

# Influence and impact of differing national cultures on international business

[Business](#)



The world is changing politically, economically, technically, and collectively at a previously unthinkable rate. Both new and skilled multinational firms are stumbling and committing mistakes as they confront these recently emerging environmental forces. What is desired now is a new way of viewing both the global and foreign operations of multinational firms. To be as thriving as possible, these firms should be as culturally attuned to the world and to every foreign society in which they seek to work as they are to their own home society.

The Webster's New Collegiate Dictionary (1980) defines culture as " the incorporated pattern of human behavior that includes thought, speech, action, and artifacts and depends on man's competence for learning and transmitting knowledge to succeeding generations" and " the customary beliefs, social forms, and material behavior of a racial, religious, or social group. " These definitions point to numerous important aspects of culture. First, culture permeates all human behaviors and interactions. Second, culture is shared by members of a group.

And third, it is handed down to newcomers and from one generation to the next. This description of culture is not aimed at organizations but is very appropriate to them (AAhad M. Osman-Gani & Zidan, S. S. 2001, pp. 452-460). The prevailing trend in the international business environment in current decades has been greater directness in trade, investment, finance and technology resultant in increased international integration and interdependence in business and between states. What is also obvious is that large swathes of the world's population are efficiently marginalized or barred from these trends.

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This segregation has been a major factor in modern anti-globalization campaigns and is often used to justify proposals to reform or even abolish international institutions and to invalidate policies that have contributed to international integration. Morrison (2006) characterized a global industry as having intense levels of international competition, competitors marketing a standardized product worldwide, industry competitors that have a presence in all key international markets and high levels of international trade.

These definitions have the common thread of the need and opportunity to integrate strategy across countries. Though aspects of globalization and the guiding principles of the IMF and the World Bank have not always been affirmative for developing countries, it is a generalization to place all or most of the blame for the marginalization of developing countries onto these factors. Development is a multifaceted process but some countries have managed it successfully.

Considerably, it is those countries that have affiliated most intensively with the outside world (that is, in East Asia), that have been most successful in their development endeavors. Equally considerable has been the keenness of each state to take a central role in the development process, a role that assorted from country to country depending on its culture and early circumstances. Development is a significant, and often ignored, issue for international business. Too often, international business and development are simply discussed within the context of problems such as child labor or environmental degradation.

Certainly, these and similar issues pose serious challenges for multinational enterprises and policy-makers but they are ultimately problems that, with adequate political will, are amenable to solution (admittedly, the political will requisite is of a much greater extent than has hitherto been seen). Successful development, however, forms markets and improves the quality of labor forces and key features of infrastructure, thereby creating investment opportunities. Investment in turn is essential to the development process.

Recognition of the need to be culturally attuned is not new. William J. Holstein and colleagues noted in a Business Week article that going global can be awesome as experienced CEOs find that their executive skills developed at home are not almost as sharp when diverse cultures determine the playing field (Holstein et al. 1989, 9-18). To sharpen these skills and permit managers to function cross culturally, firms have characteristically focused on management selection and training.

The thought here is that if being culturally attuned at home yields a non-cognitive automatic response, then suitably oriented managers could be selected and trained in the cultures of the world to exhibit also appropriate responses in other societies. IBM, for instance, requires that each manager shall receive forty-two hours of training each year on topics such as managing multinational groups of people and the internationalization of IBM's business (Callahan 1989, 28-32).

Still, despite efforts such as these, one study noted that cross-cultural obstacles facing émigré employees continue to result in a failure rate of 20 to 50 percent of all expatriate assignments. International organizations develop <https://assignbuster.com/influence-and-impact-of-differing-national-cultures-on-international-business/>

certain assumptions, norms, patterns of speech and behavior that make them unique. Also, similar to social or racial groups, culture is one of the factors that differentiate one organization from another. Applying the concept of culture to organizations gives them a human quality.

Organizations become much more than the profit margin, the buildings, and the organizational charts. As living entities, organizations grow and change. They adapt to their environment and maintain internal health. Many management scholars have focused on the thought of adapting national culture in international business. It is usually defined as a series of basic assumptions that an organization has developed in learning to handle with its external environment and its internal functioning. These assumptions have been found to be effectual and valid and are therefore communicated to new employees.

