INSIGHTS

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Comments from the Editor

Tamir Agmon
Editor

The award of the Nobel Prize to Mr. M. Yunus of the Grameen Bank in Bangladesh turned the attention to a rarely discussed area in international business. It is true that the financial size of what is defined as micro-finance is small relative to other aspects of international business like private equity investments and foreign direct investments in and by financial institutions across the globe. Yet, measured by the effect on the life of people in some of the most populous countries in the world like Bangladesh, Indonesia, and Nigeria, micro-finance is an important dimension of international business. The process of globalization is changing from an expansion of large country multinational enterprises into a more cooperative process among many firms large and small located in developed and developing countries. Micro-finance is an important ingredient in the newly developed form of globalization. As such, it is an important topic for research in international business. The article by Jacob Yaron, one of the leading experts on micro-finance in the world, provides both basic information about what micro-finance is and a discussion and analysis of the accumulated experience in this field. An interesting aspect of the development of micro-finance in the last two decades is the process of privatization. The World Bank and State Dependent Financial Institutions (SDFI) are augmented and sometimes replaced by private sector banks like the Grameen Bank in Bangladesh. The process of privatization brings micro-finance closer to the main stream of the practice and the research of international business.

The common element between the discussion of micro-finance by Yaron and the discussion of the cultural features of a corpus of business letters collected from Greek firms is that both deal with extensions of the research in international business. The article by Yaron considers a forgotten sector of the global world; small scale poor farmers and business people in populous countries. Successful micro-finance can engage this important but forgotten sector of the global world in the process of international business. The article by Kessapidou extends the research of international business to the area of linguistics. International business is a multi-disciplinary area of research. The discussion of international business can benefit from bringing different disciplines like history, psychology, and art into the focus of international business. Doing this enlarges the arsenal of research methods and instruments available to researchers in international business. The linguistic analysis provided by Kessapidou gives a different and useful view of the role of and the expressions of cultures in international business.

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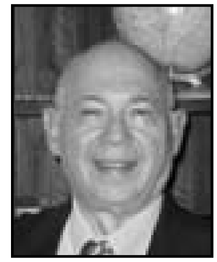
We look forward to your comments and submissions.

Evaluating the Performance of the Microfinance Industry



Jacob Yaron[1]

The microfinance industry grew at a fast rate in the last two decades and recently attracted specific attention by awarding Mr. M. Yunus and Grameen Bank (GB) the Noble Prize. There is no universally agreed upon definition for microfinance or for what constitutes a microfinance loan that distinguishes it from a 'regular' loan. In Bangladesh, a country that is characterized by a very low GDP per capita, where GB was founded and is operating, a loan of $100 value or less is considered a microfinance loan, while in another country with a much higher GDP per capita, the typical value of a microfinance loan is much higher.

In 2004 the World Bank (WB) prepared a comprehensive study that aimed at reviewing and analyzing the performance of its lending. In particular, whether the loans initiated by the World Bank have reached the ultimate domestic borrowers. In this report the World Bank defined a loan with value of less than 3 times the GDP per capita in the country in which the loan was granted as a microfinance loan.

Small value loans were granted for many years by many financial institutions, mainly state owned development finance institutions (SDFI). These SDFI were, by and large, subsidy dependent and often needed frequent bail-outs, and the real costs to society of maintaining their operations were only rarely known to the public or even to the decision-makers that annually foot the bill. Often, the well-to-do influential farmers and in some countries the absent landlords (e.g., the well known "urban cowboys" in Brazil) were the main beneficiaries of the grant element that was embedded in the artificial, low subsidized interest rates applied, that were practiced in the name of 'assisting' the poor.

The microfinance revolution that started about two decades ago is characterized by pursuing and developing adequate modes of operation that allowed serving an increasingly growing number of micro-entrepreneurs and low income clientele on a sustainable manner. The basic change compared with the past performance of the SDFIs is rooted in reaching out to a much larger target clientele on one hand, while pursuing full cost coverage of the financial, administrative and risk costs associated with serving the microfinance clientele that until recently was considered by many formal lenders as not credit-worthy.

Assessment criteria of the microfinance industry

The assessment criteria of MFI were developed along the ones used in assessing the performance of SDFIs. Econometric measurements capable of providing a full cost-benefit analysis of the intervention in the capital market through administratively allocating resources to a 'priority' sector through concessionary lending are costly and demand substantial financial and highly skilled human resources. Consequently, such studies were only rarely practiced, thereby creating a need to develop a much less costly and comprehensive methodology in serving policy makers and managers of MFIs in evaluating MFIs' performance

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that is usually pending, at least for a significant period, on benefiting from scarce, concessionary public resources.

