

Cultures effect on international business

Business



An in-depth look will be taken on the obstacles that may arise due to culture, adjustments that need to be made, and any ethical conundrums that may arise due to different cultures. Literature Review D. Eleanor and d. Karol, state that " Managers should not underestimate the Importance of the cultural specificity of the host countries because different staffing, selecting, training, motivating and compensating practices should be applied in accordance with the characteristics of the local cultural context," (2008, p. 1). A unique perspective on culture is taken by Hill, Haynes, and Johnson by analyzing the International student in the American business culture. " A relatively unrecognized challenge is knowledge of contemporary American business customs and culture. International students enrolled in two business schools formed focus groups to discuss the impact of their unfamiliarity with U. S. Business on their learning," (2011, p. 17).

On the other side of things Lung-Tan gives a unique view on how to measure culture; " How to measure culture has been a fundamental challenge for scholars in the field of international business and still is in debate (Gould & Green, 2009; Venial & Brewer, 2010; Lung et al. , 2011). It is necessary to understand the concept of culture in order to discuss the relationship between culture and International business," (2012, p. 109). Preparing, Poor, and Seville state " corporate cultures will continue to be important. For managers, the key to making business decisions is business interests.

However, there will not be only one corporate culture (I. E. Us-dominated), but instead diversified corporate cultures as multinational companies (NCSC') will originate from more than one country," (2008, p. 23). Mahoney James is under the belief that, " Claims of widespread corruption in

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International business has stimulated a considerable amount of activity both in academia and in international organizations," although strong arguments have been made that bribery and corruption are not cultural characteristics, as they have so malfunctioning economy," (2012, p.). Lie performed an analysis determining, " We hypothesized that, overall, Chinese students would be more likely to make less ethical decisions than their American peers due to the differences in four cultural dimensions: (a) small versus large power distance, (b) individualism versus collectivism, (c) difference in socioeconomic values, and (d) rule of men versus rule of law. The logic regression results strongly support the hypothesis," (2011, p. 15).

Almandine, Branch, and Lies bring the concept of different managing systems for HER in the Middle East, " Arab management faces an ever-increasing challenge to keep up with management in developed countries due to globalization; the introduction of MEN operations can result in the " transfer" of best practices in HARM, as in Israel. A study into transferability of HARM practices in joint ventures based in Iran, found that ownership and control of critical resources, the compatibility of national culture, socio-cultural differences, mutual trust and respect between partners and the compatibility of management styles were important factors," (2012, p. 68). AY-Syllabi, Immune, and EBITDA discuss the reception of American Culture in the Middle East where bias is a large difficulty, " The West, driven by its interests and blinded by bias and hostility, has been keen on colonizing the Middle East, empowering Israel, and foolishly disregarding the aspirations of Arabs and Muslims, which tremendously contributes to generating anti-American sentiments and bitterness," (2011, p. 156).

Archivist, Correction, Condole, Kiosks, Lie, and Audiogram study is on, " managers' and employees' perceptions of the state of ethical cultures in business organizations and explores similarities and differences among the four largest merging economies, commonly referred to as the Brick (Brazil, Russia, India, and China (2012, p. 415). Bond, Redding, and Witt focus on the Asian business system, " This region contains immense cultural variety.

Language and ethnicity illustrate the flows of ancient peoples generally moving from west to east and southeast, often pushed and then overrun by newer arrivals. This flow of populations has led to all the world's axial religions being represented. They are dispersed across the region and nowhere is there a tidy overlap of one country and one religion. Except for Islam, the norm is for people to adopt several religions and blend them into their daily lives as need be. Three aspects of religion tend to intervene in the process of affecting societal behavior.

Some religions are more constraining than others, some more Worldly, some import an external worldview," (2013, p. 6). Change, Line, and Tu compare the BRICK countries culturally, " The results showed that there was a significant difference among Brazil, Russia, India and China in individualism/collectivism attitude. It indicates that India has highest individualism attitude compared to Brazil, Russia and China. China has highest collectivism attitude imparted to Brazil, Russia and India. Brazil has higher individualism attitude compared to China... people from individualistic cultures tend to be more concerned with their own rights, benefits, and outcomes," (2011, p. 179). Chelsea, Chunk, Park, and Ream describe, " How culturally sensitive mental of Asian Americans," (2011, p. 2374). Perkins and <https://assignbuster.com/cultures-effect-on-international-business/>

Joggle study showed that " people from different cultural groups experience and respond to a particular leadership style in different ways, and how specific dimensions of transformational leadership are enacted in an Asian culture more strongly than in Western cultures.

