

Effect of culture in international business

Business



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Culture is an important part of International Business. Culture is defining the collection of values, beliefs, behaviours, customs and attitudes of the member in the society. Culture is the behaviour that people act in the community. The characteristic of culture is also reflects learned behaviour that is transmitted from one member to another in society. There are also basic elements cultures such as social structure, language and religious. So the foreigner who wants to operate the business at the overseas market have to understand the culture at the local market to become successful. In this report also compare between the similarities of culture between two countries such as Thailand-Malaysia and different in culture between China and United States.

The term ' Culture' can be can be defined in more than 160 ways. According to (Terpstra and David 1985) they proposed the meaning of culture in international Management context based on Hostede's definition is refers to the group of people in the society of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects. Culture is symbolic communication. Some of its symbols include a group's skills, knowledge, attitudes, values, and motives. The meanings of the symbols are learned and deliberately from the generation to generation.

Culture is also the collective programming of communication for people in the community to understand such as language and behaviour and also to make the connection by communication with other community. Culture is one of the important parts of International business undertaking Importing and Exporting in foreign markets. So the organisation that operating

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international have to understand the differences in values and ethical behaviour for the organisation to work efficient in the international markets. Many organisations lost the opportunities due to the lack of understanding of international markets.

Characteristics of Culture Culture is the set of values, attitudes, beliefs, behaviour. The society culture are describes the behaviour and rules which determine the way of how the organisation operate in the community. Culture is also reflects learned behaviour that is transmitted from one member to another in society. Culture is also the adaptive because the effect from the external environments such as multinational international business, technology and tourism. Also the improvement of communication such as mobile phone and internet with the low cost which allow people and organisations developed greater cross cultural exchange between the organisations.

The basic elements of Culture in international business are: • Social Structure • Language • Religion The Social structure is the culture's beliefs about the role in community. The organisation's predominately how to work with each other in the organisation. Social attitude is reflected in the importance of how to work together in the organisations.

Language Language is a primary cultural in the society because it is very important for society's members to communicate between members. There are over 3, 000 languages and as many as 10, 000 in worldwide.

Religion is also the important part of society. Religion influences the attitudes members in the community towards work, investment,
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consumption and responsibility. For example: Thailand Languages in Thailand
The Thai language is the main language in Thailand also there is several regional languages spoke as well. Other languages spoken in Thailand are Chinese, Lao, Malay and Mon-Khmer, while English is later becoming more predominate in commerce of international. I Thailand, English is also now becoming the second language in secondary school and universities. Thai
Society & Culture

Hierarchical Society . Thailand organisation is respect hierarchical relationships. . Social relationships are defined as person is the leader being superior and make the decision for the other members in the organisation. . Management teams are superior to employees, alder employees to the younger employees, and bosses to their subordinates. . When Thai organisation meeting the outsider, they will immediately try to place outsider within a hierarchy so they know how the outsider should be treated. . This is often done by asking what might be seen as very personal questions in other cultures. . Status can be determined by clothing and general appearance, age, job, education, familyname, and social connections.

Etiquette & Customs in Thailand

Meeting In business . The ' wai' is the traditional form of greeting, given by the person of lower status to the person of higher status. So in the business is normally visitor will be greeding before the host. . Thais generally use first rather than surnames, with the honorific title Khun before the name. This is the very appropriate polite way and very good start to do the business.

Relationships & Communication • Thai people prefer to do the business with the people whom they respect. • The Thai people also very concern about trust. So it'll require the foreigner who wants to do the business in Thailand have to follow the way of Thai culture and do not rushing to do the business.

- Always be respectful to each other when dealing the business with the others as it can leads to smoothly relationship in doing the business.

. Thai communication is formal and non-verbal communication is often more important than verbal communication. . Rank is always been respectful. The eldest person in the organisation will be the most respectful from the other members in the organisation. . It is difficult for most Thais to say no, so you must be cognizant of their non- verbal communication. . Also body language is also important to do the business in Thailand. Because body language can telling about how professional the outsider are. Face

The concept of saving face is important in Thai society. So to do business in Thailand, Thai people will do anything to prevent loss of face. For example, normally to avoiding confrontation and rather choosing to tell others what they want to hear rather than dealing immediately. So to Criticising someone in public and breaking the promises are various ways that unpermitted in Thailand.

Thailand is a fascinating and very complex country, because Thailand has history of religious for century's philosophy, immigrant know-how and wisdom coming from foreign trade and commerce. Due to the culture complexity, which make it very hard to understand from the foreigner to doing business in Thailand. The international business might loss their opportunities to

operate the manufacture in Thailand because lack of knowledge about local culture.

The answer to the question whether cultural similarities would lead to greater trade among countries is both yes and no. Logically, cultural similarities will make trade easier for each other because of the mutual understanding between both countries. But that's not often case for all countries. Similarities in culture sometimes would lead to copyright and property claims. This is why there are two answers for the question.

Examples will be given to support each answer respectively.

Malaysia and Indonesia is example of countries that share an identical culture amongst each other. Both countries are located geographically in the South East Asia region. Both of these countries are often called siblings due to its size. The Malay language is an Austronesian language spoken not only by Malaysians but all Malay people who reside in the Malay Peninsula, southern Thailand, the Philippines and Singapore. It is also very similar to Indonesian, known locally as Bahasa Indonesia. Other than having an almost identical language, there are other cultures such as uniforms and traditionalmusicinstrument that are also similar.

Sharing almost identical and similar cultures don't usually work well for both of this country. In recent years, disputes and misunderstanding occur on problems such as claims of traditional copyright and territory claim has marked a black patch on the relationship of both countries. According to (Schonhardt, 2009) Similarities in culture, language and religious customs should make Indonesia and Malaysia good neighbors. But long-running spats

over everything from territorial boundaries to cultural ownership of culinary dishes, dances, instruments and even Malaysia's national anthem have over the years hampered ties. This directly effects not only trades between the two countries but also gives a pessimistic view for foreign investors who are planning to invest heavily in both countries.

Things aren't always sour for both of the countries. Having a similar culture also helped both of the country in trading and making business with each other much more easier. For example, the number of imported maids from Indonesia to Malaysia is increasing by day. Indonesian maids find it easier to adapt to Malaysian culture, as it is not much of a difference with the culture back at home. Culture in this sense includes language, food and environment. It is reported that in the year 2007, two leaders of both countries has signed a memorandum of understanding to establish a joint trade and investment committee to address issues and recommend measures to enhance bilateral trade and investment. [www. indlawnews. com](http://www.indlawnews.com), 25 January 2008 This in particular shows how countries with similar culture can work together.