Performance assessment criteria that could serve in evaluating SDFIs or MFIs were, by and large, missing until the beginning of the 1990s. The debate on the social costs, the contribution of SDFIs and MFIs in supporting the underserved and their impact on economic growth or poverty reduction caught more attention during the last decade when reforms of the real and the financial sectors took place in many countries. Liberalization, economic reforms and the pressure to reduce direct state interventions in financial markets stimulated interest in evaluating the social benefits associated with approaching the target clientele with formal credit as compared to other means like public work, enhanced investment in infrastructure and education and income transfer instruments. That, in turn, boosted the demand for assessment criteria for SDFIs and MFIs' performance.

An illustration to the lack of widely agreed assessment criteria for SDFI performance can be found in the otherwise excellent World Bank's *1989 World Development Report* (WDR) on "Financial Systems and Development," which provides a somewhat blurry assessment of SDFI performances by highlighting their contribution to development on one hand, and elaborating on their shortcomings regarding financial performance on the other. However, this WDR did not provide a comprehensive performance framework including assessment criteria, let alone instrumental tools, which were essential to determining resource allocation and the optimal level for SDFI or MFI support.

The WDR reads, "The most common type of non-bank intermediary in developing countries is the development finance institutions. Most are public or quasi-public institutions that derive much of their funding from the government or from foreign assistance. Originally, they were intended to provide SMEs with the long-term finance that the commercial banks would not supply. During the 1970s that mandate was broadened to include the promotion of priority sectors. Using government funds, DFIs extended subsidized credit to activities judged unprofitable or too risky by other lenders. In particular, the DFIs found it difficult to finance projects with high economic but low financial rates of return and remain financially viable at the same time." [2]

This evaluation expressed to some degree the uneasiness regarding the DFIs' performance. Moreover, thorough evaluations of DFIs were often hampered by an over-reliance on traditional accounting data and financial ratios that provide, at best, a partial and often misleading performance picture, although these ratios are suitable to evaluating performance of for-profit financial intermediaries.

A framework that was introduced in the early 1990s for assessing SDFI performance[3] has gained wide acceptance among practitioners and academics. It proposes two primary assessment criteria, *outreach* and *self-sustainability* (Figure 1 below). It argues that SDFIs and MFIs, which provide a broad range of services to a well-defined target clientele in an efficient manner, are likely to have the desired impact of expanding incomes and/or reducing poverty.

Evaluating the performance of SDFIs and MFIs based on these primary criteria could serve as an easily quantifiable proxy for the impact of intervention in financial intermediation, including support granted to microfinance. MFIs usually require a long period to reach subsidy independence. This evaluation framework is instrumental in spotting progress made towards subsidy dependence and decreased subsidy per financial "product" delivered (i.e., the sum of annual implicit and explicit subsidy per $1 of annual outstanding loan portfolio per borrower whose income is below the poverty line). Yet, this framework doesn't claim to capture the full impact of the intervention at the level of the impact of access to formal financial services on the welfare of the ultimate borrowers that only a complete cost-benefit analysis can provide.

Outreach could be measured by an arbitrary index that is based on several indicators, such as number of clients, the average loan size (as proxy for income level served), and the percentage of female clients (when providing access to credit to women is considered a social objectives (as it is clearly the case in Bangladesh but not in west Africa). Further elaboration on the various dimensions of outreach was introduced by M. Schriener (1999), who identifies six dimensions of outreach, namely; depth, worth to users, cost to users, breadth, length, and scope that are instrumental in better assessment of the outreach obtained by the intervention[4].