Adapting foreign culture makes every international organization unique and bonds members of an organization together. The culture in the organization verifies what behaviors and ideas are acceptable and appropriate. Culture is the yardstick used to assess many behaviors and ideas, and it provides a foundation for the development of goals and strategies. For instance, an organization where one of the basic postulations is that people perform best under minimal control and supervision and need independence to excel would consider heavy-handed management techniques used by one of their new deplorable managers.

Furthermore, such an organization would be more expected to select a training program for developing participative management skills more than one focusing on processes for developing power. A case in point is the much-  
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publicized W. L. Gore and Associates, with headquarters in Newark, Delaware, that makes wire and cable, medical products, Gore-tex fibers and fabrics, and industrial filter bags. One of the distinctive characteristics of the firm is its casualness and the absence of hierarchy and status symbols.

Employees and managers do not have prescribed titles, and creative problem solving is extremely encouraged. As a result, the use of status symbols that would designate a hierarchy is considered highly inappropriate. This instance demonstrates how a basic cultural assumption concerning factors that leads to effectiveness is used to find out which behaviors are acceptable (Jimmieson, Nerina L. , Katherine M. White, and Megan Peach, 2004, C1). Culture and structure are inseparable, since structure is one of the major manifestations of culture.

The culture is one of the factors that determine the relationship between employees and managers. As with the other elements, however, the culture may also be the result of structure. For example, in a highly centralized organization, the implementation of participative management and employee empowerment will be impossible without a change in the structure. Thus, the two elements are totally intertwined (Skinner, Denise 1. 2004, 5). Working productively in an organizational setting, demands a diverse approach of communication, management and negotiation.

The majority management techniques and interpersonal skills are put together on a personal value system that is extremely influenced by culture. Both company culture and national culture recount to a persons' effectual behavior (Fisher, Glen 1990, 98). Working in national culture means working in a different cultural environment. As one national culture might interpret <https://assignbuster.com/influence-and-impact-of-differing-national-cultures-on-international-business/>

eye contact, smiling, happy, individual space, touching, punctuality, and arousing responses in a certain way, another culture might infer a totally opposite meaning from the similar behavior (Moran, Robert T. and Stripp, William G. , 1991).

The deepest level of a culture is the least visible part, its value system. It becomes apparent indirectly, while working with foreigners. Basically, national culture inspires every feature of social behavior and manipulates communication style, personality, character, inspiration, knowledge and cognition. There is a widespread body of work on cultural differences in communication styles in the linguistics and cultural anthropology literature (Reine, P. P. V. & Trompenaars, F, 2000, 237-243).

Devoid of knowledge of the dissimilarities in national culture and mentality, without knowing how your colleague thinks, believe and proceed, or which communications and conflict-solving patterns these pertain, you run the risk of misunderstanding your business partners, and thus of jeopardizing your achievement both abroad as well as in locally-based inter cultural teams (Fisher, Glen 1990). It is simply through the cultural, personal and communication understanding of the responsible persons that international assignments and company start-ups abroad can be prohibited from becoming failures.

Though, effective communication with people of national cultures is particularly challenging. Cultures give people with ways of judgment, ways of considering, investigation, and interpreting the world. Thus the similar words can mean dissimilar things to people from different cultures, even when they talk the same language. When the languages are dissimilar, and translation <https://assignbuster.com/influence-and-impact-of-differing-national-cultures-on-international-business/>

has to be used to communicate, the prospective for misunderstandings increase (Fisher, Glen 1990). " Communication is effectual when the person interpreting the message attaches a meaning to the message comparable to what was intended by the person transmitting it. (Fisher, Glen 1990). The national culture in an international organization endures gradual change as the organization adapts to diverse environmental and internal events. This gradual change is incremental and rarely entails significant deviation from established patterns.

