

# Relationship atmosphere in international business



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**INTRODUCTION:**

Going international is seeking new markets for their products and services.

To go international, it must establish good relations with their overseas customers & suppliers overcoming the communication barrier and culture.

Here to establish a good relationship with the bicycle manufacture based in Hanoi, Vietnam for the UK based company, the communication barrier is to be removed.

The term 'relationship' can indicate a mixture of things on how it is applied.

Webster, (1992) say's it can mean any type of co-operation, from coercive supply relationship to strategic alliances. Duck, (1991) says that relationship provide mutual support in form of exchange. The business marketing relationship is very important for success.

The report deals with the importance of business relationship and its stages involved in creating the effective business relationship along with the variables involved in each stage. The foreign language requirement is identified in each stage and its implications in terms of training, recruitment and outsourcing.

**PART – A****STAGES IN BUSINESS RELATIONSHIP DEVELOPMENT.**

Lindgreen, (2001), as cited in Troy, (2004), say's growth in relationship marketing is not fully supported because of the ambiguous concept without clear empirical support. Ford, (1980), say's that relationship can fail to develop or regress depending upon the interest of the parties involved in relation. The similarities between the two parties are stressed along the

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whole path of making relationship. Many of the authors have mentioned different stages of making a business relationship successful.

Ford, (1980) illustrated five stages:

1. The pre-relationship stage.
2. The early stage.
3. The development stage
4. The long-term stage
5. The final stage

Conway & swift, (2000) suggests four stages:

1. Pre-contact stage.
2. Initial interaction stage.
3. Development.
4. Mature relationship.

Many authors like Levitt, Dwyer, Scanzoni e. t. c have developed many stages in attaining the ' communal relationships' which was said by Clark and Mills, (1979) where benefits to both parties are concerned with welfare for each other.( Conway and Swift, 2000).

The pre-relationship stage

Initially there is no relationship between the both the parties. Both the parties don't have knowledge of each other, where search for new potential buyers and suppliers bring them together. In the evaluation of potential new supplier, there will be no commitment between them in this stage (Ford,

1980). In this stage each company one has awareness of each other like what areas are they good in, performance and area of work.

The main objective in this stage is to create awareness, gather information and evaluation of the supplier is done considering some factors like experience, uncertainty and distance (Ford, 1980). In the pre-relationship stage, the psychic distance is to be measured in the intermediate level (Conway and Swift, 2000).

#### The early stage

In this stage, the potential suppliers and buyers are in contact with each other. This is the initial interaction between them to develop a specification for the capital goods to be purchased (Ford, 1980). The discussion of initial inputs, priorities, needs and bargaining is done in this stage (Frazier, 1983; Dwyer, 1987). The lack of experience and mutual understanding makes relationship fragile at this phase (Troy, 2004). Due to high levels of uncertainty the psychic distance increases (Conway and Swift, 2000). The relationship is done terms of the tasks of building experience, increasing commitment and the associated reduction in distance and uncertainty (Ford, 1980).

#### The Development Stage

It is the stage after the contract signing where increase of delivery of products can be seen. Here both buyer and seller will be dealing with aspects like integration of purchased product (Ford, 1980). The trust and commitment developed in the previous stages lead to risk taking. The

interdependence increases with the decrease of uncertainty and distance. Here the information flow is making more gradual development in context, atmosphere of exchange, Intentions and interests of parties (Hallen and Sandstorm, 1991). However, the relationship can be discontinued based on the assessment of their potential, the performance, or of actions of outsiders (Ford, 1980).

#### The Long-term stage

In this stage, business is grown at high level with wide range of experience in dealing with each other and relationship at a full stretch (Ford et al., 2003). The commitment and trust are to be maintained at high level for the relationship to continue with good satisfaction level in business.

As this report is for developing a strong relations in business for the UK based bicycle distributor to its Vietnam manufacture, the final stage i. e. relation end stage can be neglected as this report focuses on development of business relationship.

### **VARIABLES IN BUSINESS RELATIONSHIP DEVELOPMENT**

Many of the authors have written a good deal on the components of successful relationships. Wilson, (1995) stated 13 important relationship variables that have support in empirical and theoretical. The most important factors which help the relationships, mostly in international context are listed below:

- Commitment
- Trust

- Customer orientation/ empathy
- Experience/satisfaction
- Communication.

#### Commitment:

According to Wilson, (1995) commitment is the most dependent variable in building a business relationship. Blois, (1998) commented, Commitment can be viewed as the ongoing investment to build up the activities which are to be maintained in relation. Commitment level can be high when the satisfaction of buyer-seller relation is high and the high degree of level of business along with social bonding (Conway and Swift, 2000). Anderson and Weitz (1989) commented that greater the investment made between buyer-seller relationships, greater would be commitment.

