Culture and Customer Service

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Opportunities arising from globalization, advances in technology, and outsourcing have meant that companies have increasingly turned their attention to consolidating customer service across national borders in order to bring down costs, while at the same time trying to increase customer accessibility through a single point of contact.

From an economic viewpoint, it is very lucrative to establish a pan-regional customer service center, able to serve an entire region or continent such as Europe, Latin America, and Asia. In developed countries, labor often makes up as much as 60-70% of operating costs, which makes it particularly attractive to relocate customer service to sites where labor cost are but a fraction of what they are at home. Countries and regions such as India, The Philippines, Mexico, Central and South America, Africa, Central and Eastern Europe have been especially attractive to such initiatives. Adding into the equation is the issue of the economy of scale; consolidating customer service into one single location or a few allows large call centers to handle large call volumes instead of small call centers handling a variety of issues. On a superficial level, the choice is self-evident.

While some companies have been successful to different degrees in their efforts to centralize (e.g., IBM, Morgan Stanley, Nortel Networks, and MetLife), others have had to revert part of or the whole consolidation (e.g. Dell, Orange, and Nike). Whether through outsourcing or near/off shoring, consolidating customer service internationally is a complex endeavor and often an ongoing battle. One of the reasons why it is more complex than most organizations realized is the intercultural part of the operation.

**International Customer service is about strategy**

Most companies see customer service centers as cost centers. Few companies see customer service centers as providers of competitive advantage. Creating a winning customer strategy is to deliver a customer value proposition based on a thorough understanding of the customer’s culture, values and needs that
delivers an effective life relationship. Customer relationships are strategic assets and the customer service center must be made into a strategic part of the organization and central part of the Customer Relationship Management (CRM) system. Today’s economic and competitive challenges require that customer service change from an order taking to a long term strategic relationship department. According to McKinsey, "The key is to develop a customer service strategy that successfully balances costs, revenues generated, and quality. Only then can companies transform their call centers into strategic assets that provide a competitive advantage and promote growth".

In this article, we will set out why such a customer service strategy means making strategic decisions incorporating cultural diversity. Making the wrong decisions will in the worst-case scenario result in substantial loss of resources and customer defection. The key is to manage customer service centers to satisfy customers better than the competition does and that can be done by using cultural differences as a competitive advantage.

This article explores the influence of cultural differences in the consolidation of customer service centers on an international level. It outlines the important aspects of culture for international customer service, shows the potential cultural booby traps and why many companies fail to gain maximum value from the consolidation of customer service. High costs often offset the envisioned cost-savings and culture continues to constitute one of the most important reasons for failure when establishing customer service centers across geographical borders, both due to managing cultural differences, but also due to differences in customer cultures. This article offers advice on how to organize international customer service centers optimally while considering cultural issues.

In this article customer service centers shall include such constellations as call centers and customer contact centers and similar; a place where customers order products and services and supplementary services are offered. Although the customer service center may include any customer touch point (incl. phone, web, e-mail, fax etc.), the emphasis in this paper is on voice-to-voice interactions for inbound services. Employees in customer service centers shall here forth be referred to as customer service representatives (CSRs).

**The Dimensions of Culture**

In order to analyze how customer service is influenced by culture, Professor Geert Hofstede’s 5-Dimensional Model for cultural differences offers a practical roadmap. Research, also by others, has shown that services are affected by the cultural dimensions. The 5 dimensions in this model (power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance and long-term vs. short-term orientation) represent common issues in the cultural systems of countries and are centered on five fundamental areas of human behavior. The emphasis in this article is on the first 4 dimensions, power distance, individualism vs. collectivism, masculinity vs. femininity and uncertainty avoidance because their effects are more immediate.
Power Distance

Power distance refers to the degree of inequality which the population of a country considers normal. In a high power distance country, people understand and accept “their place” in the hierarchy. In a society with low power distance, power is shared and well dispersed. In customer service relationships power distance is an important factor. Especially in cultures characterized by high power distance because in these countries perception of status is a very sensitive issue in the contact between a customer and the CSR. In countries with a high power distance score, the customer is king. If the CSR is from a high Power distance index country then s/he will treat the customer with the proper respect. However if the CSR is from a low Power distance culture and the Customer from a high Power Distance culture conflicts can arise, as the customer expects to be treated like royalty, and the CSR treats him/her almost like an equal.