Furthermore, the purpose of this study was to investigate the influence of cultural forces on leadership practices and processes. In doing so, we found that leadership styles are not universal behaviors, because leadership differs as a function of cultural factors when cultural attributes moderate the relationship between leadership behaviors and outcomes," (2012, up. 545-546). " It is not possible to fully neglect the influence of the national / regional culture.

Therefore, although these enterprises often run expensive programs to establish a common organizational culture, the behavior and thinking may differ from one unit thin the multinational enterprise to another," (Sufficient, 2011, p. 73). In summary many authors have had interesting points to make about culture and the role it plays in international business. All of these points will be addressed as the concept of culture, obstacles, operations, and ethics are investigated further. Objective During this project I will look in depth at the effect that culture plays on organizations when operating overseas.

This includes aspects of obstacles that may arise due to cultural differences, adjustments that corporations have to make in order to operate internationally successfully, and lastly any ethical decisions that may arise due to differences in culture, values, and/or beliefs from one country to the

next. Research Questions There are a few questions that will be addressed during the course of this paper, these questions will help to shape the project and ensure that all aspects of culture in business get addressed.

The following are the main research questions being answered: Does a country's culture play a role in international business? Are there any cultural obstacles corporations can face doing business in different countries round the world? How must corporations adapt to doing business internationally vs.. Domestic business? It is through these questions that we will see exactly the impact of culture on international business, and begin to address the steps that should be made, as well as the different implications that culture has on a Multinational enterprise.

Hypotheses While thinking about this topic a couple hypotheses became apparent to me; it is through the work of others as well as going in depth a bit more that I hope to prove these hypotheses correct. H1: Without taking a countries specific culture into count an organization will struggle to succeed within its borders. H2O: Culture is one of the major factors that need to be addressed in globalization. It is my belief that culture is in fact a huge contributor to globalization and if it is not taken into themselves, but almost downright impossible without a little luck.

It is due to the nature of the people within a countries border that a business begins to exceed, without taking into account their actions, beliefs, and values an organization becomes less attractive to its people and therefore has difficulty succeeding. Cultures Role in International Business thin the multinational enterprise to another," (Sufficient, 2011, p. 73). This statement

by Sufficient is a reoccurring theme throughout this paper. The fact of the matter is that a more true statement cannot be made, despite the size of the organization the fact of the matter is that the national and regional cultures cannot be ignored.

Eleanor and Karol, make the statement in their paper about cultural differences in a small country, " Cross-cultural differences play an important role in international business together with differences in communication, managerial styles, and business practices. International Human Resource Management (IHRAM) has increasingly been recognized as a major determining factor of success or failure in international business and human capital is more often seen as the main source of sustainable competitive advantage available to companies. In the recent years, many companies have generated considerable revenues outside of their home countries.

When involved in international business, Mads should not underestimate the importance of the cultural specificity of the host countries because different staffing, selecting, training, motivating and compensating practices should be applied in accordance with the characteristics of the local cultural context," (2008, p. 71). It is in their paper that they examine the cultural influences in Cyprus and their effect on international business there, they come to the realization that there are essentially two parts of the country which just so happen to be broken up in the north and south.

The south is the Greek influenced part of Cyprus which has little to no language barriers and is favorable in many different ways to foreign investors. When looking at the northern part there is a significant Turkish

influence which just so happens to create an almost completely outlook on the region in the same country due to the culture established. They clearly state that while the south is easier to transition to the north should not be ignored as there are great opportunities available; special attention should just be paid to their values in order to maintain a successful operation. Every country has its own cultural specificity, which we believe is an important indivisible part of the contemporary globalization business world. Thus, it should be paid special attention in international business, as it often proves to be the key to success," (Eleanor & Karol, 2008, p. 7). This point one that actually gets emphasized by Lulu's paper regarding measuring culture, " For managers in multinational enterprises, one of the most difficult aspects of doing business in a foreign country is to understand the similarity and differences in cultural insights and values.