Effecting massive organizational change is therefore very strenuous. Changing the culture of an organization is as hard as changing an individual's personality. Moreover, strong cultures will be more defiant to change than weak ones (Tony Proctor, and Ioanna Doukakis. 2003, 268). So as to change culture, all three of its levels have to change. Varying the first level of culture which includes all artifacts, physical elements, dress codes, building decoration, symbols, logos, and yet employee behaviors and speech patterns--is comparatively easy. One key to such change is a new reward system. For illustration, cooperative behavior can be confident and taught if organizational reward systems encourage it. Employees come to learn that they will be rewarded for collaboration.

Changes in this first level, however, do not essentially lead to changes in the second level, which comprises values, or in the third level, which consists of basic assumptions. The latter two is much harder to amend. For example, although as a result of training and a new reward system employee can learn to behave more considerately, they might still value competition and consider it to be the key to success and high performance. In the short term,

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cooperation can develop into an espoused value. It can become a deeply held value simply if it is proven successful over a period of time.

In addition, values that are distinct with basic assumptions are likely to lead to conflict and tension and are less probable to be adopted (Lloyd, Margaret, and Sheridan Maguire. 2002, 149). It is the continuous success of a new behavior (first level) that leads to the development of a new value (second level). If this new value is sustained and proven effective, it can lead to changes in several basic assumptions (third level). In the implementation of organizational change, a top down approach is less expected to be effective, although it will lead to behavioral changes.

Basic assumptions can simply be changed if all organizational levels are committed to the change and adopt it as their own (McNish, Mark. 2002, 201). The process will perceptibly take longer; however, employee participation leads to obligation to the development of new assumptions. Overall, although it may be moderately easy to change the discernible and obvious elements of national culture, it is very hard to amend the core of culture. Without the amendment of the basic cultural assumptions, the culture will only change apparently. Only with the long-term success of new behaviors will new postulations develop.

However, the deep-seated paradigms may avert consideration of new behaviors and values, since they often lead to a biased interpretation of the accomplishment of new behaviors and therefore discourage their use. Without major cultural change, substantial strategic change is likely to fail.

Although the formulation of new strategy may be moderately easy, its successful implementation depends almost completely on existing culture or, <https://assignbuster.com/influence-and-impact-of-differing-national-cultures-on-international-business/>

in many cases, on a change in the existing culture. But such a change is exceptionally difficult and can only be successful with broad planning.

Managers can distinguish and acclimatize to different work styles and cultures. Getting work done through others entails a free flow of perfect information and open, prolific relationships with employees. But that's easier said than done in a diverse workplace where lots of cultures collide. On the other hand, nearly every aspect of daily human life involves negotiations. Parenting, interpersonal relationships, commercial dealings and communications with customers, co-workers and suppliers are some of the few to name. Employees through strong negotiation skills are important assets to organizations.

Armed with the accurate knowledge, approaches and skills, well-trained and well-prepared negotiators deliver results that go immediately to the bottom line. Diverse techniques of negotiation attach to your ideas. An instance of this is when Americans were negotiating with Vietnamese. They used a plan stratagem in order to stick. Poor negotiating is when someone talks to you. Negotiating downwards is not an excellent way. It is like takes it or abscond it approach. Approximately everything is negotiable (Reine, P. P. V. & Trompenaars, F, 2000, 237-243).

Another culture difference is a bigger course toward people. It is in addition a high-level of internal negotiation, and a greater skill in managing international variety. European managers are able of managing linking extremes (AAhad M. Osman-Gani & Zidan, S. S, 2001, 452-460). Working in another culture a lot depends on the inter-cultural skills of the negotiator.

Whereas technology and financial ability might be an issue in the negotiation <https://assignbuster.com/influence-and-impact-of-differing-national-cultures-on-international-business/>

process in our fast-growing world, the cultural competence of the negotiator provides a company the viable edge (Moran, Robert T. and Stripp, William G. , 1991).

Cultural values persuade all features of behavior in doing business in negotiating through people from different surroundings; the most efficient approach for overcoming probable communication barriers is to center on the interests of the parties (Reine, P. P. V. & Trompenaars, F, 2000, 237-243). Why do they want what they want? You have to go at the back the validations they may use to protect why they want something; finally virtually everyone can come up with an explanation for whatever they want.