Individualism-Collectivism

Individualism-Collectivism refers to the direction of loyalty. Is the loyalty first to the individual or is the loyalty first supposed to be to the group one belongs to? This dimension determines whether people’s self-image is defined in terms of “I” or “we”. Consequently, in terms of customer service, this dimension explains which takes priority: the task or the relationship, and therefore how important it is for the CSR to build up a harmonious relationship and establish trust with the customer.

Masculinity-Femininity

Masculinity-Femininity explains to what extent a culture is driven by motivations like competition, achievement, assertiveness, and acquisition of things versus a culture that is more driven by consensus, cooperation among people, and the quality of life. For CSR the relevance is for example the degree to which customers are sensitive to having new product deliveries ahead of other customers, or having an extra discount, or having a CSR who bends over backwards to make things happen for his customer. In Feminine cultures the CSR should focus less on exceptional favours, but more on a steady long term, reliable and pleasant relationship. In Feminine cultures it is important to treat customers equally and not give preferential treatment to certain customers over others.

Uncertainty Avoidance

Uncertainty avoidance determines the degree to which people in a country prefer structured over unstructured situations. It is a dimension that indicates people’s need for predictability and shows the extent to which they are willing to take unfamiliar risks. In terms of customer service, in a country characterized by strong uncertainty avoidance, customers do not like uncertainty, are risk-averse, prefer to be in control, and need much information to take a decision. On the other hand, people from countries characterized by weak uncertainty are more relaxed; practical solutions count more than intellectual statements, people are more willing to take unknown risks, and need less information to take a decision. Uncertainty avoidance acts as a moderator between perceived service quality and customer satisfaction. Customers from strong uncertainty avoidance cultures have a much lower acceptance for ambiguity than
customers from weak uncertainty avoidance cultures. In addition, in strong uncertainty avoidance countries people are allowed to show emotions whereas in weak uncertainty avoidance countries, emotions preferably are not shown. This could lead to confusion if a CSR communicates with a customer from the opposite scale on the dimension. One of the two most likely perceives the other to be as too loud, emotional or even aggressive.

**It is all about managing the customer relationship**

Intercultural management is an important part of practicing global CRM. When polled in 2007 by the Conference Board, customer retention/loyalty came in on the 6th place over top ten challenges faced by CEOs worldwide. In fact, in excess of 80% of companies worldwide believe customer satisfaction to be directly related to their turnover⁹. In support of this, research shows that a 5% increase in customer retention results in a net present value increase in profits of between 25% and 95%¹⁰.

Customer satisfaction is dependent on the ability of the company to meet and even exceed customer expectations. Every customer expects a certain approach. When customer expectations are met or exceeded, customers will perceive service quality as high, whereas when expectations are not met, customers will perceive service quality as low (see fig 1). Therefore, the customers and their needs must always come first. Customers must be serviced correctly and consistently to achieve customer satisfaction and in turn their retention/loyalty. The key to doing this is by understanding customer needs as well as their preferences and being able to meet them.

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**Fig 1. The Relationship between Service Perception, Service Expectation, Service Quality, and Customer Satisfaction**

- **Service Perception - Service Expectation =**
- **Service Quality**
- **Customer Satisfaction**

*Source: Reimann, R., Lünemann, U.F., Chase, R.B, Uncertainty Avoidance as a Moderator of the Relationship between Perceived Service Quality and Customer Satisfaction, 2008*

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**External Diversity should be reflected internally**

To be a real strategic asset, customer service centers should be organized in such a way that the cultural diversity of the customers is recognized in the set up. We have identified 10 reasons for this:
1. The perception of excellent customer service is different in different cultures

Cultural differences can lead to culture shocks, which in turn lead to potential misunderstandings and business failure. Providing excellent customer service in culturally diverse customer segments effectively means managing customer service in a culturally appropriate and responsive way. For companies differentiating according to and competing on customer service, it is important to acknowledge that excellent customer service lies in the eyes of the customer. Research has shown that culture has an important influence on customer service; quality expectations and customer satisfaction because perceived service quality varies among different cultures.

