

# Culture and their effects on multinational businesses



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Coming to terms with the role of the multinational business environment, including both intrinsic and extrinsic is quite signify. The environment of multinational business is actually the complete world environment. Despite that, it also signifies aggregate of the environments of all those nations wherein the company conducts its business. The environment in every nation comprises four fundamental elements(Miroshnik, 2002) they are legal, economical, cultural and political. Managers ought to be in the constant process of monitoring the variable of environment in various countries that are involved, particularly those which are likely to have considerable impact of either positive or negative type. Nonetheless, the manager must not only monitor those countries environment where the company is currently undertaking the operations, but he/she should also keep a constant watch on the environments of other nations. Opportunities as well as threats can emerge in any part of the world which cross the globe renders it quite significant for management at the peak of developments in numerous different countries across the globe(Miroshnik, 2002)

#### **2. 4. 1 The cultural environment of multinational business:**

Nodoubt, the economic and physical environments (climate, population, geography) are issues of utmost significance in the arena of multinational business. This notwithstanding the cultural environment(religions, communication, ideologies and values, social structure, education ) holds special significance in multinational business. Culture emphasis social stratification, systems of kinship and several other components, they can definitely blare the trail for more harmony and attainment in the country

wherein a multinational company undertakes its business operation (Sherman, 1995; Miroshnik, 2002)

Various cultural environments need diverse behaviours from managerial standpoint structures and technologies which are pertinent in a particular setting may result in failure elsewhere. Management of relations between cultural environment and multicultural organisations is therefore a matter of precisely formulated perception, diagnosis and apt accommodation.

### **2. 4. 2 Culture's role in multinational business:**

The businesses conducted by multinational companies have brought today's managers in direct touch with diverse nations a number of which appear quite strange. The significance of comprehending the cultures of those countries wherein multinational company undertakes its operation-as also resemblances and disparities among such cultures comes to light very dearly when we take a glance at the host of blunders committed by contemporary managers in multinational business. Comprehensive analysis of various problems and fiascos of overseas business undertaken by multinational companies has exhibited that cultures serve as the first dominant factor. The age of old Japanese parable regarding the management styles of monkey and fish puts into focus the outcomes of ignorance of what can be billed as the cultural factor in the arena of business and it appears to be a very apt metaphor for the types of problems that emerge when people belonging to diverse cultures get in touch suddenly or without prior preparation much as the monkey in the parable held that the environment of the fish bore resemblance to his and showed its behaviour farther accordingly, many managers in the same way, assume without consciousness that all people

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have the same way of feeling and thinking as they do. Practices of management which are appropriate for cultural environment they themselves possess may trigger uncalled for, probably terrible, outcomes in some other culture. In order to avert problems it is imperative for modern manager to comprehend the basic concept underlying the “culture”(Miroshnik, 2002)

### **2. 4. 3 Cultural orientations**

A society's cultural orientations mirror the intricate pattern of interactions of the values, behaviours and attitudes by its members. Individuals articulate culture as well as its normative characteristics by way of values which they hold regarding life as also the world surrounding them. Such values impact their attitudes regarding the behaviour type held to be aptest and most defective in a particular situation. Steadily stirring patterns of group and individual behaviours ultimately the culture of the society, and the cycle starts again.(Alder, 1983, Miroshnik, 2002)

A discussion involving the issue of cross vengeance usually results in a discussion on multiculturalism . Multiculturalism signifies the process of managing sub-cultures in a particular nation. It implies an analytical level, which Hofstede, Trompenaars and some others have completely lost sight of in their work. Nonetheless cross-cultural perspectives regarding nations get strengthened by making reference to various sub-cultures in the context of those nations. It has been demonstrated by Jackson(2004) that in Africa, numerous cultural groups are able to have divergent views regarding the desirability of applying specific practices of management. A particular system of management may be adopted , but it hardly indicates preference

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in cultural terms of a vast majority. Contrary to that, it is likely to have been opted for done to the immense political power of a specific sub -culture which may assert itself in order that its different members get hold of the organisations upper echelons. So, a major sub-culture may involve itself in order that its different member get hold of the organisations upper echelons. so, major sub-culture may involve itself in a type of cultural imperialism which is touched upon by cross-cultural exporter only form the standpoint of one nation that is dominating another nation culturally, and not a particular sub-culture taking precedence over another sub-culture. Magala(2005) has made a clear reference to this phenomenon in a case study which he has written in collaboration with caspar hoedemaekers. The case study is entitled " The case of panoptic control in a public company". It refers to the degree of surveillance ticket checkers at rotterdam's metro station in the Netherlands are made to undergo. The ticket checkers make sure that the metro's free-riding brought to the minimum is . In the mean time they are place under surveillance by as many as four systems operating separately. Most of the ticket check's are associated with a dutch sub-culture which consists of immigrants coming of late from dutch colonies. But a substantial part of the surveillance is conducted by the white dutch men. The systems of management put into use by the ticket checkers hardly points to orientation of thin sub -culture , but is one which the dominant subculture imposes on them(Jacob, 2005)