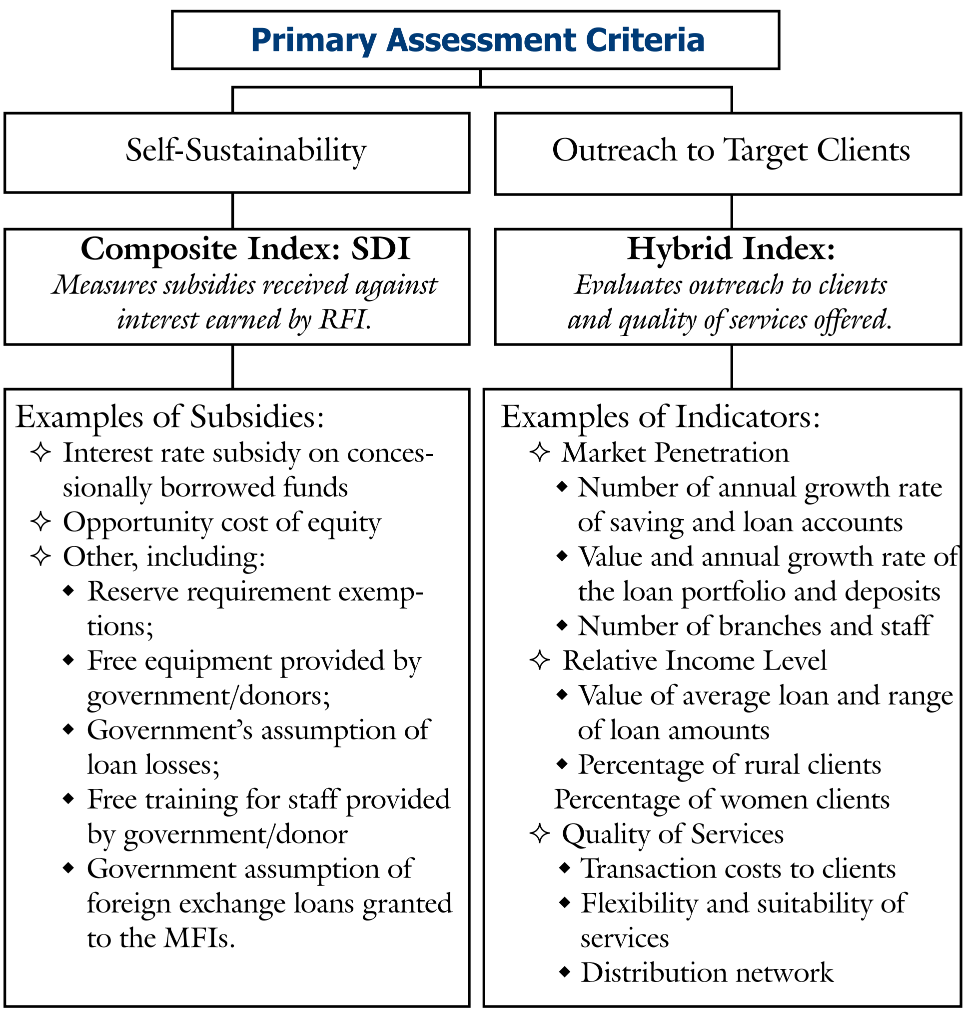
Self-sustainability is assessed by calculating the subsidy-dependence index (SDI) of the MFI involved, which measures the percentage by which an MFI's prevailing average yield obtained on its outstanding loan portfolio (OLP) would have to increase to make it self-sustainable, i.e., subsidy independent. The SDI also indicates the cost to society of subsidizing an MFI measured against the interest income earned by it in the marketplace. The SDI also computes the annual subsidy per $ of average annual OLP received by the MFI — the main factors that contribute to the self-sustainability of MFIs are: adequate on-lending rates, solid interest rate spreads, very high rates of loan collection, and contained administrative costs.

The Differences between the Outreach Index (OI) and the SDI

Both the OI and the SDI can serve not only in shedding light on what actually happened in the past but by enriching the planning and budgeting process and the right targeting of the clientele that is intended to be served. Yet, there is a clear difference between the OI and the SDI.

The Outreach Index (OI). The OI of financial products is a hybrid, arbitrary index that should reflect the priorities and weights assigned to its components, which may change over time. The main advantage of applying the OI is that it forces the authorities that foot the subsidy bill to clarify their objectives, and priorities and better define the target clientele. It also allows for a more precise measurement of the related costs associated with achieving such objectives. The OI can further assign a different and higher weight to lending or providing saving services to persons who are in deep poverty (e.g., those whose income is less than half of the poverty line) or to activities that are particularly considered to contribute substantially to effective GDP growth (e.g., export) or to a more equal income distribution.

Figure 1: Primary Assessment Criteria



Source: Jacob Yaron, McDonald Benjamin, and Gerda Piprek: 1997. "Rural Finance: Issues, Design, and Best Practices." No. 14, Environmentally and Socially Sustainable Development Studies and Monographs Series. The World Bank.