2. Employee satisfaction is related to customer satisfaction

As previously mentioned, it is of key importance to acknowledge the customer service center as a vital link between a company and its customers. From a strategic point of view, one of the most important tasks is the investment in management and employees in relation to a consolidation of customer service. The front-line employees, who are portraying the organization towards the public, are after all the ones who market or fail to market the organization’s product or service. Customer service centers focus on delivering products and services cost-effectively while keeping customers satisfied. Customer loyalty comes from satisfied customers, which in turn stems from employees who do a good job. Employees who are competent and therefore can do a good job, will be more satisfied (see fig 3 for an overview of competencies needed in customer service). To be able to create competent employees, the CSRs need to be trained and educated. According to The Global Call Center Report, in general, newly hired staff in call centers receives the equivalent of 15 days training only. This training includes all training related activities from knowledge of the company’s products and services, customer service, to typical training activities such as dialect recognizing and accent neutralization. The reason for the limited training is that customer service centers in general are seen as cost centers and it is attractive to keep costs at a minimum. However, research shows that companies, that have the ability to leverage cultural factors through learning and training, are able to develop profitable markets in addition to benefit from sustainable competitive advantages. In multicultural service interactions, equipping employees with the right cultural competencies is therefore a must.

3. Efficient communication requires cultural sensitivity

There is much more to a customer service center than to just answer calls quickly. According to Datamonitor, there are roughly 926.000.000 interactions per day between businesses and customers all over the world and 95% of communication in call centers occurs over the phone. Not surprisingly, successful operations of a customer service center are contingent upon one of the organization’s core competencies: efficient communication. With over 70% of all communication between people, in general being non-verbal, customer service faces significant challenges to begin with when dealing with customers as the context surrounding the interaction is missing. However, by adding culture to the mix, the intricacy of communication increases immensely. In multicultural service interactions, customer expectations could very well differ from the customer service provider’s expectations because these expectations are closely related to local culture. The two examples below illustrate this.
Efficient communication with a German customer, where the focus is on objectivity, efficiency and technical issues (a result of individualism in connection with strong uncertainty avoidance), is very different from efficient communication with a Portuguese customer where the emphasis is first on building a trust-worthy relationship before moving on to the business task at hand (a result of collectivism).

Alternatively, take another example, e.g. phone preferences; a caller in Japan has no problem in waiting for many rings before the phone is answered, but will not like to be put on hold. On the other hand, a caller in America will hang up if the phone rings too many times, but once answered will not mind being put on hold.\textsuperscript{xiv}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Fig_2_CCS.png}
\caption{Customer Service Competencies}
\begin{itemize}
\item[1)] See the picture and how customer service fits into it
\item[2)] Establish an authentic connection with each customer
\item[3)] Render timely, accurate, and thorough service
\item[4)] Value and respond to unique customer needs
\item[5)] Extend a hand to repair and strengthen relationships with customers who are upset and angry.
\end{itemize}
\end{figure}

\textsuperscript{Source: Russ-Eft, D. Customer Service Competencies: A Global Look, 2004}

4. **CSRs should respect and reflect the values and norms of the customer**

It is important to notice that people in different cultures have different expectations to what great customer service is. In general, customers do not distinguish between the service and the provider of that service, which means that CSRs should respect and reflect the values and norms of the customers.\textsuperscript{xv} Even if all customers prefer to be treated in a respectful and courteous way, exactly what is considered respectful and courteous behavior, is to a very high degree culturally contingent. For an overview over general customer service competences see fig. 2. For a CSR to successfully relate to a customer is not the same in e.g. Germany, Spain or South Korea. In order for the CSR to be able to relate to the customer successfully, it is crucial for the CSR to truly listen to, and acknowledge the customer. This requires the CSR to be able to understand and match the cultural background of the customer. In other words, the CSR needs to be able to “read” and answer the customer correctly according to the customer’s expectations, which are imbedded in the norms and values of the customer. Intercultural awareness plays a very important part in this process.

Another issue, which varies across cultures, is how important it is to respect and honor status. If the customer is from e.g. the Middle East it is very likely that he/she will want to speak to someone of at least the same rank and some one with authority. In such case, the CSR, who may be a young woman, should transfer the customer and not take it personally. This may not at all be clear for a CSR from a low power distance culture, who is accustomed to a more jovial way of relating. A situation might arise which can easily lead to frustration for both the customer and the employee, resulting in customer defection and

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lost sales. Compare this to Anglo-Saxon customers, where the emphasis is on pragmatism; what matters is that the issue is resolved, not who resolves it.

5. Customers are sensitive to the cultural context of different languages and dialects

Customers are in general sensitive to language and to any dialects or accents, which is something, which has to be dealt with in customer service centers in all countries, see the following examples.

Language sensitivity -1

“More U.S. customers now ask to speak to an American after they hear an operator with an Indian accent, said Miriam Nelson, who helps run Aon Consulting’s center.”

“In India, the operators are doing a lot of the courtesies they are trained to do, Nelson said, but they often miss the nuance of conversations.”

