

THE EFFECT OF CULTURE AND LANGUAGE ON ORGANIZATIONAL INFORMATION PROCESSING

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Entering into an international channel relationship with a firm whose members speak a different language and follow the strictures of a different culture, the ability of the organization to process information about the new channel member is hindered. This paper leverages a previously developed four-stage model of organizational information processing as the basis for exploring the use of a local national versus an expatriate as boundary personnel to achieve a solid, long-lasting channel relationship. The merits of using each boundary spanner at each stage is discussed.

INTRODUCTION

As early as the 1950s, March and Cyert (1958) concluded that organizations learn. Organizations interact with their environment, and from these interactions process information, and learn. Marketers have accepted the notion that organizations learn and have investigated organizational learning to explain how organizations interpret and use market research (Deshpande, 1982; Deshpande and Zaltman 1982, 1987; Moorman, Zaltman and Deshpande 1992).

Research addressing organizational learning does not broach the interference of language and culture in the development of a channel relationship. Businesses, however, are "often faced with unforeseen obstacles and road blocks that arise from difficulties in communicating in foreign languages and with foreign cultures" (Coward 1992, p. 264). These "noises" adversely impact communication between prospective member firms. Therefore, the process of gathering and disseminating information slows. Without a common frame of reference on which organizations may base the encoding and decoding of

messages and information, communication cannot occur. Lack of clear communication hinders the development of the inter-organizational relationships necessary for a successful channel.

The purpose of this paper focuses on which boundary personnel, local national or expatriate, is best suited to serve as point of contact between firms to lessen the "noise" created by foreign languages and cultures. We do so by reintroducing the organizational information processing framework developed by Hunt (1995) to explain how the organization processes information regarding other channel members in a multi-lingual, multi-cultural environment.

REVIEW OF ORGANIZATIONAL INFORMATION PROCESSING

Recent research has concentrated on how organizations process information (e.g., Sinkula 1994; Hunt 1995). Specifically, Hunt developed the idea that organizations process information about other members of the channel by using boundary personnel to gather relevant information. The boundary personnel then share this information with the organization, and from the shared information, the organization learns. As such, organizational information processing is a result of individuals within the organization processing and then sharing

information. Therefore, to understand how organizations process information, it is first necessary to understand how individuals process information.

Individual information processing has long been the purview of the consumer behaviorist in the marketing discipline. Early research in the area of information processing concentrated on attribute-based processing (Lutz and Bettman 1977; Ryan and Bonfield 1975; Wilkie and Pessemier 1973). Attribute-based processing has evolved into what is referred to now as piece-meal processing (Fiske 1982; Hunt 1995). According to the piece-meal processing framework: 1) attributes are evaluated anew each time they are encountered; 2) evaluations are independent of other attributes present; and 3) overall judgements are formed by combining these isolated elements (Fiske 1982; Fiske and Pavelchak 1984).

From the definition of piece-meal processing presented above, one very important conclusion can be reached; piecemeal processing assumes a lack of relevant history of interaction with this specific aspect of the environment. That is, information is processed piece-meal because the processor has little or no relevant history against which the present information can be compared. Indeed, it has long been recognized that when faced with novel stimuli, people process information piece-meal (Bem 1972; Fiske 1982).

The definition of piece-meal processing presented above was developed primarily from the consumer behavior literature. However, according to Hunt (1995) this definition can be easily modified for boundary personnel processing information about another channel member. In this case, the definition of piece-meal processing for channel boundary personnel becomes: 1) boundary personnel process information about other channel members anew each time they are encountered; 2) evaluations made by the individual boundary personnel are independent of other information present regarding that channel member; and 3) boundary personnel form overall judgements about the other channel member by combining these isolated elements of information

(Hunt 1995). Therefore, the first step in organizational learning (in a channel setting) is the individual boundary personnel piece-meal processing information about another channel member.

