

The increased focus on internationalisation of businesses business essay

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What is the culture? In the 1870's the anthropologist Edward Tylor defined culture as "... that complex whole which included knowledge, belief, art, morals, law, custom, and other capabilities acquired by a man as a member of society." On the other hand we have another definition of culture from sociologist Zvi Namenwirth & Robert Weber, who defines culture as a "system of ideas and argue that these ideas constitute a design for living". It can be seen from the definitions of the culture that it defines the values and norms of a society. Each culture has many determinants which would help international businesses in understanding these different determinants and implementing their strategies accordingly to avoid failures. For example; some countries may have heavy influence of religion or politics on their culture and could be resistant to changes which these international businesses bring with them. On the other hand some cultures could be very open or welcoming to new products and ideas of these multinational enterprises and support the existence in their countries. It must be noted that these values or norms of a culture do not emerge fully formed and they evolve over time due to factors such as economics, religion or social/ethical structure of the society. Among the determinants of culture we see that religion plays a very important aspect for operating businesses internationally. Religion and ideology plays an interchanging role which influences the marketplace and the consumer behaviour towards the brands and international businesses (Miller 2009; Pink 2009). For example; the introduction of McDonalds in many Muslim countries influenced this international chain of franchise to change its menu and sell only "halal meat" products due to religious restriction. Religion, places a great impact

on the MNE's especially when they are dealing with a population which is very responsive to religious influences, therefore they will need to change their strategy to understand the cultural differences and how to market themselves in such countries Hofstede (2008). Another aspect is Ethics. We see ethics seems to be one of the most critical determinants of the culture which influence the multinationals enterprises. In recent years due to globalisation and diversification of international businesses, more and more investors and financial institutions are pressing for more transparency. Therefore what is ethical in one culture can be considered unethical in another and each culture defines its ethical stance. More and more trade is done through MNE's now-a-days, and international businesses need to adopt these ethical behaviours of the individual countries so that their strategies align with the cultural differences, Marta et al (2010). For example irrespective of the economic growth of Israel, it is regarded as one of the countries where doing business is considered very difficult due to government bureaucracy and red tape. According to Hofstede (1997) research which focuses on different dimensions of international cultures showed that Israel was considered a low " power distance culture" compared to many other western countries, i. e. Israelis have a lower level of acceptance of unequal power (Schwartz) 2011. In another Hofstede-based study, it was found that "...ethics are not as strong a component of the business environment for...Israel as they may be for Jamaica, the USA and Western Australia" (Sims) 2006. On the other hand we also found an example from studies of Hofstede who defines Pakistani culture as " high power distance" (Khan and Maalik) 2011. It is clear that ethical behaviour

can be very different from one country to another and this must be taken into account when MNE's are doing business internationally. Due to internationalization of businesses there is a great pressure on the multinational businesses to act ethically overall in order to maintain their reputation. According to BRUCE () it must be noted that the behaviour and reputation of any company is at the heart of their strategy implementation for growth and development. Language is also considered a very important determinant of culture that has influenced multinational enterprises in the recent years. Differences in language and culture could give rise to tremendous barriers to effective and efficient communication within these international organisations M. Aiken et al (1998). This is problematic, because, as Brown (1980) has observed about the culture that language is the means between members of the society to communicate. Hence it plays a vital role for multinational enterprises to acquire knowledge and understand the culture and especially emphasise on its communication tools. This has led to the emergence of resolving the language barriers. In the recent years it has become a specialized field to confine the language and communication issues within a framework to respond to the national and/or cultural characteristic within an international organisation. For international businesses operating worldwide and managing the workforce internationally has never been easy and this brings the issue of managerial implications for MNE's. Especially when the importance of foreign cultures is very high for these MNE's and it affects the whole culture of the MNE, Tayeb (1996) also suggested that managers need to face both internal and external activities of the organisation effectively and efficiently. A substantial amount of