Source: The International Herald Tribune, With customer service on the line, call monitors keep busy, January 12, 2005

Language sensitivity -2

“Although the technology makes location almost irrelevant, location does, however, matter to the customer. If customers can have their question answered or their problem solved on the first call it is probably less important but when there are difficulties or the operator has no idea where they live and cannot even pronounce the name of their city or town (and this is relevant to the transaction) then customers become annoyed.”

Source: Feinberg, R., Ruyter, de. K and Bennington, L. (2005), Cases in Call Center Management – Great Ideas (Th)at Work, USA: Purdue University

Although, “at telephone call centers around the world, the emblem of a globalized workplace, the language spoken [often] is English,” xvi one of the main considerations with respect to location of customer service centers in the 21st century is language.

CSRs’ accents, dialects, and understanding of the customer make or break the transactions. For a customer service center, a pool of native language speakers is of course preferable because they know all the nuances that help convey meaning and establish understanding with the customer. Customers in general do not tolerate poor language skills well and they will not call a customer service center twice if the language skills are not up to par. xvii Because language issues can be very challenging it is important to recruit employees who really master the language(s) (and preferably the dialects and accents) they will be communicating in to the largest possible extent.
The right language skills, however, are just not enough. Providing customer service is about much more than accents, pronunciations and idioms. Language skills must be accompanied by cultural awareness and skills. Creating a mutual understanding between customer and CSR is very important. There can be no distortions in the communication. This is where a significant number of companies go wrong; believing that if CSRs just speak the language of the customer, they will be able to provide excellent customer service.

When the ideal solution is not available, then the most important thing becomes to make sure that there is a cultural match between the CSR and the customer. This was the hard lesson some companies learned when consolidating customer service in The Netherlands. Language-wise, Flemish and Dutch are very similar, and therefore it was assumed that Dutch service representatives could easily handle the Belgian customers. However, there are significant cultural differences between The Netherlands and Belgium. While the Netherlands is characterized by a low power distance and weak uncertainty avoidance, Belgium is characterized by a high power distance and a very strong uncertainty avoidance. As a result, the Belgian customers would often feel uneasy by the convivial approach adopted by the Dutch CSRs because they expected a certain degree of formality in the interaction.

6. Customer service centers should take the degree of involvement of customers into account

Customer service centers are engaged in different degrees of interactive customer service work. A high degree of person-to-person interaction requires considerable adaptation during the service interaction. This does not mean that some customers should be treated poorly; it means that some customers should be treated exceptionally well.

According to InformationWeek, European customers expect CSRs to answer about 80% of their questions without reference, which is different from the US where customers do not have such high expectations. This too is culturally contingent. Strong uncertainty avoidance cultures (like many European countries) place a particular value on expertise. Taken together with the fact that one of the most important success criteria for customer service is to be able to resolve an issue the first time around, it is not difficult to predict that the technical competence of a CSR becomes an important variable in high uncertainty avoiding cultures.

Is the customer contacting customer service with a basic question related to the bill or is the customer experiencing problems with a product or service where technical knowledge must be transferred? The first request is one of low complexity, which is more often solved by using self-service through automated machines, automated telephony, and the internet. The other request is one of high complexity and its treatment will be more vulnerable to factual and cultural misunderstandings. In other words, there are less culturally sensitive and higher culturally sensitive interactions. It is when the interaction with the customer is high, culture has the greatest influence and more cultural sensitivity is needed on behalf of the CSR.

7. Conflict management takes different shapes in different cultures

Customer service centers often have to handle customers when they experience problems; a customer
will contact customer service when something is not working or when a delivery is late. In such situations, customers can be very emotional. Therefore, CSRs are often faced with a negative environment. The emotions can go up enormously if the CSRs do not understand the emotional triggers of their customers (see fig 3 for an overview of emotional triggers). These, often high emotion, interactions require the CSRs to manage the situations well, so that things do not get out of hand. To be able to do so, again cultural awareness and understanding is required.

For instance, Germany is characterized by a high degree of uncertainty avoidance and as a result, conflicts are disliked. However, uncertainty avoidance also results in a situation where there is some tolerance for showing emotions, but only as so far it is justifiable and objective, as well as at proper places and times. If there is a conflict, the German customer may enter into verbal fights to ascertain who is right and wrong. In high stress situations, there is a tendency among Germans to start getting emotional and to start emphasizing their arguments strongly. This can wrongfully be perceived by other nationalities (for instance the British) as aggression. If CSRs are not aware of such an issue, they may get emotional themselves and the situation might escalate.