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Subsidy Dependence Index (SDI). In contrast to the OI, the SDI is a comprehensive index that captures the subsidy dependence of the MFI concerned in one number. The SDI is instrumental in:

a) Placing the total amount of subsidies received by an MFI (explicit and implicit) in the context of its main activity level, as measured against interest income earned on its loan portfolio and against average annual OLP;
b) Tracking an MFI's subsidy dependence over time;
c) Comparing the subsidy dependence of different MFIs that provide similar services to a similar clientele in the same or different countries; and
d) Providing a notion of matching grant—the numerator is the subsidy granted by the society, measured against the denominator- the value of fees and interest payments paid to the MFI by its clients.

Further elaboration on the SDI is presented in Annex 1.

What explains the success of the Microfinance Industry?

Adapting different modes of operations compared to the traditional ones used by the traditional, formal lenders that served the more affluent clientele was vital for the microfinance industry. It was required to resolve issues that made serving the microfinance target clientele in the past non-warranted operation for profit maximizing formal financial intermediaries.

The main issues that differentiate the microfinance industry from the traditional formal FIs that serve the more affluent clients were:

a) Very high transaction costs per (an extremely small) unit of financial intermediation transaction, when these costs hardly change per unit of transaction, within a wide range of loans value. In contrast interest income is, by and large, gained proportionally to the loan value.
b) Lack of effective collateral, whereby the MFI can not expect securing loan repayment value after netting out collection, judicial and repossession costs upon defaults because the loans are too small.
c) Clients that have neither track record nor orderly book keeping practices.
d) A need to charge "very high" lending interest rates if subsidy independence is pursued when the typical clientele is assumed not capable to generate income that is sufficient to repay the loan.
e) A very long period until full cost coverage is achieved by a typical MFI. This, in turn, required a commitment for along term subsidization, usually by donors, the state or both.

The successful MFIs that resolved these issues and reached subsidy independence applied the distinct modes of operations detailed below:

a) Providing substantial incentives to staff so that a substantial part of their remuneration is based on personal performance that is linked to their workload and particularly to their success related to very high loan collection.
b) Applying substantial incentives to clients that substituted the traditional loans' collateral that the microfinance clientele could not offer. These incentives included future eligibility to borrow substantially higher volumes pending upon prompt current loan repayment and interest rate rebates on larger loans to veteran, well performing borrowers.
c) Applying high lending interest rates (i.e., 25% to 60%) that often financed trade and services operations that in light of their quick turnover were much less sensitive to the high interest rates applied.
d) Applying very high spreads between lending and depositing interest rates that were essential for covering the high administrative cost associated with serving the target clientele.
e) Developing and using an advanced, meaningful managerial information system (MIS) that was essential for adequate management with a particular focus on timely and meaningful reporting on loan collection and arrears age analysis.

MFIs differ among themselves with respect to their modes of operation and products offered. Some provide non-financial services (i.e., Grameen Bank provides a set of nonfinancial services to its clientele such as family planning, gardening and hygiene that increases its administrative cost) while others limit their operations to pure financial services only (i.e., BRI –Indonesia). Some MFIs require obligatory savings while other MFIs practice voluntary saving only. These differences obviously impact the level of administrative cost of the MFIs and should be taken into account when comparisons of performances are made.

Noteworthy is the progress made by BRI Unit Desa (BUD) in Indonesia—a profit center in a state owned bank that was established in 1983 aiming at serving the rural, low-income clientele. In a relatively very short period of two years, the BUD achieved subsidy dependence. The BUD is considered to be the world's best or among the best MFIs when the two primary assessment criteria are applied, namely outreach to the target clientele and subsidy dependence. The BUD serves now more than 20 million savers and close to 3 million borrowers. Its return on assets is above 5 percent although a very conservative income recognition policy is practiced.