The previous discussion illustrates that given a new stimulus, people process information about that stimulus piece-meal. In the channel environment, when interactions with a new channel member begin, boundary personnel process information about that channel member piece-meal. After the channel has been in existence, and an individual acting on the boundary has had sufficient interaction with the new channel member, the individual will more than likely begin to process information category-based. It is unlikely that boundary personnel will repeatedly process information anew, given a history of interaction with a channel member. Recall in the definition of piece-meal processing, the conclusion is that an overall judgement is formed. Once this overall judgement is formed, the boundary personnel will process information about a channel member relevant to information that has already been processed. At this point the boundary personnel will process information category-based.

Category-based processing suggests the individuals will attempt to match incoming information to a category that is stored in memory (Fiske and Pavelchak 1984). That is, the individual attempts to determine if similar information has been processed in the past. The attempt to match incoming information with an existing category stored in memory depends upon the degree that the incoming stimulus is similar to the information stored in the category. According to Keaveney and Hunt (1992) the more features, or cues, the stimuli shares with the prototype, the more quickly, consciously, and consistently it will be identified as part of the category (p.168).

If the evaluating channel member determines that there is a category match, that is, the stimulus is relatively similar to information stored in the category, the schema stored in the category is invoked. The schema is the total cognitive structure stored in memory about the category. The schema

contains all history, beliefs, affects, perceptions, and misperceptions and the relationships between the above elements about the category (Fiske and Taylor 1984; Fiske and Linville 1980; Hunt 1995; Keaveney and Hunt 1992; Rumelhart and Ortony 1977; Taylor and Crocker 1981). The schema is an intricate set of interconnected memory nodes stored by the individual.

The discussion presented above illustrates how individuals process information. First, information is processed piece-meal. After sufficient piece-meal processing has taken place, the individual processes information category-based. The category, once activated, evokes the schema associated with the category. The schema acts as a filter through which all new information relevant to the category is processed.

ORGANIZATIONAL LEARNING

It has been concluded by previous research that organizational learning is a result of individual learning. Organizations learn from the individual members of the organization. Individuals within the organization interact with some aspect of the environment. The individuals notice how this aspect of the environment reacts during specific situations. The individuals then interpret these environmental responses and learn about this specific aspect. The members of the organization then share these beliefs about this specific aspect of the environment. Over time, these shared beliefs become part of the organization's memory and influence the organization's actions (Argyris and Schon 1978; Lee, Courtney and O'Keefe 1992; Sinkula 1994; Hunt 1995). The organization's memory is developed over time through organizational information processing (Sinkula 1994; Hunt 1995).

The process by which the organization develops the organizational memory was described by Hunt (1995). He postulated that organizations piece-meal process information from individuals acting on the boundary. Once sufficient information has been processed piece-meal, the organization begins to develop the organizational schema. According to Hunt (1995), the organizational schema becomes the