Efficient conflict management also requires taking into consideration how the culture of the customer is reflected on the masculinity vs. femininity dimension. While a good, verbal fight is considered acceptable...
behavior in masculine cultures (such as the USA and Germany), customers from feminine cultures (e.g. the Scandinavian countries) will tend to avoid confrontations. At the same time, some cultures avoid conflict situations completely. In collectivistic cultures, the customer will avoid saying “NO” and “Yes” may not mean “YES”. It is up to the CSRs to be able to pick up the subtle signals indicating that something is wrong.

It is common for customer service centers to employ escalation policies to deal with customers in intense situations. GE successfully identified top escalation issues and found that making CSRs aware of the main causes for escalation made the CSRs more aware and sensitive towards their customers. However, the inherent risk in such an initiative is that all customers are treated in the same way. What constitutes an effective escalation policy in one culture may be very different from what would be effective in another culture. Consequently, any escalation policy can only be truly effective if it takes into account the cultural background of the customer. Although some emotional triggers may be the same across cultures (e.g. no one wants to be transferred on the phone repeatedly), others vary across cultures. For instance, misunderstandings often arise in terms of direct vs. indirect communication. In Thailand, in a commercial relationship, “An act of direct criticism is regarded at best as a sign of bad manners and at worst as deliberate attempt to offend”. The key is to place the communication style in its correct cultural setting.

8. The cultural context of measures and metrics

Customer service quality is critical to the success of any organization. Therefore, monitoring performance in terms of quality and productivity through feedback on performance, call quality, and call-listening, is seen as essential in call centers today. According to the Purdue University Benchmark Study, 86% of all call centers have some sort of CSR monitoring, but this number varies across cultures. In India, monitoring is most intense. This is due to the issue of control. The saying in high power distance cultures is that, “people only respect what you inspect”. The focus of control is on examining if the CSRs meet company standards and customer expectations. However, too often, the emphasis is placed on the company standards and the degree to which customer expectations are met is neglected. Measuring customer satisfaction is often difficult. However, according to the Purdue University Benchmark Study, it has been established that the relationship is as follows; resolution at first contact results in higher customer satisfaction and vice versa, i.e. the less resolution the lower customer satisfaction becomes. Quality evaluations are not made by customers only related to the outcome of the service, but also in relation to the process of service delivery. What is considered satisfactory resolution varies across cultures and includes such elements as choice of words, tone of voice, and listening skills. This in turn means that such measures as effective talk-time should be allowed to vary across cultures. Although, in general, if the average call typically last for 3 to 4 minutes, for instance if a customer comes from an individualistic culture, it is preferable to keep small talk to a minimum and almost immediately proceed to the business issue. This is different than if the customer is from a collectivist culture, and time must be allocated to building rapport before moving to the business at hand. It would therefore be wrong and inefficient to set the same effective-talk time for both cultures.
Monitoring performance involves further complications; it can be highly de-motivating for CSRs in some cultures if not handled properly. Whereas being measured can serve as motivation in masculine cultures, which are at the same time individualistic, like the USA, singling people out in collectivistic cultures should never be done. The risk of the CSR loosing face is far too great.

9. The cultural context of empowerment

It has been suggested in the literature on call centers that a business may follow either a production-line approach or an empowerment approach. The production-line approach (high volume of calls handled quickly) is said to be suitable when the business strategy is one of low cost and high volume. The empowerment approach (giving individuals power and space to decide for themselves), on the other hand, is said to be suitable when the business strategy is one of differentiation. When the business strategy is customized, personalized, and focused on relationship building and long-term connections and if the environment is unpredictable and employees have high growth needs, high social needs, and strong interpersonal needs, that is when the empowerment approach makes most sense.

However, it would be wrong for business executives just to assume that all CSRs will be happy to be provided freedom to solve the customers’ problems. An empowerment approach may work well in cultures characterized by low power distance such as the Anglo-Saxon cultures and Scandinavia; but one should be careful to introduce the concept of empowerment without modification in cultures characterized by high power distance, e.g. France, Italy, Latin America and Asia. In these cultures, the Anglo-Saxon notion of empowerment will not be acceptable for the power holders because it implies that CSRs can take decisions without consulting the superior. Instead, it is recommendable culturally to adjust management concepts as empowerment. In this case, by providing the call centers with an exact list of questions the CSRs are allowed to answer.