#### Trust:

Trust can be treated as the building block of any relationship. Rotter (1967) sees trust as a 'word' between the buyer and seller where they can be relied on each other word regarding the commitments, honesty, in negotiations and taking of advantage in business. According to Morgan and Hunt (1994) trust acts as a catalyst for short-term alternatives in making them as long-term. According to Ali and Birley (1998) processed-based trust is more helpful in making relationship longer rather than characteristic based trust as it is based between individuals. Trust influences other variables like customer orientation and satisfaction (Conway and Swift, 2000). Finally, relationship without trust is just like candle under rain.

#### Customer orientation/empathy

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Empathy means seeing the things in other point of view, so that we don't think of other circumstances that affecting the business. In the initial stages the empathy is more towards the buyer point of view from seller. The empathy acts as a starting step for making the relationship. Bonding of the relationship increases with the increase of empathy between the buyer-seller relations. Graham suggests that

“ In addition to the bargaining strategy itself, interpersonal attraction (e. g. like/dislike, friendly/ unfriendly feelings) can strongly influence current negotiation outcomes and the success of future transactions” (Adler and Graham, 1989, p. 523).

The social bonding and thinking in point of customer would create the relationship to grow faster (Conway and Swift, 2000).

Experience/Satisfaction:

Wilson (1995) defines satisfaction as demand and supply level performance in terms of their business from buyer-seller perceptive. The continuity of relation depends upon the satisfaction level on the partner's performance upon the expectation's (Levitt, 1981; Jackson, 1985). The experience need to be in a positive way rather than in negative way which descends the relationship. The experience helps in active mutual participation dealing all type of things (Conway and Swift, 2000).

Communication:

It is a variable which reduces the social, cultural, technological and time distance between the parties (Ford, 1980). According to Schramm,

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“ Communication is the process of establishing a commonness or oneness of thought between a sender and a receiver.” (Schramm, 1954, p. 3).

The communication and relationship are inter-dependable. Effective communication decreases the barriers of negotiations, increase collaboration and co-ordination within the parties (Conway and Swift, 2000).

The above table indicates the sequence of variables in their respective stage of making a business relationship. In the pre-contact stage Empathy plays an important role in making an initial step. As this is about the awareness between the two parties, trust helps in believing each other and helps in research towards other party. As there is no actual business operation being done in this stage, the satisfaction and other variables are not considered in this stage.

In the Early stage key variable is empathy, through which the contract is signed and the flow of operation begins. Communication plays a vital role by decreasing the cultural distance between the parties. Here the trust acts as a catalyst for the relationship to improve and get strong. Satisfaction of the initial process of agreement makes the parties to move further. Commitment is not needed in this stage.

In development stage, the trust and commitment of buyer/seller helps them improve the relationship further by making analysis and keeping negotiations in a right way. Satisfaction and communication helps by performance analysis and decrease in cultural distance.



In long-term stage trust plays main role, without it relationship cannot move forward and stay for long time. Communication at this stage helps to remain the relationship in tact without any misleading. Depending upon the level of satisfaction, the continuing of relationship will depend.

### **FOREIGN LANGUAGE REUIREMENTS**

Foreign language is one of the important factors in building the relationship and knowledge sharing in international business (Cooren, 2006) as cited in (Jakob, 2007). According to Holden, 2002, language is to be understood in basis of social and cognitive dimensions. Language barrier can be viewed as mutual unintelligibility and interpretation of culture. Building an international relationship requires intercultural communication.(Swift, 1991). Hofstede, 1993, say's generally non local language is used in intercultural negotiations. (Bloch and Starks, 1999).

According to Sims and Guice, 1992, p. 23, regardless of the degree of fluency in language," Merely knowing how to speak and write a language does not ensure effective communication" (Bloch and Starks, 1999).

Understanding the foreign language helps to build up the market closeness, social and psychological distance ( Holden, ) as cited in (Swift, 1991).

#### Pre-relationship stage

In this stage, language plays an important role in understanding the other party in terms of previous performance, operation area, requirements etc. As this stage lacks mutual interaction, foreign language usage is less. But foreign language is much needed in understanding the intercultural perceptive. The persons having same cultural background and sound

knowledge exhibits common pattern of opinion, regardless the party (Simintiar & Thomas, 1998).

As the UK based distributor replacing the manufacturer based in Hanoi, Vietnam, distributor should have proper knowledge of its culture and language which helps in building the initial trust required to build relationship. A translator would be helpful in this case. According to Gruber, translation should concentrate on ideas, not on words (Swift, 1991).

