

Global business

Business



Global business Global Business Globalization is becoming inevitable for businesses seeking to exploit the worldwide market potential and enhance competitiveness with other companies. In whatever business sector a company is operating in, cultural differences have an impact on their profitability. However cross cultural differences of certain regions are acting as barrier to business expansion and companies are required to do good feasibility study before joining these markets more so in Asian continent. There are major differences in these region compared to the United States of America (USA). Particularly this discussion will be looking at the issues that American businesses going in Russia need to understand in order to formulate effective entry strategy.

These two countries have major cultural difference in language, authority, customs and norms thus conducting businesses in Russia present a communication and management challenge. Communication is essential for any business, Russia unlike America has several official language due to the large number of ethnic communities of about one hundred (Bloshteyn, 2007). This will need the company to have people who understand a variety of these ethnic languages while in US English is their official language. Body language help to convey certain messages like nodding the head to show agreement Russians do not use body language as such like Americans do but are said to be very emotion for instance they can walk out on you during a meeting to show disagreement.

Authority in Russia is centralized and chain of commands are from top to bottom and the juniors staff are expected to perform their tasks without any questioning while the Americans top managers give directions and give room for debating. Russians organizational structures are very bureaucratic in <https://assignbuster.com/global-business-essay-samples-2/>

nature and this makes it difficult to do business for instance according to an executive director of Russo-British commerce chamber Stephen Danziel, “ you have to fill forms for all most everything and have them signed by the right authorities usually in triplicate”. According to Trompenaars & Woolliams (2003), culture is the core value of any society, businesses have to understand the cultural background of the customer in order to be able to meet their needs. The ideologies and gender views of these two countries are different, Russians are seen as communalism and believe in collectivity while Americans are entrepreneurship and very competitive. Therefore Americans businesses need to be aware of these background which will enable the company adopt suitable means of conducting businesses. There is also need to consider the dress code especially because of the religious background of Russia being Islam there are very conservative on dressing. In business, the market has the 4 Ps as product, price, place and promotion and they vary market to market depending on the regions. In America while businesses decide on product and services that are needed by individuals and come up with them in Russia the government exercises controls on the market on what to products to make as well as services to be offered (Graham & Dezhina, 2008). In terms of place Americans do not only rely on store but have policies that promote and protect online businesses so that they are able to reach a wide target globally. In Russia online business has not flourished well due to the past practices of a closed economy and also limited use of technology in business.

According to Bloshteyn (2007), prices in US are set by individual firms as well as forces of demand and supply while in Russia the government controls the market prices. Promotion and advertisement in US are through both

electronic and print media so as to be able to reach a wider market, getting the marketing messages is relatively easy compared to Russia. There are legal and other restrictions that are imposed by the government while running promotions in Russia while in Americans have liberal systems on running promotions. However the situation in Russia is changing rapidly with increased adoption and use of social media platforms for advertisement. The ethical issues would be engaging in corruption and bribery. Many countries around the world see these practices as vices that are barrier to economic growth. According to Orttung & Latta (2008) Russians are said to engage in corruption and are ranked among the problematic countries in the world in 2006 . There was a legislation that was passed in the US known as Foreign Corrupt Practices Act that forbids the US companies worldwide to engage such illegal activities(Patrick et al, 2010). There is need to understand the different laws and rules of conduct that guide their targeted customers. It has been observed that people in Russia avoids directly questioning which is seen as rudeness while in US this their norm.

References

Bloshteyn, M. R. (2007). *The making of a counter-culture icon*. Toronto: University of Toronto Press.

Graham, L. R., & Dezhina, I. (2008). *Science in the new Russia: crisis, aid, reform*. Bloomington, IN: Indiana University Press.

Orttung, R. W., & Latta, A. (2008). *Russias battle with crime, corruption and terrorism*. New York, NY: Routledge, 2008.

Patrick OSullivan, Mark Smith, Mark Esposit, (2010). *Business Ethics: A Critical Approach: Integrating Ethics across the Business*. Oxon: Routledge.

Trompenaars, A., & Woolliams, P. (2003). *Business Across Cultures*.
Chichester: Capstone.