The BUD replaced an agricultural directed credit program named "BIMAS" that was characterized as many other agricultural directed credit programs all over the developing countries, by poor loan collection, high losses and consequently substantial subsidy dependence. The main differences between the BUD and the prior BIMAS program are listed below. The modes of operation practiced by the BUD shed light on the methods that facilitated the achievements of this successful MFI, many of which are also practiced by many other MFIs all over the world. *Continued on page 8*

Table 1: Indonesia: BUD–The main characteristics and difference between BUD and BIMAS

Attribute	BIMAS Credit Program 1970-83	BUD 1983-present
Institutional objective	Disbursement conduit for subsidized credit	Profit-making, full-service rural bank
Financial autonomy	BIMAS windows in BRI branches, with accounts subsumed in the financial statements of BRI's branches. Lending interest rates are government-imposed	Distinct profit centers, with separate financial accounting. Lending interest rates are decided on independently, in light of self-sustainability considerations
Operational autonomy	Limited—borrowers chosen in practice by extension workers of the Ministry of Agriculture, which certified BIMAS participants	Full—borrowers selected on the basis of the financial viability of their farm or off-farm enterprise
Staff evaluation and accountability	Primarily based on the volume of disbursements or on hectares covered	Primarily based on the profitability of individual BRI-UD units
Staff incentives	Civil service-like flat salary structure, promotions were seniority based.	Profit-related individual bonus incentives, promotions
Target market	Rice farmers	Any income-generating enterprises
Client incentives	Timely payment incentive: effectively none Penalty for delinquency: curtailment of further loans, although not well enforced	Timely payment incentive: substantial interest rebate, larger follow-on loans Penalty for delinquency: curtailment of further loans; incentives well monitored and enforced
Interest rates	12 percent (subsidized); below both the inflation rate and the interest rate paid on small savings deposits	Around 30 P.A. (not subsidized); well above both the (pre-crisis) inflation rate and the interest rates paid on small savings deposits
Main sources of funds	Concessionary lines of credit, plus grants	Client deposits at market rates of interest
Dealing with losses	Soft budget constraint: operating losses covered by government	Hard budget constraint: loss-making operations suspended
The bottom line	Heavy losses and subsidy dependence	Exceptionally high profitability and subsidy independence since 1987

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The remarkable achievements reached by the BUD in its first 12 years of operation (1983-1995) can partially be explained by the BUD operating as a profit center within a large bank that already had an institutional infrastructure when the BUD was founded. It took other successful MFIs, including GB, a much longer period to reach subsidy independence, if at all such independence is achieved. The BUD, unlike GB, promoted voluntary saving, and in few years its outstanding savings value doubled its OLP, thereby shifting the pending issue from how to mobilize resources for lending to how to optimally invest the substantial surplus liquidity that was generated by the remarkable success in mobilizing saving.

Table 2 BUD's Outreach and Financial Self-Sustainability

Outreach:	**1985**	**1990**	**1995**
Avg. Annual Loan Volume ($ million)	162	562	1,178
Number of Outstanding Loans (million)	1.0	1.9	2.3
Avg. Outstanding Loan Amount/Borrower ($)	162	296	512
Avg. Annual Deposit Volume ($ million)	49	685	2,382
Number of Deposit Accounts (million)	NA	7.3	14.5
Avg. Deposit Amount/Saver ($)	NA	94	164
Financial Self-Sustainability:			
Nominal Avg. Yield Earned on the Loan Portfolio (%)	27.4	31.5	31.6
Nominal Avg. Interest Rate Paid on Deposits (%)	10.5	11.3	9.7
Nominal Interest Rate Spread (%)	16.8	20.2	21.9
Inflation	4.7	7.4	9.4
Real Average Yield Earned on the Loan Portfolio (%)	21.7	22.4	20.2
Real Average Interest Rate Paid on Deposits (%)	5.6	3.6	0.3
Lowest Nominal Lending Interest Rate Needed for Financial Self-Sustainability (%)	36.2	27.2	17.5
Lowest Real Lending Interest Rate Needed for Financial Self-Sustainability (%)	30.1	18.4	7.3
Operating Costs as a Percentage of:			
Average Annual Net Loan Portfolio (%)	20.5	12.9	12.6
Half of the Average Annual Net LP and Deposits (%)	31.5	11.6	8.3
Average Annual Total Assets (%)	15.1	8.0	5.3
Profits ($ million)	-0.8	34.3	170.2
Percentage of Profitable Units (%)	48.3	89.1	95.7
Avg. Ann Deposit Volume/Avg. Ann LP Volume	0.31	1.22	2.02
Subsidy Dependence Index (SDI)	**32.2**	**-13.7**[5]	**-44.5**

Endnotes

[1] Jacob Yaron retired from the World Bank in 2001 as its senior rural finance advisor and works as an independent consultant on the subjects of rural and microfinance and development finance institutions.

[2] World Bank. 1989 World Development Report: Financial Systems Development. Pg. 106. World Bank Group: Washington, DC.