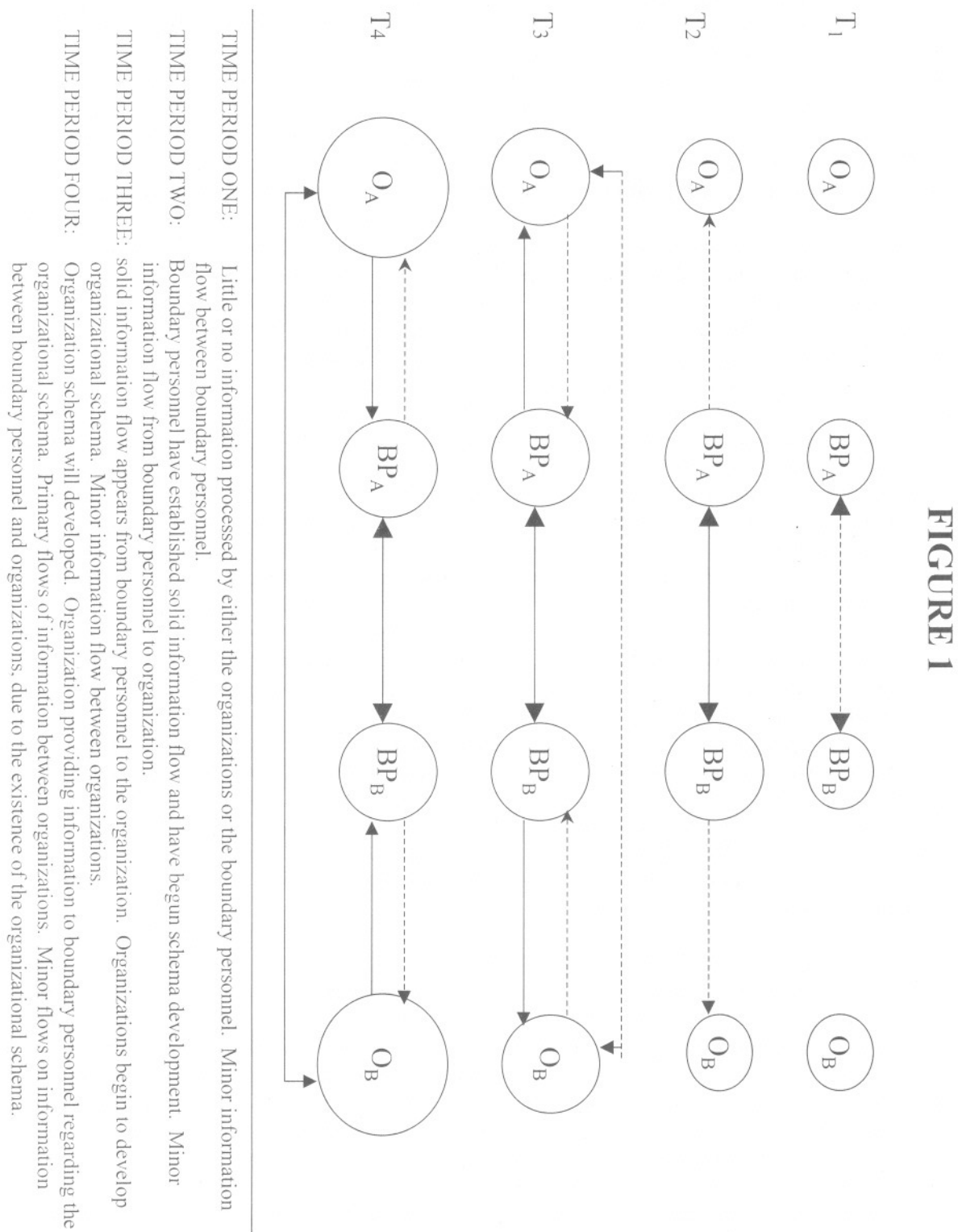
"superordinate schema" or company line. Over time, the superordinate schema is communicated back to the individual members of the organization acting as boundary personnel. This communication to the individual in the organization acting as boundary personnel is critical to the relationship between channel members. The organization must insure that the boundary personnel understand the way the organization views the relationship with the other channel member. The dangers of not communicating to the boundary personnel the value the organization places on the relationship can easily be seen.

Suppose for example that Organization A (OA) values the established relationship with Organization B (OB). If OA does not communicate the value of this relationship to the personnel that interact with OB on a daily basis, the boundary personnel may act in such a way as to jeopardize the relationship. However, by communicating to the boundary personnel that the organization values the relationship with OB, it increases the probability that the boundary personnel will act in a manner that will reinforce the value of the relationship.

The development of the organization's superordinate schema evolves over time. Hunt's model (Figure 1) illustrates the progression of information flows from the initial encounters between boundary personnel to the development of the organizational schema. The size of the circles indicates the amount of information that has been processed. The dotted lines are used to demonstrate new or minor flows of information; the solid lines are used to indicate stronger or more mature information flows. Finally, the arrows indicate the direction of information flow. For a more in-depth discussion of this model, see Hunt (1995).