research has been done in this area which has shown that management practices are influenced by national culture Hofstede et al (1980). The challenges that are faced by management varies and these MNE's need to put in place strategies that need to align with their organisational objectives for both home and host country divisions in order to manage diverse operations effectively. Managers should be aware that the organisational culture they create as this will eventually affect the overall culture of these MNE's and could benefit them both in short and long term. Therefore, the culture of an MNE parent can be considered very important and it may affect the management of its foreign divisions. It has been seen in the case of Japanese MNEs Tsurumi (1986) and Swedish MNEs Hedlund and Aman (1984). Therefore the managerial implications for these MNE's are of great challenge to make sure that strategies are implemented efficiently in home and host country. Perlmutter [1969] described three types of MNEs: ethnocentric, polycentric and global. According to this typology, the management practices in foreign divisions of MNEs could be similar to those of the MNE's home country (ethnocentric), could comply with local practices of the affiliate's host country (polycentric), or could adhere to a worldwide standard (global). The distinction Porter (1986) made can also be considered here in regards to the management practices of global and national industries. In a global environment where demand, competition and worldwide integration is common across the nations, expatriate tend to be less concerned with local practices. On the other hand, where national practices are very responsive and there is a strong local competition, the expatriate is more likely to adhere to local practices Prahalad and Doz

(1987). It was suggested from the studies of (Pucik, 1985; Dowling and Schuler, 1990) that success or failure of management performance within an international business on foreign assignments can only be assessed based on three variables i. e. culture, job requirements & individual personality.

The influence of culture on the performance of the managers of multinational enterprises is very critical. However, there are also many other factors which affect management practices in a home country and can be ignored or taken for granted in the host country due to differences in culture. Various scholars Dawis and Lofquist et al (1984) have argued that the individuals can adjust in a new environment by either changing the new role to match better themselves or by altering their own attitudes and behaviors to match better the role expectation. Therefore the selection and assessment of the personality of individuals working on foreign assignments becomes one of the most important aspects of international human resource management for MNE's. Manager will have to have a global vision of how to manage people effectively both at home and in foreign countries. Just as effective management of HR plays a vital role in the success of a national business, Scullion & Starkey (2000) suggest that effective management of HR in a multinational enterprise is a major determinant of success or failure for multinational enterprises. According to Bhawuk and Brislin (1992), who argued that the individuals should be interested in other cultures, be responsive enough to notice the cultural differences and should be willing to change their behaviour and respect other cultures - in order for them to be effective in different cultures. Many studies can be found that have focused on the multicultural personality of expatriates e. g. Black and Porter et al

(1991). They emphasise that multicultural personality is not only important for expatriates but for all managers of MNE's due to increasing internationalization of businesses. Multicultural personality includes the personality dimensions such as cultural empathy, open-mindedness, social initiative, emotional stability and flexibility Van der Zee et al (2003). According to Hofstede, national culture is the "... collective mental programming" which actually distinguishes one nation from another. How much cultural differences influence the workforce can be analysed by looking at different approaches to culture i. e. collectivist culture or individualistic culture. Some cultures are individualist, where working alone is valued more and gives individuals their unique identity in the workplace, whereas others are more collectivist. Hence culture not only shapes the business structure but it also influences the HRM practices when the business is going international. Conclusion: Culture has a great influence on the MNE's across the national boundaries. Studies have shown that culture of host countries not only influences the organisational environment of the MNE's but it also has managerial implications on their international activities. We have therefore analysed different determinants of the national culture that have influenced the MNE's. We have seen how the cultures across different nations has influenced the international businesses and made them to respond to changes in culture and adopt strategies to fit in with individual cultures. It can also be concluded culture has also influenced the management of MNE's. It has given a lot of exposure to individuals to different culture and work globally with people from different backgrounds. Language, one of the determinants had very prominent influence of culture

for MNE's as seen in the essay, in bringing different nations together under one global marketplace.

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INTERNATIONAL HUMAN RESOURCE MANAGEMENT: AN OVERVIEW OF ITS EFFECT ON MANAGERS IN GLOBAL ORGANISATIONS

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