilayered, top-down etiquette of the hierarchy or that their teams are violating these vivid invisible rules — and insulting those they have never even met.

In fact, when meeting in person, many formal business cultures struggle hard coping with informal business cultures as they are constantly confronted with behavior which appears "insulting"  to them and disrespectful of their status and cultural norms. One of our clients in Cairo, Egypt, for instance – who also holds a US passport and is a strong liberal Democrat — employs a *Bawab*: a man who sleeps in the

garage and whose job is to open and close the garage door and wipe the fine, ever-present dust off the car when the boss leaves home. Our partner also engages two cooks, two chauffeurs, two "tea boys" to serve refreshments at meetings, and several gardeners.

Many of his Western business contacts accuse him of elitism. But this is culturally misplaced. The Egyptian businessman happily and unquestioningly takes on the responsibility to house and support his servants, sends their children to excellent schools, clothes and feeds them well and takes care of the needs of their entire families. They, in turn, give him respect and loyalty and are extremely grateful for their secure jobs in a country of 85 million people with an unemployment rate of nearly 13%. Indeed, were he to lay them off in accordance to Western egalitarian notions, they would become destitute. Thus, our Egyptian client again mirrors the family structure of top-down hierarchies as he, a symbolic father figure, feels a social, economic and moral responsibility to take care of those who work for him.

Successful international business people understand that there is no "right" or "wrong" in cross-cultural business. They realize that "Yes!" often means "No!" by learning to "read the air." The keys to success in complex hierarchical cultures lie in cultivating a non-judgmental, tolerant and sensitive attitude to how these societies function. Hierarchies are not mountains to climb: they are cultural structures to understand, respect and navigate. Hierarchies are mighty and fascinating places where in-tune business people meet to create win-win situations for all and never "hurt" their business partners by building insensitive hurdles to mutual understanding. Long-term

relationships – and success — are their rewards.