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THE UNADAPTABLE EXECUTIVE

by FREDRIC L. BLANK, Partner, Atlanta

The deadline passed, and the U.S. headquarters asked the local Central American manager about a report on its subsidiary. It received a variety of excuses and promises. Deadlines, it seemed, do not have the same urgency below the border.

An Asian auditor laughed when he was asked about so-called "illegal acts." "Without grease," he responded, "your client can fold up its Asian tents and silently steal away."

At a business meeting in Brazil, the local accountant repeated to the U.S. controller that the auditors' "revisions" were not complete. The controller grew impatient. He did not realize that revisions should have been properly translated as "reviews."

How great is the "cultural gap," how great the "cultural confrontation," when businessmen from different backgrounds fail to understand one another? My experience has been that business transactions deteriorate, and are often altogether stymied. This result is inevitable in practically all international dealings unless specific precautions are taken.

Cultural confrontation is a natural result of different upbringings: customs, laws, and languages. Man, a creature of habit, falls into familiar patterns which harden with time. Why cannot he adapt to other cultures? His lack of understanding is usually attributable to (1) unfamiliarity with the other culture, and (2) an assumption that his own modus operandi is superior. Since parties on both sides of

the culture gap are susceptible to similar rigidity, a "barrier" is formed which must be overcome to the satisfaction of each party.

Because the U.S.A. as a nation is basically a self-contained unit, we have developed an ingrown form of isolationism, or call it provincialism. We tend to think we have no need to learn foreign languages, to adapt to foreign customs, even to try and understand foreign positions. On the other hand, the Dutch or Danes, who have survived by foreign trade for generations, have learned foreign languages well, adapted

to foreign customs, and made a cultural accommodation that has long enabled them to work effectively on the international level.

From my experience, when both parties do strive to bridge the gap, the party who makes the greater effort often gains the upper hand. This is because the one who better understands the other's needs, customs, and language, is freer to think ahead rather than try to digest what is occurring. In addition, he gains respect and rapport from his "adversary." This can be important in a difficult negotiation.

We are all sensitive beings, and the willingness of others to sympathize and compromise varies directly with our willingness to do the same. I often recall the day a U.S. client consulted with me before hiring a controller for its Mexican operation. After interviewing an excellent Mexican candidate, one of the U.S. principals of the company remarked, "He can't speak English well and to work for us he needs good English." Fortunately, another principal objected: "Can we penalize him for our failure to know *his* language in *his* country?"

The problem is serious, and we Americans face a choice. Will we continue, as in the past, to expect others to know our language, to understand our requirements, to modify their way of thinking to coincide with ours? (Such expectations, of course, will neither guarantee results nor win admiration.) Or will we choose cultural accommodation, the process of understanding and compromise that aims for mutual accord?

Japanese businessmen and even tourists reportedly undergo instruction prior to travel abroad to avoid cultural confrontation. Although experience may be the best teacher, certainly such indoctrination and preparation would be helpful to all businessmen travelling abroad. Indeed, I have noted that Japanese businessmen, whose culture could not be more different, are quite adaptable in Latin America precisely because of such preparation. Unfortunately I myself had no such advantage when I went to live and work in Mexico nine years ago. I did have a good base of Spanish on which to build fluency, but I was certainly not prepared for the cultural shocks I faced. For example:

Politeness

I found myself antagonizing people until I realized that Mexican sensitivities are highly overdeveloped. To say, "you made a mistake," can be quite offensive. It was much more effective to say, "Pardon. Will you explain this to me? I don't understand it." Although it is difficult, a foreigner must accustom himself to excessive and apparently unnecessary verbiage.

Truthfulness

I started to accuse people of not telling me the truth, until I realized they were really being "nice"; that in Mexico, in order not to be disappointing, people say what the other person wants to hear. Thus, they are reluctant to say "no," and "manana" is said out of courtesy.

Pride

Another startling discovery to be made is that, in Mexico, to err is apparently not so human as in the U.S.A., and nobody likes to be accused of imperfection. Therefore, considerable time is spent pointing fingers and denying culpability. After some time, I learned to preface inquiries with "It doesn't matter whose fault it is; I'm interested in correcting the situation and going on."

Time

We are accustomed to living by schedules, dates, deadlines in the U.S.A. In Latin countries, these are, traditionally, less ironclad, and to be unable to abide is hardly a sin. In fact, not meeting deadlines can show individuality and importance. In Mexico when one is invited to dine at 9 pm, that is a guide, a goal, a utopian point of reference on the clock. It really means any time after 9. People might come at 9:30, at 11:00 or even 12:00, and nobody gets uptight. To Mexicans, time is not an

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enemy, but rather an extraneous fact.