[3] Yaron, J. 1992. "Successful Rural Finance Institutions", World Bank Discussion Paper 150. World Bank: Washington, DC.

[4] Schreiner, M. 1999. "Aspects of outreach: a framework for the discussion of the social benefits of microfinance," Center for Social Development Working Paper 99-5. St. Louis: Washington University.

[5] Negative SDI means that the MFI could have lowered its yield obtained on OLP (by 13.7% of the 31.5% actually obtained in 1990, to 27.2 PA and still obtain an adequate return on its equity).

Annex 1: Measuring the subsidy dependence -The amount of the annual subsidy received by a SDFI or MFI is defined as:

$$S = A\,(m - c) + [(E * m) - p] + K$$

where:	
S	Annual subsidy received by the SDFI
A	SDFI concessionary borrowed funds outstanding (annual average)
M	Interest rate the SDFI would be assumed to pay for borrowed funds if access to borrowed concessionary funds were eliminated
C	Weighted average annual concessionary rate of interest actually paid by the SDFI on its average annual concessionary borrowed funds outstanding
E	Average annual equity
P	Reported annual profit before tax (adjusted, when necessary, for loan loss provisions, inflation, and so on)
K	The sum of all other annual subsidies received by the SDFI (such as partial or complete coverage of the SDFI's operational costs by the state

$$SDI = \frac{S}{LP * i}$$

where:	
SDI	Index of subsidy dependence of SDFI
S	Annual subsidy received by the SDFI (see above)
LP	Average annual outstanding loan portfolio of the SDFI
I	Weighted average yield earned on the loan portfolio of the SDFI.

Source: Yaron, Benjamin and Piprek. 1997. "Rural Finance: Issues, Design and Best Practices", The World Bank, Monograph # 14 ESSD

Culture and Organizational Discourse as Expressed in Business Letters of Greek Corporations

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Over the years, researchers have become more interested in communication that is not simply informative but also evaluative. Such communication shows that communicators use the language in distinct ways correlated to social contexts. Since language is patterned linguistic behavior encoding situational conventions, texts, as meaningful artifacts, occur in particular contexts and bear witness to particular contextual environments. Texts are systematically-organized expressions of the meanings and values of an institution. The argument for the reality-constituting power of language has a long history[1]. Fairclough supports the view of "language as social practice" and argues that language and society are not "two independent entities which just happen to come into contact occasionally … there is not an external relationship between 'language'and 'society' but an internal and dialectical relationship" (1988, p.23). Choices users of language make are contingent upon the social context of their discourse; they encode meaning of the social environment that prompts their selection.

Several scholars in the field of communication have called attention to how context interrelates with the text in order to construct the social reality of organizational members. Corporate culture as a powerful construct that underlies the perceptions, desires, goals and actions of institutions, including the particular modes of language use and the use of power by actors, has been at the center of these studies. Scholars have argued that properties of language are actually properties of corporate culture and they have further suggested that meaning is best studied in relation to culture.[2] Because language functions in contexts of situation and is relatable to those contexts, as Hardy (2001) notes, the study of organizational discourse allows researchers to make a significant contribution to the study of organizations. Themes such as metaphors (Deetz and Mumby, 1985; Oswick and Montgomery, 1999); conversations (Oswick and Richards, 2004); identity (Philips and Hardy, 1997); mission statements (Swales and Rogers, 1995); organizational change (Ford and Ford, 1996); organizational strategy (Hardy et al., 2000; Crouch and Basch,1997) have been analyzed and associated with the processes of organizing and managing.

In this context, a text is viewed as an intersection of language and culture. However, since companies adapt to the broader social and business environment in which they operate, different types of organizational culture naturally exist. National character determines management and organization patterns to a considerable degree. If cultural differences among nations underlie differences in management and organizational behavior, would differences in texts also reflect the cultural patterns prevalent in different corporate societies? Would it be possible to explore 'culture relativity' among nations in a corpus of texts?

In an exploratory study that describes a corpus of Greek business letters I have used uses two complementary approaches to see how the specific Greek culture is expressed in a presumably neutral and global context of business letters. I have employed the critical approach to language and Biber's (1988, 1994) multidimensional approach. A register is constituted by a cluster of co-occurring features reflecting particular situational contexts; these clusters index different ranges of semantic potential since grammatical items function as codes that unravel social meaning[3] (Halliday, 1989). Biber's approach is based on the assumption that linguistic features can be statistically grouped, through factor analysis, into clusters on the basis of co-occurring patterns and that these clusters mark underlying functional dimensions[4]. In my study I have applied an empirical linguistic method which is appropriate for exploring and explaining the linguistic aspects of texts and the communicative structures in which linguistic units are embedded and the cultural dimensions that explain linguistic behavior. The purpose of the study was to see the extent of which the Greek culture affects the style of business letters of Greek companies.