Countries cultural heterogeneity is so broad based that indices have been evolved which scale the degree of such type of heterogeneity. Majority of countries do demonstrtate heterogeneity more or less, thereby reducing the

functional significance of typologies such as those made by Hofstede. ELP are an instance of this type of an index. Another instance is the index of ethno-linguistic fractionalization evolved by Roeder (2001). Such an index can be defined as a scale of the probability which two individuals in a country selected will not be associated with the identical ethno-linguistic group. The height of index is directly proportional to the cultural heterogeneity level (Jackson, 2005). Those perspectives that do not absorb these indices in a meaningful way are committing blunder on the side of not merely simplicity, but in the context of complete meaninglessness. A number of definitions that culture has encapsulate the notion that an individual is a sum total of many sub-cultures many show variation from individual to individual. Project Globe (House, 2004) refers to culture as a set of "common motives, beliefs, values, identities, and meanings or interpretations of important events which result from shared experiences of collective members and are spread across different generations. Nonetheless, a generation cannot be regarded as individual's homogeneous cohort even they live in the same country. People's separated categories exist within a particular generation, each period to spread its own sub-culture across forthcoming generations. At present it is possible to expose an individual to diverse categories of people whereas growing up and undergoing the socialization process as well as the process of self-discovery (Jacob, 2005). And undoubtedly this socialization process as also the process self-discovery never come to halt but become lifelong processes. So people have the freedom exploring themselves with their getting acquainted with the essence of diverse sub-cultures and as they find novel meaning for themselves.

## **2. 5 National culture and organisational types:**

Comprehending people having diverse cultural backgrounds is possible by developing an insight into the value systems or systems based on perception which they many have developed by means of their lives rooted in the culture of thin own. This indicates that cultural disparities from different orientations as people's behavioural patterns. That apart , it is not merely national culture which impacts the values of the people. People have a number of mental programs and they are associated with subcultures as well as categories in a particular society. Each human being exists in the kind of multiple layers of numerous subcultures as well as categories in a particular society. Each human being exists this kind of multiple layes of various cultural levels which clash with one another to impact and regulate on e's behaviour in different situations that one faces(Hofstede, 1991). This type of a factor variety is considered to give rent to self-construal's that can mediate the cultural impact on behaviour of an indivuidual (Singelis and brown, 1995) and styles of communication(Gudykunst. 1997, Kim, 1996; Yamaguchi, 1999)

### **2. 5. 1 Organisational types of workers**

In the proposed study, Works have been placed under five categories as a factor of culture's individual level as per the parameters on the basis of which ference (1977)divided workers into four different types of citizens including these called stars. They have consistently achieved high performance levels and are likely to reach higher positions(Yamaguchi. 1999). In a position or in the overall organisational context learns are considered to be newcomers. They are endowed with a considerable degree

of prospective promotion as much as stars. Since they just start working environments, their performance is not sufficiently high. (Yamaguchi, 1999)

Solid citizens may not get smooth promotion and have no great chances of getting a promotion despite their performance being quite high. Majority of personnel are absorbed into this group. Two reasons have been presented by Ference (1977) as to why solid citizens are not capable of promotion. One rests on organisational factors while the other one lies in individual factors. The factors appertained to organisational include "competition", "Organisational needs" and "age". Of these, "competition" implies condition in which more prestigious and lucrative positions are so competitive for a majority of employees that they cannot grab chances of promotion. "Age" on the other hand indicates the concepts, which make it categorically clear that some employees are just too young or old to perform various tasks holding higher positions. The third organisational factor, namely "organisational needs" implies in which certain individual are significant enough to a particular company or their existing department so much that they could have no replacement and they

Cannot be shifted to some other place. The individual factors, unlike the organisational ones, consist of the lack of skills in managerial and technical terms, and/or lack of will to a sufficient degree. Such factors germinate from the inability or reluctance to self-improvement at personnel level. Due to these divergent sets of factors, solid citizens ought to be divided into two more categories in the proposed study. Of these, the former is billed as organisationally plateaued solid citizens, while the latter one is termed personally plateaued solid citizens. Probability of Deadwood's promotion can  
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be easily be placed at the bottom of the five workers type. Their performance too, is much below the optimum level of satisfaction. They can be regarded as extremely helpless and hopeless workers (Yamaguchi, 1999).