Formality

Telephone conversations and meetings are usually not short. Courtesies require formal introductions and closings, and speech is normally extremely verbose in contrast to our clipped, concise manner. It is indeed hard to accomplish what we do within any workday because of the necessary bouquet-throwing that must take place.

With cultural differences such as these, not to mention the multitude of differences in business laws and operating methods, it is obvious that severe problems can arise from "confrontation." Three problems predominate.

The Language Gap

Perhaps the single most important area, and the most difficult to resolve, is language. If you understand the other party's language, you have two decided advantages: first, you better understand his point of view; secondly, you automatically crack the barrier and make yourself more acceptable—a camaraderie by tongue if you will. I cannot underestimate the importance of this—even if one's business conversation takes place in English—because the fact that you have demonstrated how important it was to you to have learned the other person's language will go far towards ice-breaking and rapport building. Knowledge of the other language will also, of course, help you in resolving linguistic misunderstandings and in explaining things more effectively.

For example, the confusion indicated earlier over "revisions." Likewise, a conversation about "arm's-length transactions" can become a massive shrugging session without the ability to express the concept in simpler, more basic words and then in the other language. (We use "impartial transaction" when translating to Spanish for that purpose.) Naturally, if the conversation is held in our own language, we should seek to avoid slang and colloquialisms—the English "stupid" and the Spanish "estúpido" are not the same—and to speak slowly and clearly. This is an acquired skill but is essential; linguistic confrontation must be overcome before all other gaps can be bridged.

The Business Gap

The second major difference concerns laws and business operating methods. Obviously, foreigners cannot be expected to be fully conversant with U.S. law and custom. To demonstrate, it is the general custom in Latin America to keep books for tax purposes, and books and tax return must agree. Statements are automatically prepared from the books. Therefore, to suggest book-tax/statement differences in order to take advantage of tax savings, while at the

same time preparing "real and consolidatable" statements, usually meets with a "no can do" response—basically because of confusion and lack of familiarity. It requires instruction, patience, and understanding to transform this to a "can do" situation.

In many countries, bribes are a fact of life, even when not sanctioned by society. They are treated as a "normal and necessary business expense." Thus, some foreign businessmen cannot understand the current turmoil in the U.S.A., and they often require considerable explanation before they agree to proper disclosure in order to assure that risk/benefit factors may be evaluated by top management. The question is too complex a one to be resolved here, but Americans might expect to be questioned on the fairness of adopting a global policy without examining the question from both sides. In fact, the old axiom of "when in Rome" can offer a valid challenge, in the eyes of many, to the export of our own standards of ethical conduct.

Local laws and business customs frequently result in confrontation. I have seen instructions sent out by U.S. enterprises, calling for generally accepted accounting principles to be used in U.S. statements for foreign subsidiaries. When sent to countries like Brazil or Chile, that is an impossible request—because of compulsory revaluations and other mandatory accounting processes. I have also seen tax carryforwards lost because of a desire to standardize tax-books and financial statements. Custom is a

very strong force and much "creative" accounting effort is needed to overcome it. One viable solution for carry-forward utilization might be not to write off bad debts on the books for a year and to reserve them on the statements. But this concept may be alien to foreigners who do not use such "creativity" in problem solving.

The Culture Gap

The third major area of confrontation is personal customs, or traditions. You have already read some variations on the Mexican theme. The list is endless. For example, business dealings in Japan require several days for a "feeling-out" process, during which each side gets to know the other. While in some Latin American countries, a refusal to dine at someone's home, for whatever cause, can hinder relations. Then there is the typical "Ugly American." I remember a staffman sent to work in Brazil, during a particularly busy season, who literally carried his own bottle of distilled water in his pocket all day, refused to taste anything typically Brazilian, and apparently lived on such enticing delicacies as cottage cheese and canned tuna during his entire stay. Besides not experiencing some truly marvelous culinary delights, he incurred more than a bit of wrath from his colleagues. In the U.S.A. we enjoy having foreigners taste our pecan pie or pastrami; other nationalities are no different with their delicacies.