10. The cultural context of teamwork in customer service centers

Customer service centers are typically organized into teams, where each team has a pre-defined role, e.g. a certain product group and customer segment to serve. In addition, other teams may be found, such as training groups (for training new employees and ongoing training of CSRs), quality monitoring teams (for monitoring calls for customer service and quality), human resources (for recruiting and hiring CSRs) and the work force management (for scheduling CSRs to match the workload). The use of problem-solving teams in call centers is as high as 80%, but only few employees are involved in them. It is not a coincidence that the use of self-directed teams is as high as 60% in a country like Sweden.

The use of teams in customer service centers is greatly influenced by culture. It has been documented that, provided that certain conditions are met, multicultural teams are more successful than teams consisting of team members from only one culture in terms of better and more creative ideas etc. One important condition to make it work is successfully managing diversity. This requires highly skilled and excellent leadership. If intercultural teams in customer service centers do not work, the costs are
significant (loss or productivity, employee turnover, customer defection etc.). CSRs may even end up “bonding” with the customers, rather than with fellow employees and team-members. This was the experience of one MNC when consolidating its customer service centers. With only a few employees of each nationality in the service center, some employees felt they did not fit in and started to complain to the customers of their own culture they were serving. This is of course detrimental to a company’s reputation.

**How then should the customer service center be organized?**

Location and design of customer service centers are strategic considerations. If they are wrong, the company will end up paying through customer dissatisfaction and/or customer leaving the company. In their consolidation efforts, many MNCs have experienced that centralization does not work as desired because the service and sales force should be close to the local customer. Customer expectations are likely to differ from the service providers’ expectations because they are closely related to their culture. However, at the same time de-centralization to the point where every national market has its own local customer service organization is too costly. The optimal solution is found somewhere in the middle. There must be consistency in customer service while at the same time local customer preferences are taken into account. Based on more than 20 years experience in the field of intercultural management, itim advocates that the customer service organization and activities be structured according to the **Six Culture Clusters©**.

A culture cluster is a group of countries, which share specific cultural characteristics based on Hofstede’s 5-D Model. Culture clusters are fundamental social structures that we all have in our minds. They transcend all types of activities and run deeper than differences in an organization’s culture. Both in the private and public sector, among those employed in the uniformed services and in welfare departments, people from the same culture have a similar image of the way society works. The Six Culture Clusters© have an impact on issues such as negotiations, decision-making, customer behavior, entrepreneurship, motivation, and teamwork, to name just a couple. Culture clusters share important cultural characteristics, which facilitate administrative and managerial aspects. At the same time, they make it possible to reap many of the benefits from standardization, while still allowing the approach towards customers to be culturally adapted in important ways. For an overview of the benefits to the organization and customers, see figures 4 and 5.
The Six Culture Clusters©

*the Contest Cluster, the Network Cluster, the Pyramid Cluster, the Solar System Cluster, the Family Cluster and the Well-Oiled Machine Cluster.*

Presented below is how service offerings and customer service can successfully be arranged according to culture clusters and the key desired characteristics of customer service for each cluster and the dimensions of service quality (see fig. 6). It is possible to train people from one cluster on the customer approach of the other culture clusters.

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**Fig 4 Benefits for the organization from arranging customer service according to culture clusters**

- Efficient management of knowledge
- A critical mass of knowledge
- Expertise and specialization
- Increased confidence of employees
- Flexibility
- Less administration
- Cost-efficiency
- Cost-efficient human resource management
- Focused training activities
- Cultural segmentation
- Focused sales and marketing materials
- Increased ability to create trust across cultural boundaries
- Reduced risk for conflicts arising from culture
- Easy and less costly to introduce new countries and cultures in the call center

**Fig 5 Benefits for the customers from organizing customer service according to cultures cluster**

- Ability to give the customers excellent service
- Ability to be very sensitive to the communication with customers
- Ability to build rapport with customers
- Ability to portray trustworthiness and establish trust with customers
- Understanding of the intrinsic motivation of customers
- Understanding of the emotional make-up of customers
- Understanding of the emotional triggers of customers
- Ability to show that CSRs make an effort in understanding the interests of the other side
In the first cluster, the **Contest Cluster** (i.e. the Anglo-Saxon countries), the key is for CSRs to be able to relate customer service to well-understood self-interest. Customers are independent and self-reliant and therefore demand CSRs to be prompt, efficient and task-oriented. The emphasis for the customer is on pragmatic solutions and common sense, and the customers expect value for money and a high level of service quality. Reliability, authenticity and responsiveness are very important.