Factor analysis was conducted on the corpus of the business letters. It yielded five textual dimensions, a system of linguistic options representing communicative situations in which persuasion is the prevalent function.

Business letters are functional and formal. They carry out the specific purposes for which they were produced[5]. The question is: are the same linguistic constructions used to realize the same communicative aims cross-culturally? Is there a "cultural perspective" reflected in the language as individuals position themselves in the communication process as it is expressed in the corpus of Greek business letters? Fairclough claims that users of language draw upon frames, what he calls "members' resources," to produce and interpret texts[6]. These frames are "cognitive in the sense that they are in people's heads, but they are social in the sense that they have social origins" (1989, p.24). The discourse between the writers and the recipients of the letters in the study manifests a continuum of more direct presentation of information as the individuals' perspective comes into play to shape their projection of reality.

In particular, the results of the study expressed the following:

1. The clusters of features registered the individuals' position with respect to a particular situation. As the analysis revealed, although writers at times established relational models and hedged their propositions, especially when they engaged in routine correspondence, they tended to frequently highlight the transactive event. The writers' attitude to the recipients was more openly registered; speakers were frequently identified in the delivery of good and bad news and the relationships between participants were more pronounced.
2. The 'group voice' (first person plural pronouns), as indicative of a cultural norm of collectivism, was frequently identified in the data.
3. The structuring of activities, as a symptom of uncertainty avoidance, is significant. The established complexes indicate a solid structuring of activities, a norm that explains and relates not only to a particular situation but also reflects general organizing strategies[7].

Are the same linguistic constructions used to realize the same communicative aims cross-culturally?

The findings and interpretation of textual dimensions within the broader cultural context[8] point to the positive-polite orientation of the Greek society, which places a high value on involvement in interactions (Sifianou, 1987, 1992; Makri-Tsilipakou, 1994, 2003; Hirscon, 2001)[9]. The business letters do reflect the values and the beliefs of the Greek society and they differ significantly from business letters written in other cultures, i.e., business letters written by American corporations.

To account for the patterns of polite behavior in Greece, Sifianou relied on the dichotomy between positive[10] and nega-

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tive politeness, or in other words, between familiar, friendly "solidarity" politeness and formal "deference politeness," as proposed by Brown and Levinson (1978). Although societies can not be absolutely categorized, in examining request patterns, Sifianou concluded that Greeks *tend* to prefer "positive politeness" strategies such as in group markers, direct patterns and in general devices which can be seen as attempts to include the addressee in the activity. Another positive politeness strategy is to "intensify interest to H [hearer], evidenced in the use of 'vivid present'"(1987, pp.348-349). As Sifianou asserts, the general "ethos" of Greek society allows for more directness. To be reserved and distant and to avoid expressing feelings and emotions are not usually approved cultural principles in Greece (1987, p. 347).

Greeks tend to use elaborate, indirect structures similar to those encountered in English, but only towards people who are perceived as belonging to a socially higher outgroup than their own.

Greeks tend to use elaborate, indirect structures similar to those encountered in English, but only towards people who are perceived as belonging to a socially higher outgroup than their own (Sifianou, 1987, p. 115)[11]. The positive-polite orientation of the Greek society is also supported by Antonopoulou (2001), who concluded that both men and women, while opting for different linguistic devices, show a preference for positive politeness strategies. Makri-Tsilipakou (2003) examined the highly developed system of diminutives in Greek to cover the social need for closeness in interactions. In an earlier study, Makri-Tsilipakou (1994) supported the prevalence of agreements as a mode of conversation. These features are evident in the corpus of business letters of Greek companies.

Discourse theorists assume that language does not simply mirror "reality." Rather, it brings into being "situations, objects of knowledge, and the social identities of and relations between people and groups of people" (Fairclough and Wodak, 1997, p. 258). As presented, the critical approach to language links discourse, business letters, with wider social practices, informed in this study by the context of culture and the positive-politeness orientation of the Greek society. Adopting two complementary approaches, the study provides an additional framework to empirically analyze discourse, relate microlevel linguistic instances to the macro context of culture, and demonstrate that organizational discourse can have practical applications in providing insights and a better understanding of the communication strategies which appear in business transactions.