A difficult issue with any cross-cultural research is to keep a balanced and comparative frame of reference. Cross-cultural studies using an ethnic approach 1996; Offering & Hopper, 2006). First, analyses may be too generalized - they presume a group of people living in a society or country, such as the Chinese, to be relatively monogamous. The researchers pay little attention to cultural diversity in a society or country or to interactions between mainstream and ethnic cultures. Second, such studies tend to be stationary and to disregard cultural change.

Third, they assume that the concept of a people (e. G. Chinese) is objective, while it may be subjective in nature," (2012, p. 112). The idea of not classifying one country all into the same cultural beliefs and roles becomes an important one, as discussed with Cypress it is split up into multiple
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influences, this is in-fact the case with many countries no tater their size, but more frequent within the larger ones. Sub Cultures need to be identified and recognized and then used to the Mines advantage and made a part of their plan for proceeding with business on the international level.

Also when we talk about culture there are a few different aspects that need to be taken into account as well. A significant part of this is adapting culture to fit the people of the region / nation, but what exactly does this entail? The fact of the matter is that culture bleeds into every aspect of business when operating internationally and therefore needs to e examined on a very detailed level. Aspects like communication, managerial styles, business practices and human resource management need to all be adapted, this includes such practices as staffing, training, motivating, and compensation practices.

Each and every part of these standard operations within a country can have both a negative or positive influence based on the culture of the area and that way that they are handled by the organization. " A framework has been developed for analyzing ME (Middle East) HARM which recognizes its social, cultural, institutional and political perversity and stage of economic development. It emphasizes national factors (culture, institutions, sectors, businessenvironment), contingent variables (e. G. Organizational size, age, ownership, life cycle stage) and organizational strategies (e. . Generic strategies, HER policies). They particularly emphasize the influence of national cultural and institutional factors," (Almandine, Branch, & Lies, 2012, p. 468). In this study a look was taken at the human resource management practices when dealing in the Middle East, it makes it very clear that in this <https://assignbuster.com/cultures-effect-on-international-business/>

case practices used in other parts of the world re not likely to work due to Middle Eastern beliefs with religion, culture, and even the economic, political, and legal environment in action.

They mention that special attention is paid to the national culture when it comes to work values and management practices; this is due to the differences between the Islamic values and the Arab traditions. Cultural Obstacles While exploring the Middle East culture we are able to identify a few aspects which turn up as obstacles to Mines attempting to begin business practices there. " American policy in the Middle East has been dictating the relationship between the US and this part of the world.

Being imbalanced, this policy has been the cause of bitterness and anti-American sentiments reflective of displeasure, anger, frustration, and disappointment at the role America has been playing. This role doesn't meet the expectations of Arabs who have been pinning their hopes on the US to settle the sacrificing its interests, undermining the peace process, losing its credibility, and damaging its reputation as a leading power," (AY-Syllabi, Immune, & EBITDA, 2011, p. 160). The statements made here show exactly the type of conflict that may arise if a

US based organization attempted to open up shop in the Middle East. With anti- American sentiments being well known any American practices would likely see a significant amount of resistance if attempted to implement in an Arab or Muslim culture. It is because of beliefs like this that an organization would have to completely revamp their procedures to fit the people of the surrounding region; this would entail a great amount of prep work as well as

take significant effort to fit the culture they are moving into, with no promise that they still won't see resistance to their entrance.

One of the key obstacles that Mines, managers, and even employees operating overseas run into is making ethical choices. Often the case when you enter a new region is that the standards in which things are done are not up to the same standard in which the employee/manager/organization is used to. This happens when going from one country to the next and often times Men's find themselves in a tough situation where they need to make ethical decisions due to unethical practices which are common place in the new region. An absence of a fair, equal and transparent recruitment policy which may lead to favoritism, nepotism, and irruption, discriminatory or undeclared criteria, restricted information, and a lack of accountability, lowering the quality of employees and the image of public sector employment," (Almandine, Branch, & Lies, 2012, p. 482). This is not the only sort of ethical question that may arise though, such things as discrimination in compensation, abuse and corruption through bribery, promotions and career advancement based on personal or political criteria, and corruption throughout the company are common place throughout other countries. Two aspects dealt with are:) the existence of perceived corruption in international business, including graft, kickbacks and preferential treatment and b) workplace conditions that are considered unethical by generally accepted world standards. There are many other aspects of international business which lend themselves to ethical examination, but they are not appropriate here... In addition, the rapid movement by Western companies to developing countries as a source of supply based on cheap labor has