When Hunt (1995) developed the notion that organizations process information about other members of the channel by using boundary personnel to gather relevant information, he assumed that information flows between individuals, individuals and organizations, and between organizations occurred in a relatively noise

Figure 1



free environment. What happens to the process when noise is introduced in the form of different languages and different cultures? If the goal of the organization is to reach a solid, long-lasting channel relationship with an international channel member, different languages and cultures acting as noise variables will impede progress toward that goal.

INFORMATION FLOWS IN A MULTI-NATIONAL/MULTI-CULTURAL CHANNEL

Businesses have long understood the potential benefits of moving beyond national borders: increase target market population, gain larger share of the global market, and, hence, achieve greater profits than those found in a single, domestic market. Unfortunately, these businesses are also faced with impediments that make communicating with a foreign language in a different culture extremely challenging (Coward 1992). Extending the previously discussed framework provides an avenue to solve the problems of communication and assist in the development of organizational schemata as a company progresses towards a successful international channel - T_4 .

For the purpose of discussion and illustration, several assumptions are necessary. First, the partner in the creation of this new channel, OB, will reside in a different culture and speak a different language than OA. Second, OA is making its first foray into the global arena. Third, both OA and OB want to progress to T_4 as quickly and efficiently as business conditions allow. Finally, OA wants to handle the establishing and running of this new channel internally - not contract it out.

When attempting to establish a new channel with a firm located in a different country and speaking a different language, noise will increase and further disrupt the flows of information depicted in Figure 1. The increase in noise will lengthen the time necessary to reach the relationship depicted in T_4 ; this is the point where both firms have a fully developed schema which allows for category-based processing of information. At worst, the additional noise encountered when entering the global arena

could inhibit communication to the degree that the firms will not achieve the desired relationship at T_4 .

BOUNDARY PERSONNEL

Understanding the previously discussed literature about how organizations learn and develop their schemata, attention must be given to the individuals who will serve as boundary personnel (BP) and liaison with the other organization. Placing the best-suited individuals in these positions will provide an organization the best opportunity to achieve the relationship at T_4 . The two options available are sending an expatriate or hiring a local national in the other country. These two options are, in general, opposites in their advantages and disadvantages. In general, the advantage of using an expatriate (shortcoming of a local) is that this person understands the organization he/she represents and should be effective in reporting back to the organization that which has been learned regarding the new channel member. The advantage of a local national (shortcoming of an expatriate) is that he/she would be able to more quickly interact with the new channel member. Therefore, neither of the two alternative boundary personnel options will be totally effective in establishing the desired long-term relationship of T_4 .

Hunt's (1995) model provides a basis for discussing the important flows of information required to achieve a solid, long-lasting channel relationship. The following section will present the strengths and weaknesses of using either an expatriate or local national during each stage of the model.

TIME PERIOD ONE

During time period one (T_1), the initial contact between boundary personnel takes place. The dotted line indicates the formation of a new information flow, and the arrows indicate that the information is flowing in both directions. At this point, both boundary personnel are processing information about the other.

During T_1 , the only relationship on which to focus is between the boundary personnel of Organization

A and Organization B, BPA and BPB, respectively. At the beginning of this relationship, both BP must understand the need to negotiate the give and take of information so that they may begin to understand how each other thinks and their respective goals to aid in their piece-meal processing and lay the bases for developing a category-based schema (Reardon and Spekman 1994). Hugenberg, LaCivita, and Lubanovic (1996) support this idea when they state that "to function effectively in the global economy, ...[companies must] practice appropriate communication and business strategies to work with the individuals representing foreign corporations (p. 207-208). Indeed, "the lack of understanding aspects of a particular culture is enough to make even the most simple communication transaction uncertain" (Hugenberg et al., p. 212).