Understanding different ways of being in the world can facilitate the social enactment of communication and thus the efficiency of business transactions beyond one's national cultural borders. After all, people tend to like (and be swayed by) people whose attitudes are similar to their own (Rao and Hashimoto, 1996; Triandis, 2003)[12].

Therefore, while the global nature of business may call for increased consistency, the variety of cultural environments may be calling for differentiation. Since workplace values and behaviors are culture-specific, then management practices, including communication strategies, should reflect cultural relativity. Examination of a larger corpus of business letters as well as examination of other business genres such as conversational strategies in business settings would help provide a more complete account of business register in the Greek corporate sector.

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Endnotes

[1] Whorf introduced the principle of "linguistic relativity" and explained that "we cut nature up, organize it into concepts, and ascribe significances as we do, largely because we are parties to an agreement to organize in this way—an agreement that holds throughout our speech community and is codified in the patterns of our language" (1956, pp. 213-214). Within Halliday's view of "language as a social semiotic," social structures may either influence or determine linguistic structure and/or behavior (1978).

[2] Arthur Berger emphasizes the "directive" nature of culture and claims that "culture-codes are (1) directives in our culture which we do no recognize generally but (2) which have a highly-articulated structure and which [because they are] very specific…provide us with 'ways of behaving' in various situations and ways of looking at the world and society and man" (1989, p.156-66).

[3] For example, nominalizations that occur in a text are forms indexing meaning themselves: they conceal agency (compare 'I develop a plan' to 'the development of a plan').

[4] Dimension is defined as a complex interrelation of form and function; it is the presence of a cluster of communicative functions as indicated by a cluster of linguistic features. According to Biber (1988), certain texts may be more or less similar in one dimension but differ considerably with respect to another. Dimensions represent continuous scales of linguistic variation not dichotomous distinctions. It is not the absolute presence or absence of a feature that marks the dimension, but its relative presence or absence.

[5] Drew and Heritage (1992) propose three premises which govern institutional interaction: 1) it is normally informed by goal orientation of a relatively restricted conventional form, 2) it may often involve special and particular constraints on what one or both of the participants will treat as allowable contributions to the business at hand, and 3) institutional interaction may be associated with inferential frameworks and procedures that are particular to specific institutional contexts.

[6] Hymes (1972) emphasizes the impact socio-cultural factors have on communication and dissociates competence with grammatical competence.

[7] The linguistic devices that structure activities are frequently used as evidenced by the combination of necessity/obligation modals and relational processes, volition/prediction modals and relational processes, and volition/prediction modals and necessity/obligation modals.

[8] Kessapidu (1997) correlated the five dimensions of persuasion with the value dimensions identified in Hofstede's study (1980, 1991). His research is on the scope of differences in national work-related value systems, which affect the structuring and functioning of organizations. 'Values' are defined as "broad preferences for one state of affairs over others …they are opinions on how things are and they also affect our behavior"(Hofstede, 1986:347) and are reflected in the following dimensions: power distance, uncertainty avoidance, individualism vs. collectivism, and masculinity vs. femininity. In Hofstede's study, Greece was classified (index value 0 to 100) as being less individualistic (35) and having high uncertainty avoidance (112); with respect to power distance (60), Greece falls rather in the middle of the continuum.

[9] Hirscon presents as "key values identified for Greek society those of freedom and personal autonomy as well as ones emphasizing sociability and solidarity" (2001, p.8).

[10] According to Brown and Levinson (1978, p.107), positive politeness is manifested by: 1) claiming "common ground"; 2) conveying that S[peaker] and H[earer] are cooperators; and 3) fulfilling H's wants (for some X).

[11] The distinction between 'ingroup' and 'outgroup' is presented by Triandis and Vassiliou (1972:305). Besides family and friends, members of the ingroup are "those who are perceived as showing concern for me" whereas the outgroup "consists of anyone who is not perceived at least as an acquaintance or as a person who is concerned with one's welfare."

[12] In their study on the impact of national culture on the choice of managing director for foreign firms operating in Greece, Kessapidu and Varsakelis (2003) argued that foreign firms, which are culturally distant from Greece, prefer local managers who more readily identify with the local culture in order to facilitate the implementation of management policies and reduce any communication costs.