accentuated the previously "invisible" problem of working conditions in these areas," (Dames, 2012, pp. 1, 15). With the labor laws being different in other parts of the country it is a viable idea to move production in order to save; however, the problem that has been brought to light over the past decade are the unfavorable labor conditions for both adults and children. Organizations need to have a framework already in place for dealing with aspects such as these ethical issues if they do not wish to become a part of the problem. In order to combat and avoid such conflicts of interest, HARM must ensure impartiality in personnel decision-making, foster competition, build in transparency and openness, structure and operational competence and merit requirements, enhance collective decision-making, foster an ethical regime through scrutiny, standards and audit, strengthen the appeals and grievance systems, extend ethics requirements to contracted-out/ interest," (Almandine, Branch, & Lies, 2012, p. 482).

The problems with attempting to set up these sorts of things are not easy due to the significant changes you see from country to country in values of both beliefs and ethics. Lie and Persons discuss how their findings show that Chinese students are more likely to make less ethical decisions in such areas as proper use of company assets, inside trading, and reporting unethical behavior, (2011, p. 5). Whereas Archivist, Correction, Condole, Kiosks, Lie, and Audiogram state "that no homogeneity of responses is evident among the BRICK countries.

The results show that significant country differences exist across all the ethical business culture-related items. Furthermore, the country differences were not consistent across items. In general, India and Brazil had higher

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scores than Russia and China, which could be interpreted as a sign that respondents in the latter two nations find that standards of business ethics are lower in their organizations. (2012, p. 424). Ultimately it comes down to the simple idea of risk vs.. Reward and if the possible outcome of moving into the area outweighs that of any problems they might come across then the company should invest. " Nevertheless, it also has to be considered that different cultures not only bring challenges but also widen the view and with this enable the multinational enterprise to face unimagined opportunities," (Sufficient, 2011, p. 77). Adaptation Part of the problem when attempting to adapt to culture in international business comes in its extreme diversity from one part of the globe to the next.

A good example of it is like taking care of an only child of a rich family who is used to getting everything he/she wants, compared to dealing with a middle child of a middle class family who has little to nothing of their own and shares with their siblings. In order to make the first child happy you are going to have to act completely differently with them than you are the second, the first might be rude and you will have to deal with that; whereas, the second child could be nice, kind, and listen well. This all depends on their upbringing and social values instilled within them from their parents.

This is the same concept when moving your business to a new area, you do not know what your customers and employees are going to be like or act but it is your job to manage, control, implement, and attract those individuals to support your business whatever it may be. Change, Line, and Tu discuss the differences of their study comparing culture of Brazil, Russia, India, and

China " There was a statistically significant difference between the individualist/collectivist attitude among Brazil, Russia, India and China....

It indicates that India has highest individualism attitude compared to Brazil, Russia and China. China has highest collectivism attitude compared to Brazil, Russia and India. Brazil has higher individualism attitude compared to China.... Russia has higher individualism attitude compared to China, and both Brazil and Russia have no significant differences in individualism/collectivism attitude. Hefted found that people from individualistic cultures tend to be more concerned with their own rights, benefits, and outcomes," (2011, p. 79). This is also then backed up with a study justifying if culture is indeed important to Mac's and Men's, " For managers, the key to making business decisions is business interests. However, there will not be only as multinational companies (NCSC') will originate from more than one country. In the future, for instance, more and more Chinese and Russian Macs will appear with their corporate cultures being influenced by the national cultures of the countries of their origin," (Parsnip, Poor, & Seville, 2008, p. 23).

An example of successful implementation of dealing with culture was provided by Chelsea, Chunk, Park, and Ream in their article: Working with culture: culturally appropriate mentalhealthcare for Asian Americans. In this they discuss how mental healthcare providers adapted to it the needs of Asian Americans within their practices. In the study they found that the culturally appropriate care for the Asian Americans was able to identify any cultural issues easier, respond to culture specific situations, and incorporate solutions much easier.

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