The Early stage:

In this stage, foreign language importance is very high. The contract of agreement is done and proper communication helps to deal with negotiations with the contracts, their needs and sources. Any translations are to be done according to, going from source language to target language with culturally influenced concepts in both source and target languages (Simpkin and Jones) as cited in (Swift, 1991).

The UK distributor plans to visit the manufacture along with translator or interpreter. The negotiations are to be made with intercultural point of view. Here the cost of interpreter will be miscellaneous.

Development stage:

The development stage requires trust and satisfaction for the strong relationship. To attain trust, communication between both the parties should be more efficient without intercultural language barriers. The communication channels should be dense with various ways to transfer knowledge. Vietnam people prefer face-to-face interaction, social gatherings, virtual interaction  
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and internet communication mostly (Napier, 2005). Interactive translation helps in attaining collaboration through understanding inherent uncertainties in knowledge sharing across languages and cultures (Napier, 2005).

According to Swift, 1991, intermediaries act as potential barriers in attaining the market closeness and may act as leakage source of information.

As the commitment is made, the collaboration is to be made between the Vietnam manufacture and UKs distributor by decreasing the usage of translators. The market closeness is to be attained which increase the product and market value. Foreign language proficiency is to be attained and communication is to be increased with the regular meetings. Training of their staff in foreign language helps in proper knowledge flow.

The Long-term stage:

Here cultural point of view along with efficient foreign language is important to drive relationship long-term. Johnstone, (1993) as cited by Swift, (2002) say's intercultural language is vital thing. Vietnamese find it difficult to collaborate in teams (Napier, 2005) where as Britisher's easily collaborate in teams. According to Ferney, 1990 satisfaction between the parties in language attain through suitable learning environment. Rose-Warne, (1994) as cited in Bloch and Starks, (1999) say's non-native people speaking language makes overseas business people think negatively. This hinders British business effectiveness in international marketplace. Barham, (1991), argues doing business with English as medium of language is not sufficient as most parties try to do business in their native language.

The firm's should train their staff in all cultural points of view with language relation. The cultural training will co-relate people from different cultures and serve by decreasing the uncertainty, improved communication across co-cultures.(Nixon and Dawson, 2002). The learning environment between the distributors and manufactures should be bi-directional. The non-negative people speaking language should be well trained in slang which they speak.

Training:

Generally, the types of miscommunication that occur are:

- Total lack of understanding (Zero communication)
- Distortion of the message (Partly understanding of message).
- Inappropriate formulation and cultural insensitivity- the content is understood but message is not delivered in acceptable form.
- Insufficient vocabulary or use of idiom- knowledge of speaker in linguistic element is missing. (Bloch and Starks, 1999).
- Code-Switching: It is mixing of languages, restricted to members of a same group. It is unconscious behaviour, where communication is impeded between international business partners when listening is only done instead of participating.(Bloch and Starks, 1999)
- Staffs are to be trained in interactive communication with proper inter-cultural language. The sessions are to be conducted where staff is more emphasised on code-switching task and turn-taking. The training of employees is to be done in phonological differences: code switching, turn-taking and cultural point of view.

- Turn-taking: It is shifting of speaker from one to another in conversation. The length of pause and overlapping between the shifting should be acceptable cross-culturally  
  
(Bloch and Starks, 1999).
- Language translation:
- Localization method helps in translating language by combining language and technology to produce a product that cross cultural and language barriers.
- Machine language translation is method of translating material from one language to other through machine. According to Carlson, 2009 the machine translation cannot reach human translation.

#### Recruitment:

- The recruitment of the staff is done from the Vietnam in less number, so that they would be helpful as translators and interpreters. The employees feel nativity and would helpful in building strong relationship.
- In the initial stage a translator is to be acquired, who help in building the initial relationship

#### **CONCLUSION:**

The successful business relationship development depends on the stages and the variables involved, along with their importance in each stage. The trust and communication plays an important role in building a relation into stronger. In each and every international business, language barrier with cultural differences occur. These are met by the proper training of staff in

their plants with experts. All business people are to be initially trained well to solve problems in any stage of building of relationship. Interpreter's acts as a source of language translator in initial stage, where use of them in further stages decrease the building of relationship. The basic types of miscommunication in language are to be considered and proper training sessions are to be conducted. The recruitment of the staff should also consider the other parties needs in point of language, culture and other needs which are best fulfilled by the native employees. Training sessions should be considered for the staff in all stages of building relationship. Foreign language requirements in each stage are considered and its importance. The foreign language is highly important in the later stages of building relationship

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