You cannot change customs that are deeply engrained in another culture. When you go to Guadalajara, you must be prepared for a daily two-hour siesta. In all of Mexico, banks close at 1 pm. In Managua, Nicaragua, there are no office buildings, partly a result of their recent earthquake, so one rents a "casa." Colombia has a multitude of public holidays affecting business dealings. In Peru, it is illegal to discharge anyone for any reason. The list is endless, the point obvious. The local way is the "right" way.

Bridging The Gap

What is the solution? There would seem to be several ways to ease the plight.

First, as to language. If the conversations are to be conducted in English, and English is not the other party's native tongue, it is advisable to send ahead for advance study a detailed memo covering all issues and questions. This will provide an opportunity to put a language dictionary to use, and clarify certain concepts and terms. Thus, all communications should be in simple, everyday words. (How difficult it must be for lawyers to communicate internationally.)

The American who has not learned the foreign language should recognize his handicap. At a minimum, he should

learn one or two expressions to show some adaptability. And, he should always apologize for forcing the other party to speak his language. Humility can be useful in a delicate business situation. Finally, in all discussions, each party should summarize his understanding of the ideas, words, and terms that have been used. Even better is a written summary of the points agreed upon.

Concerning cultural matters (food, dress, personal habits), the best approach is to smile, sample, say something nice. If the visitor is not expected to conform, neither is he welcome to disdain. Is it wise to learn something of the other culture in advance? By all means. Certainly their long history of behavior pattern is not going to adjust to a visitor's preferences. The important admonition is to speak cautiously and in complimentary terms, because goodwill is

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the single most important factor in avoiding confrontation. Accommodation does not call for dishonesty. It is unnecessary for the visitor to Mexico to eat mole and state how delicious it is when his insides are on fire. And when confronted with lateness, the American should remember another virtue: patience.

Finally, there is the area of law and business customs. The key ingredient here is knowledge, by both parties, of the other's standards. But it is particularly important for the U.S. person to prime himself on the other country: first, to show interest in having tried to understand the other point of view; second, to have the perspective to initiate the reconciliation.

Recently, two U.S. executives traveled to Chile to investigate the possibility of doing business there. Because they studied Chilean laws and customs in detail prior to the trip, they were able to grasp matters more quickly and make the right business decisions while in Chile. Not least important was the help they received from Chileans who appreciated their initial effort and were in a better position to offer aid.

The other side of the coin is equally important. The foreigner must understand U.S. laws and customs. He must, for example, know why we consider bribes to be unethical. He must therefore receive background documents and guidelines for potential problems.

When a confrontation occurs, it is the responsibility of both parties to achieve a reconciliation. This should begin with helping each party to understand the other's objection. It is important to review expectations first, and then to agree on the facts and on the legal or business restraints that may exist. Only when a complete impasse is reached should an intermediary be introduced to reconcile points of view. Frequently, it is the medium, not the message, that offers the stumbling block.

An example may illustrate: An executive of a U.S. company arrived in Country X to investigate a local company for sale. He asked the local TR office there to prepare the equivalent of U.S. GAAP Statements. Upon initiating an inquiry, the office discovered many personal transactions of the sole proprietor intermingled on the books with business transactions. When we informed the client, he asked us to continue our work. Eventually we found irregularities as well. At this point the inquiry had to stop, because the office could determine neither valid nor total transactions. Meanwhile, the proprietor wanted to sell and our client wanted information. The proprietor could not understand our dilemma. (Why was financial information necessary at all? Why wasn't it enough to just inspect the premises and see customers?) The client wanted to purchase the company but, of course, not without data.

Representing the firm, I called the sides together and explained that Country X proprietors are not as concerned with controls or recordkeeping as are U.S. businessmen; also that in Country X businesses may be bought on other bases. I suggested that one such basis might be a formula that stipulates a certain amount now and additional payments after a year based on a percentage of earnings, multiplied by a given factor. (In a year, we could have reliable figures.) We explored other areas and discussed the business methods of Country X and the U.S. with both parties. After this exercise, they found they could agree.

What had been missing was an appreciation of the other side's viewpoint. In this case, neither the viewpoint of the businessman nor that of the man from Country X had been wrong. They were just different. And both eventually recognized this fact. Neither, fortunately, held to the stubborn viewpoint that "if he can't give me what I'm used to, I can't do business."

It is not always easy to be accommodating. But I personally believe it to be essential to achieving successful operations abroad. Without it, we are relegated to our own shores, while the Dutch, the Danes, and others expand their horizons. Our "self-contained" status can be a blessing but it can also be detrimental to our international business development. 