The actual issue is how what they want will hand out their interests (AAhad M. Osman-Gani & Zidan, S. S, 2001, 452-460). Negotiation progression is a build process. It is a challenging style, cooperative, working together, avoiding, and compromising style. There are negotiation tactics, which are trouble solving win-win and partnering. It is a build trust, shows optimistic feeling, and reduces differences, obvious and rational. It is also inspired, peaceful shows patience, elastic, seeks common interest, makes others contented, yields to good alternatives (Wiechecki, Barbara. 999).

Lots of manager has been aggravated by the employee who nods in obviously considerate of a direction, then does just the contradictory. Or there are the staff members who rise cold and distant after getting feedback on their work, as well as the team members who clam up at meetings when asked for ideas (Fisher, Glen 1990). Besides, our understanding, culture manipulate how close we stand, how loud we converse, how we contract with

conflict even how we contribute in a meeting (AAhad M. Osman-Gani & Zidan, S. S, 2001).

Though lots of cultural norms manipulate a manager's behavior and ensuing reactions, mainly significant ones are hierarchy and status, groups vs. individual orientation, time realization, communication and conflict pledge. By failing to recognize how culture collisions individually needs and preferences, managers, a lot misunderstands behaviors (Moran, Robert T. and Stripp, William G. , 1991). Think about the norm of hierarchy and status. If you desire all people to feel valued and to contribute in indicative or decision making, differences in this standard could be restrained.

An employee who has been taught regard to age, sexual category or title, might out of respect timid away from being sincere or offering ideas as offering proposals to an elder or a boss might emerge to be tough authority. The manager in addition might require structuring a climate that balances predilections for group and individual work. The employee who can't or won't subordinate individual wants or requirements for the good of the group might perform better working alone (Casse, Pierre 1995).

A culturally skilled manager generates opportunities for individuals to take a number of risks and investigate projects that don't need coordinating with others. Doing so can hearten employees with a sturdy individualist bent to draw concentration to significant matters, such as policies or procedures that don't work. On the other hand, when managers put too high a premium on evading workplace discord, even distinctive employees may be disheartened from providing potentially productive feedback (Moran, Robert T. and Stripp,

William G. , 1991). However, managers require comprehending the people with whom they work (Casse, Pierre 1995).

Devoid of clear mutual understanding, it is almost not possible for a team to attain its objectives. Even in a comparatively standardized organization, designers and accountants, for instance, might be seen as representing diverse cultural perspectives. Getting them to work efficiently together is perceptibly crucial for a company's success. And, most confidently, getting people whose cultural variety is based on diverse issues is no less significant (Adelman, Mara B and Levine Deena R. 1993). To obtain the information you require you have to get alternative approaches that are more in order with the employee's culture.

Here are a number of suggestions: Evade yes/no questions such as " Is that clear? " or " Do you understand? " provide the employee options from which to prefer. Inquire for specific information, such as " Which step will you do first with this new practice? " If time allows, carry out the task along with the employee or watch to see how well he recognizes your directions. Endeavor using unreceptive language that focuses on the circumstances or behavior, rather than the individual. For instance, " Galls should be answered by the third ring" or " All requests require accurate charge codes so as to be processed. (Adelman, Mara B and Levine Deena R. 1993).

Give workers enough lead time to gather their thoughts before a meeting so they can feel prepared to get input. Have employees work in petite groups, engendering ideas through discussion and presenting input as a group. One of the most significant functions of a manager is budding and grooming employees for encouragement. Cultural norms have a vast collision on this <https://assignbuster.com/influence-and-impact-of-differing-national-cultures-on-international-business/>

job as of the underlying conjecture a manager might make about an employee's prospective (Fisher, Glen 1990).

One has to be cautious not to designate people with a particular image, to think that everyone with a particular 'label' thinks or acts alike. If it isn't for differences, the world would be a very uninteresting place. What we require to do is finds out how diverse interests can be addressed to yield results that work for the organizations that have the decisive liability to realize an agreement. Organizationalcultural diversityis merely one of the rudiments that desire to be taken into relation to keep things operating on a cultured level.