The customer wants to steer and in these cultures, CSRs should take a precise, and factual yet flexible approach when interacting with the customer. The interaction between CSR and customers is friendly and informal, yet the customer’s privacy should be respected. For this you need a CSR, who themselves are not afraid of unstructured situations and feel empowered to solve the customer’s request or problem. Training should focus on equipping and empowering CSRs to be capable of providing a professional, dependable, accurate, and prompt service. The CSR should be trained to focus on the individual needs of the customer. Customer service training scripts should allow for flexibility and discretion on behalf of the CSRs.

In the **Network Cluster** (i.e. the Netherlands and Scandinavia), the approach to customer service should be different. In these cultures, a modest approach is recommended. A flexible attitude, which is not too serious, is appreciated and requires CSRs not to be afraid of unstructured and unknown situations. Customers are independent and self-reliant and
therefore, demand CSRs to be efficient. The emphasis for the customer is on pragmatic solutions and common sense, and the customers expect value for money and a high level of service quality. The CSR should focus on the individual needs of the customer and show empathy.

The interaction between CSR and customers is informal, yet the customer’s privacy should be respected. In the Network cluster, it is especially important to allow the customer to take an active part in the decision-making process. The customer views the CSR as “a colleague”, who can help the customer defining his or her own choices, which makes it very important for the CSR to be able to negotiate and reach a consensus with the customer.

Training should focus on equipping and empowering CSRs to be capable of providing a professional, dependable, accurate, and prompt service. In addition, training in relation to the Network cluster should focus on collaboration between CSR and the customer. The CSR should be allowed autonomy in his/her own work field. Asking CSRs to contribute with suggestions and ideas through teamwork is a good way to motivate. Customer service training scripts should allow for flexibility and discretion on behalf of the CSRs.

In the **Pyramid cluster** (e.g. Mexico, Portugal, Russia), the customer is king and expects a very high service level; the CSR is expected to “run like hell”. Formality, a respectful distance between CSR and customer is both expected and desired, at the same time the personal contact between the two is very important. The CSR should care for the customer.

The interaction should take place according to social norms and be harmonious. Assurance on behalf of the CSR is very important and so is responsiveness on behalf of the CSR because customers will try to avoid uncertain situations. Likewise, reliability is very important, which puts an emphasis on structure and accuracy in the service delivery process. Customers in the Pyramid culture show little tolerance for any ambiguity in service quality. Any service quality defects should be dealt with in a professional, quick responsive and assuring way.

CSRs should be trained to have professional knowledge and to be trustworthy to gain the customer’s trust. Training should focus on delivering a defect-free service delivery process. CSRs should be trained, to be not too egalitarian, and avoid coming across as disrespectful and accept differences in status. In the Pyramid Cluster, due to high uncertainty avoidance, customer service scripts must be rigid and detailed.

In the **Family Cluster** (e.g. China, India), like the Pyramid cluster, the customer is king and expects a very high service level. A respectful distance between CSR and customer is both expected and desired; at the same time, the personal contact between the two is very important. The CSR should care about the customer. The interaction should take place according to social norms and be harmonious.

Customers in this cluster value reliability and responsiveness. CSRs should be trained to have professional
knowledge and to be trustworthy to gain the customer’s trust. The approach towards the customer should be formal and sincere, yet warm and empathetic. Focusing on the long-term relationship and going the extra mile is important.

Training should focus on the link between extra efforts towards the customers and the success of the organization. It should focus on delivering a defect-free service delivery process. CSRs should be trained to be not too egalitarian, and avoid coming across as disrespectful and accept differences in status.

In the **Solar Cluster** (e.g. France and Belgium), the customer’s role is similar to the one in the Pyramid and Family Cultures. The customer is king and expects a very high service level; the CSR is expected to “run like hell”. A respectful distance between CSR and customer is both expected and desired, and the interaction between CSR and customer is very formal. The privacy of the customer should be respected. Customers are independent and self-reliant and therefore demand CSRs to be efficient. Responsiveness on behalf of the CSR is very important because customers will try to avoid uncertain situations. Likewise, reliability is very important which puts an emphasis on structure and accuracy in the service delivery process. Customers expect high service quality, empathy and assurance. Customers in the Solar cluster are less tolerant to any service quality defects. Any service quality defects should be dealt with in an immediate, professional and assuring way.

Training should focus on delivering a defect-free service delivery process. CSRs should be trained to have professional knowledge. In the Solar cluster, due to high uncertainty avoidance, customer service scripts must be rigid and detailed.