Command of the language and knowledge of the culture of OB will help BPA avoid the pitfall of poor communication which stunts or kills relationships in their infant stages (Reardon and Spekman 1994) and provide the opportunity for the more rapid establishment of a relationship with BPB. Thus, a local national possessing these requisite skills will have greater success serving as BPA in establishing and nurturing a relationship with BPB and retrieving information about OB than an expatriate.

TIME PERIOD TWO

Time period two (T_2) illustrates the next phase of the relationship. The solid line between the boundary personnel indicates stronger information flows and information is still flowing in both directions. Notice the increase in the size of the circle for the individual boundary personnel. This depicts the fact that both boundary personnel have processed sufficient information about the other to begin their formation of the schema relative to the other boundary person. In addition, the dotted line flowing from the boundary personnel to the organization indicates the sharing of information by boundary personnel with their respective organizations about the new channel member.

Companies wishing to move the relationship forward must solidify and mature the information flow

between the BPs and start the information flowing from the BPs back to their respective companies to reach T_2 . For solidifying and expanding the relationship and information flow, the local national holds the same advantages as during T_1 . Again, a local national as BPA will be able to move more quickly from piece-meal processing to a category-based processing than an expatriate could because of the local's knowledge of the local culture. Establishing the information flow between BPA and OA, however, holds a different set of requirements.

The establishment of the information flow between BPA and OA requires knowledge of the organizational goals, structure, and reporting style. An expatriate serving as BPA should have a better knowledge/understanding of these criteria and be able to establish this flow more quickly than a local national in a different country. The advantage of using an expatriate as BPA to establish the information flow back to OA versus the advantage of using a local national as BPA to solidify the information flow with BPB highlights the question of which information flow is of greater importance to an organization at T_2 .

The question of primacy between the two information flows must be answered while keeping the goal of reaching T_4 as quickly as is feasible in mind. The goal of T_4 cannot be achieved without the information flow between OA and BPA. OA, however, cannot begin its piece-meal processing until BPA begins his/her own schema development. Therefore, the information flow between BPA and BPB must remain as the primary concern at T_2 because the local national's language and cultural knowledge will allow for more rapid development of a schema; he/she should remain as BPA.

Another reason for not shifting from a local national to an expatriate between T_1 and T_2 is the resulting loss of continuity in the relationship between the BPs. Shifting from a local national to an expatriate will delay any BP's development of his/her schema. Hence, the local national should remain as BPA during T_2 for the sake of continuity as well as the skills he/she possesses.

TIME PERIOD THREE

During time period three (T_3), the relationships are beginning to mature. Information is still flowing between the boundary personnel. Boundary personnel continue to provide more information to the organization, as depicted by the solid lines emanating from the boundary personnel and pointing toward the organization. The larger organizational circles indicate the nascent organizational schema. In addition, the organization begins a reciprocal flow of information to the boundary personnel. Finally, minor information flows are developing between the organizations as depicted by the dotted lines.

The BPs have now solidified their relationship, their information flows, and developed their schema. At this point in the progress of the channel, organizations must begin developing their schema. At T_3 , the primacy of the information flow shifts from between the BPs to between BPA and OA. Thus, the focus at T_3 requires the dissemination of BPA's acquired knowledge to OA.

OA and OB must establish the flow between their respective BPs, or they will not have the knowledge necessary to develop their schema and begin the flow with the other organization. If information does not begin to flow from the BPs to their respective companies, neither organization will have even the beginning of a schema from which they may discern what information to share with their counterpart. An expatriate with his/her knowledge of the organization and its quirks and peculiarities seems to be the best in helping his/her firm move from piece-meal to category-based processing of information.