From the above discussion it may be undertaken above, it comes to the fore that numerous orientations related to worker job are considered to be shaped by the individual conditions of performance and promotion of a worker in the context of an organisation besides their social and cultural backgrounds. There can be no gain saying the fact that both organisational worker types and national culture can throw impact on the behaviour patterns and orientations workers. Distance among different cultures also determines certain distinct job-related orientations of workers whereas other values related to work are nourished not in a culture but in an organisation. As such, it is inevitable for global corporate managers to comprehend whether organisational workers types or national cultures have stronger impacts on certain types of orientations appertained to the jobs of employees belonging to diverse cultures; with a view to leading and communicating with those workers in an effective way, global managers are required to take into consideration both workers' organisational types and their cultural disparities or focus on either of the two properly in accordance with a sort of job-related orientation.

### **2. 5. 2 The relationships among orientations related to job , cultural traits and characteristics of worker types:**

Classifying employees on the basis of cultural backgrounds into numerous worker types as touched upon earlier enables us to investigate the <https://assignbuster.com/culture-and-their-effects-on-multinational-businesses/>

relationships between various job-related orientations of workers and an unmistakable nation -culture factor(national culture ) or so called worker-type factor(worker's organisational types). In the proposed study , orientations related to job are divided into three types (Yamaguchi, 1999): Orientation in terms of job-performance; Orientation in terms of human relation; Orientation in terms of safety-maintenance.

In the context of job-performance orientation, some of the major theories and concepts that merit mentioning include the concepts of self-actualization and esteem needs propounded by Maslow(1943, 1954), concept of growth needs by Alderfer(1969), concept of motivators by Herzberg(1959), and that of intrinsic needs by Deci(1975). So, much an orientation indicates the predominance of these assumptions: the bid to attain one's own purpose in the tasks already determined; a firm orientation to achieve their tasks; one's own purpose in the tasks already determined; a firm orientation to achieve their tasks; one's development and growth as a human being by way of work; self-respect as a significant player in the performance of job; social-esteem or high regard about their job performance those workers who collaborate with them. The concepts like self-actualization, self-esteem and autonomy along with the cultural traits of individualism, and orientation to achievement are deeply rooted in the concept of virility (Hofstede, 1980. 1991; Yamaguchi, 1999).

According to the data provided by Hofstede(1980), Australian and American cultures are extremely individualistic, while Japanese culture is very masculine or virile. The high masculinity of Japanese people and high individualism of Americans and Australians are considered to be

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counterbalanced by each other to bring to naught the impact of national culture on their respective orientation in terms of job-performance. To put it otherwise, the cultural distances among those three cultures in the context of job performance orientation are miniscule. In the same way, since the concepts appertained to job performance orientation are directly a kin to the job, the situation wherein workers operate is likely to throw a more direct and stronger impact on this specific orientation when it is compared to national culture. It is not unlikely for workers genuinely endowed with high performance as also a high prospect of promotion. To be ambitious and cherish a desire for improving themselves. Naturally, these persons are having a strong orientation for job-performance. Moreover, as Penning(1970) observed, a prospect of promotion could serve as a major determinant of either external needs as well as collective orientation or internal needs as well as individualistic orientation: a person having greater prospect of promotion showed the tendency to have an internal motivation and orientation characterized by individualistic values whereas one having lesser prospect of promotion demonstrated an extrinsic orientation along with collective values(Yamaguchi, 1999)

Culture serve as a significant variable in the context of the creation of relationship as also the formation of network. It may impact the pivotal relationships formation as also the relative significance of subsidiary types of relationships which constitute the network map based on diverse relationships. Besides, culture throws an impact on every aspect of the fundamental model of network in the global arena as well which comprises the actors, their activities, the resource transformation and the ambience in

which this takes place along with different types of interactions. Basically, the actors can be regarded as a product of that culture from which they hail, the operations conducted are both impacted by and also, in turn, impact the culture of a specific locality in which they are conducted. The way resources are put into the process of transformation can also bear the influence of cultural considerations (Fletcher and Fang, 2006).