In the **Well-Oiled Machine Cluster** (e.g. Germany and Austria), the most important issue is that there is an emphasis on expertise due to the high uncertainty avoidance. Customers are independent and self-reliant and therefore demand CSRs to be efficient. Responsiveness on behalf of the CSR is very important because customers will try to avoid uncertain situations. Likewise, reliability is very important which puts an emphasis on structure and accuracy in the service delivery process. The approach towards the customer should be precise, and factual; a structured approach. The customer wants to steer and emphasis is on finding the best possible solution. The interaction between CSR and customer is one of professionalism and formal seriousness; the customer’s privacy should be respected at all times. The key in these cultures is to build up credibility in the eyes of the customer, which requires the CSRs to be experts. Any service quality defects should be dealt with in an immediate, structured, professional and assuring way.
Training should focus on delivering a defect-free service delivery process. CSRs should be trained to have expert knowledge. Due to high uncertainty avoidance, customer service scripts must be rigid and detailed.

Clustering customer services along the Six Cultural Clusters© makes the influence of culture and of the five dimensions visible and tangible to managers and CSRs. When applying such a view, cultural diversity is seen as an asset and the very source of competitive differentiation in customer service. To organize customer service centers according to culture clusters allows a company to improve productivity through segmenting markets into more homogenous customer segments in terms of service quality perception. It means focusing on cultural similarities while considering cultural differences. In other words, the culture clusters allow businesses to culturally segment markets and to allocate the right human resources to each cluster and equip them with the right competencies. What is important is that one must be able to balance the needs for business efficiency with the customer requirements for effectiveness. Many companies have already understood that economic segmentation is smart business, but few companies realize that economic segmentation together with cultural segmentation according to clusters is even smarter business! Segmenting allows for dividing heterogeneous, multicultural markets into more homogenous segments and to allocate resources effectively on an international level.

**Conclusion**

Managing and leveraging diversity in an efficient manner requires developing and implementing a strategy for intercultural management. This strategy should be aligned with the overall strategy and business goals of the company in question. In other words, intercultural management should be viewed in a holistic way. In this way, intercultural management will add to the overall success of the company. It pays to think about intercultural management in terms of profitability and ask questions such as, how can intercultural management support performance? In the words of Professor Geert Hofstede, “National cultures are rooted in unconscious values; they are given facts for management”. The lesson for customer service centers to be learned is that **external diversity should be reflected internally**. Applying the Six Culture Clusters© allows a business to make strategic choices and capitalize on cultural diversity. For a truly global company, The Six Culture Clusters© represent one of the most efficient (as well as cost-efficient) ways to leverage, manage, and work with cultural diversity.

The list, below, sums up advice for consolidating customer service on international level.

**Advice:**

- Identify and understand the Key Performance Indicators of the business
- Acknowledge that international business involves interaction with people and organizations embedded in different cultures
- Think about and understand your own culture first
- Understand the effect of cultural differences on the interaction between CSRs and customers to avoid customer dissatisfaction with the customer service encounter
- Define what service quality means for international customers
• Decide which customer segment should be served by which call center and how CSRs should handle customer issues
• Communicate to customers the steps taken to accommodate international customers
• Move from short-term technological investments for quick returns in productivity to investment in people for long-term benefits and competitive advantage
• View servicing culturally diverse segments as a source of competitive differentiation
• Enforce that communication between CSRs and customers is clear, consistent and efficient
• Problems with customers can be managed more easily by being equipped to handle the customers according to the cultures involved
• Provide cultural training, cultural training, and cultural training to CSRs!
End notes


2 Nike EMEA CS Management

3 Orange repatriates its call centres to improve service, The Independent, 9 November 2008; Forbes.com, Dell moves outsourced jobs back to U.S. shores, 28 April 2004; Personal communication with customer, 2006.

4 Feinberg, R., Ruyter, de. K and Bennington, L. (2005), Cases in Call Center Management – Great Ideas (Th)a t Work, USA: Purdue University

5 McKinsey Quarterly, (April 2005), Getting more from call centers - Used properly, they can be strategic assets

6 A basic understanding of Geert Hofstede’s 5-D model is required to fully understand this article. Contact us via info@itim.org should you wish to receive an introductory article


8 The Economist Intelligence Unit, 2007


14 Read, Brendan, B. R., Designing the Best Call Center for Your Business, 2005

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26 Personal communication with customer, 2008

The Six Culture Clusters© have been developed by Huib Wursten and Bob Waisfiz based on the research by Professor Geert Hofstede.

Based on itim’s +20 years experience in intercultural management

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