The choice of an expatriate, however, requires a shift from a local national at T_2 to an expatriate at T_3 . Before switching personnel at the BPA position, OA must temper this best fit with the knowledge that, up until this point in channel development, BPA has been a local national. At T_3 , the BPs will have finished their piece-meal processing and created a schema. The local national may pass this schema on to the new, expatriate BPA which should allow for some continuity, but the local national cannot pass on the personal relationship and rapport developed with

BPB. Additionally, the local national has had time to learn how the organization operates and its reporting needs. If the local national serving as BPA has the knowledge needed to assist OA with its schema development, the local national should remain in place; He/she will be better able to disseminate his/her knowledge. At this point, OA will have everyone in place for a run at T_4 .

Should the local national serving as BPA not possess the requisite knowledge to move OA's schema development forward, an expatriate should replace the local national as BPA. Due recognition must be given to the potential for the channel to regress to T_1 while the expatriate as BPA and BPB establish their personal relationship and the new, expatriate BPA develops his/her own schema. Firms must practice restraint before risking the channel relationship with a change in personnel.

If the decision is to use an expatriate as BPA, then the local national is available for another assignment. OA now has the opportunity to bring the local national, former BPA, to its headquarters to assist and facilitate OA's movement from piece-meal processing of information to a realistic category-based schema.

Once the expatriate is serving as BPA and the local national is serving as OA's liaison with OB's headquarters, OA has all the players in place to move to T_4 . From this point, OA must work on maintaining the relationship between the BPs and strengthening and expanding the flow of information with OB.

TIME PERIOD FOUR

Time period four (T_4) represents the mature relationship. The large organizational circles depict the fully-developed organizational or superordinate schema. The solid line between organizations indicates a primary flow of information between organizations. The solid line from the organizations to the boundary personnel indicates that the organization is instructing the boundary personnel of the existence and nature of the superordinate schema. Finally, notice the dotted line from the

boundary personnel to the organization. This dotted line illustrates an interesting, important point. The flow of information from the boundary personnel to the organization in a mature channel relationship is a minor flow due to the presence and strength of the organizational schema. The superordinate schema is the dominate schema and is very resistant to change (Hunt 1995). Any information emanating from the boundary personnel to the organization which is consistent with the superordinate schema will act as reinforcement of the organizational schema. Any information that is inconsistent with the superordinate schema will more than likely be assimilated by the organizational schema (Hunt 1995) or be dismissed by but not alter the organizational schema.

The focus of informational flows at T_4 shifts to the organizational level. This flow does not directly involve the BPs because OA and OB have developed their category-based schema. Still, "business transactions must be executed in a culturally sensitive manner so that ... fears, and their impact, are minimized for all participants - incorporating the participants views of culture" (Hugenberg et al., 1996, p. 211). Hence, the skills needed by the personnel communicating with OB are a mix of knowledge of the structure and flow of information within OA and the knowledge of the language and business and corporate cultures in which OB operates. As the information flow between and from the BPs is of minor importance to the channel relationship, continuity of relationships dictates leaving all personnel where they stand - regardless of the action taken at T_3 .

CONCLUSIONS

This paper illustrates the difficulty in deciding who should be the primary boundary personnel representing an organization when establishing channel relationships in a country with a different language and culture. The trade-offs involved with using a local national versus an expatriate were explained. Many questions, however, remain unanswered. Is it possible to use a "team" of boundary personnel that includes both expatriates (to facilitate communication back to the organization)

and local nationals (to develop the relationships with the other organization's boundary personnel)? An advantage of this approach would be that it facilitates the information flows presented in Figure 1. A team approach, however, assumes that intra-team communication will occur without noise. The expatriate and the local would be able to communicate without noise interfering with this communication. This assumption may not be valid.

Choosing the appropriate person to act as a boundary personal for a company entering or expanding in the global market is key to the success of that organization in establishing a cohesive international channel. The choice of either a local national or an expatriate depends upon the goals of the organization. This paper is the first step in helping organizations recognize the trade-offs involved in this process. Further research and discussion is necessary in this important topic area before all the variables and trade-offs can be fully recognized.

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