In broad terms, it can be said that there are actually two fundamental approaches to the study of social behaviour and culture, namely, etic (culture-general) and emic (culture-specific). (Triandis, 1994). Of these, the etic is focused on recognizing universal dimensions which consist of cultural disparities besides showing the tendency to have quantitative properties and rooted in large-scale surveys. On the other hand, the latter has a tendency to have qualitative properties, resting on a series of numerous case studies. It maintains that " attitudes as well as behaviours are articulated in a somewhat unique manner in every culture. (Chan and Rossiter, 2003). To this date, a majority of studies focussed on cultural influence on the evolution of relationships as also the network formation in the context of Asian country markets have been rooted in the etic (culture-general) approach that rests on assessing markets by putting into application numerous underlying dimensions of culture as manifested by the theory propounded by Hofstede (1980, 1991, 2001). Usually, such dimensions can be equated with western concepts as also research instruments which depend on the assumption that diverse cultures are distinguished by national boundaries which are defined politically and created artificially (Fletcher and Fang, 2006)

### **2. 5. 3 cultural issues in the creation of relationship and formation of network in emerging Asian markets.**

An appraisal of the Imp (Industrial marketing and purchasing) literature brings into focus that, despite being discussed inadequately, culture essays a vital part in the formation of relationship, creation of network and its adaptation in the global domain.(Fang, 2001). According to Thomas and Ford(1995), culture influences actors operating in the network by encouraging the use of implicit norms for the sake of the acceptable patterns of behaviour. It has also been made clear in this regard that any network will possess its own culture as a product of ways of striving to get a positive outcome

As per the findings of Imp group research, it has come to the fore that a firm's ability to get away from cultural stumbling blocks and evolve intimate relationships with various types of commercial clients was a great success factor in the context of industrial marketing. This was considered to be applicable in the arena of international marketing. Tornroos(1991)opines that distance in cultural terms plays a significant part in building a sound relationship between importer and exporter(Fletcher and Fang, 2006)

According to styles and Ambler(1996), there is a positive relationship between numerous variables which forecast sound relationships as well as performance in export. In the same way, Ahmed (1999), while investigating both the theory of relational exchange and that of network, opine regarding the former that research has exhibited major factors contributing to enduring relationships include shared norms, communication, reputation and co-operation. In case of each one of these, culture essays a certain role. So far  
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as network theory is concerned, they pinpoint that following the approach of interaction, relationships of business develop as a consequence of interaction between different parties involved and such relationships make the framework in which interactions take place in future. In course of time, such interactions become regular exercise leading to clear roles as well as norms of conduct for every party (Evangelista, 1996). Ahmed (1999) further say that culture serves as a moderating variable among different antecedent variables involved in a particular relationship as also the extent of dedication to that relationship. Dedication or commitment that is shown to a specific relationship, in turn, encapsulates trust which is the cementing force that coalesces together diverse relationship networks. (Fletcher and Fang, 2006)

Another factor influencing the Asian markets network is the context of culture wherein the network gets embedded. In the global business context, transactions of business are rooted in relationships networks which go beyond national frontiers. Such relationships are in turn rooted in diverse local as well as ethnic business ambiances as also in the environment of global business. Of these, each national or global business ambience incorporates technological networks, social networks, infrastructural networks, regional networks, market networks and institutional networks (Tornroos, 1997). These are impacted by culture. Zukin and DiMaggio (1990) placed embeddedness under classes-structural, political, cognitive and cultural. Of these, some types categorically indicate a social constructivist approach which can be assigned to the role played by personal ties and trust. Culture impacts the wider networks operation wherein the global business transaction is rooted. It is of particular

significance in asia where the sensitivity in cultural terms is a quite essential component for successful business operations. It calls for a developing an insight into the culture, which is prevalent in the business environment wherefrom one's global business partner conducts business and this may be different from that of the kind of environment where from one, operates(Fletcher andFang, 2006). Here, the challenge is that of appraising the disparity between various cultural dimensions of the environment wherein the global business partner is rooted compared to such dimensions of the environment wherein you are situated.

So far, a vast majority of research in those areas that are appertained to both culture and networks had root in studies on developed countries instead of developing ones. These studies make a comparison of asian values, concepts and attitudes from avowedly occidental and developed standpoint. At the cultural level, such studies are applicable to occidental and developed dimensions of culture in assessing the nature of the overall influence of culture on the creation of relationship as well as formation of network in the context of asian environments. According to abosag(2002) , Fletcher and fang (2006), diverse cultures attach diverse value to relationships and as an outcome, the processes of building, development as also maintenance of relationships are likely to show variations across different cultures. In their opinion, Asian perspective lays stress on linkages through relationships.