The Importance Of Culture In International Business

The word 'Culture' is a complex word of the English Dictionary encompassing vast and diverse meanings. According to one source, it is defined as, 'The way of life, especially the general customs and beliefs, of a particular group of people...' (Cambridge Dictionary 2018). Hence the culture of a society, community or a group serves as its identity representing its morals, values and social behaviors among various others. These traits are passed down from generations to generations, timelessly influencing lifestyles and preserving a unique identity of a society.

'International business' is explained as a business activity that stretches beyond borders or involves trade relations between different countries. It first became popular with the advent of 'Globalization' which transformed the way the markets operated. We moved from a world in which national economies were independent; isolated from each other by time zones, distances and languages to a world where distances have shrunk and advances in telecommunications have made it possible to interact with countries across the globe.

Since the middle of the twentieth century, the world economy has revolutionized, communication gaps across borders have abridged and intercountry trade has boomed. Easily available information, massive advances in technology, trade agreements and the ease of communication across borders have paved a way for Globalization to thrive over the past decade. This change has led to companies and organizations emerge and compete in the international market. However, along with the benefits that Globalization has brought, it has also resulted in barriers that have transformed the way businesses work. Culture, as defined earlier, is one of those barriers that needs to be addressed.

It has become critical for the future and the viability of a multinational company to recognize the cross-cultural dealing that is present in every international business venture.

Culture has an effect on numerous aspects of international businesses, ranging from business relations, negotiations, international management to marketing communication strategies. It is essential to understand that running these international entities are people on whom the success of the business pivots. It is these people, these employees that form the culture of a business and it is these very people that need to be aware of the cultures that exist outside their borders in order to learn and to ensure concrete and smooth relations with rival businesses. According to one study, training businesses over cross cultural interactions and behaviors can increase the productivity of a company by as much as 30% giving it a lasting competitive advantage in the international marketplace (Hummel, 2012).

The importance of understanding culture in international business is illustrated from the fact that, what might be acceptable and common for a professional in one country, could be very different from what is deemed as accepted for a professional in another country (Reynolds, 2017). Such differences can starkly affect business relations and it is therefore important to understand the different cultures involved when conducting businesses overseas. Among various other factors involved, the following can be used to demonstrate the types of cultural challenges international businesses face:

Communication

Businesses are competing for markets around the world. Partnerships and business relationships are being established with people belonging to diverse cultures. These relationships with different countries and hence different cultures, each bring communication challenges to international businesses. In order to maintain and grow these business relations, it is important to understand and adapt good communication practices which could otherwise lead to tensions and loss of business. Understanding the local meaning of a word is an essential aspect of international communication (Debbie McRill, 2017).

Communication is an essential tool carving the success of any business, but when dealing with businesses across borders, there lies another risk of your message getting 'lost in translation" (Reynolds, 2017). The language used to convey a message is undoubtedly very important, but what's more important is how it's conveyed. For example, while the Finns might demand conciseness of speech and brevity, the professionals based in India or Pakistan can tend to be more indirect and subtle in their speech. Similar importance is drawn on the body language of the individuals involved in an interaction; while some professionals such as those based in Saudi businesses demand rather calmness and gentleness in conversations, the professionals from Italy can be a nuisance with their overly expressive way of conversing complemented by very frequent hand gestures.

While a sound grasp on English with its undoubted dominance in business interactions across the globe, can give you an advantage, it is equally important to understand and realize the significance of subtle non-verbal communications between cultures. This can be illustrated by realizing, what may be common in an interaction in one culture - be it a firm handshake, direct eye contact or a kiss on the cheek- could be considered uncomfortable and offensive in another (Reynolds, 2017).

Furthermore, cross cultural and cross country business meetings often take longer and it is important to be aware of this and to be patient throughout the span of the meeting otherwise one can be perceived as being too aggressive or impatient in his approach (Cotton, 2018). Similarly some international businesses follow a more team oriented approach, the 'WE' approach while some businesses follow the 'I' approach making it harder to communicate among such businesses.

Thus, it is necessary for international businesses to be aware of the ways of communication of various business cultures they are involved with, in order to ensure successful meetings that on which the future of a business ultimately lies.

Workplace Etiquette

Customs, etiquettes and ethics differ from countries to countries but business professionals involved are often unaware of them. These differences in etiquettes, if unaware of, can lead to bad business relations as a consequence of unsatisfactory business meetings. An example that illustrates these differences in etiquettes is that of the French and Russian ways of shaking hands.

The French along with the Japanese and South Koreans, prefer to shake hands lightly and

gently, but this is not the case with Russia, Switzerland and numerous other countries who prefer to shake hands rather firmly and assertively (CT Business Travel, 2015).

Similarly, business professionals from Brazil expect a pre-business chit-chat; it is customary for them. The professionals from countries like Canada and the USA, however, are rather least interested in such informal conversations before meetings and therefore either parties need to be aware of the culture differences that prevail in etiquettes (CT Business Travel, 2015). Similarly, the Brazilian and the US culture allows them to be accepting of indirect communication tone in business meetings; The Canadian culture, however, means that the business professionals belonging to the Canadian business would expect and prefer direct conversations over indirect ones.

Likewise, differences in dining etiquettes also exist among countries, cultures and hence exist between international business parties. In order to ensure tensionless, smooth business interactions while there is food on the table, either parties need to be aware of the customs and dining ethics of each. For instance in Sweden, it is common to look into the eyes of the person being toasted and say 'skal' (skohl) (CT Business Travel, 2015). Similarly, in Russia it is considered rude to start drinking until the first toast has been offered. In the middle eastern and a few Asian countries with the likes of India, Pakistan and UAE, only the right hand is used for eating otherwise it is considered as an offense to their religion. Furthermore, where it is also considered unmannerly to leave food on the plate in the UAE and majority of the Islamic Asian countries, in Taiwan it is rather a dining ethic to leave some rice in your bowl.

Thus, being aware of the cultural differences in eating and dining ethics is mandatory to ensure mutual understanding and courtesy between the international parties that leads to the development of stronger, more concrete relations among them.

Apart from dining etiquettes, work place etiquettes also include the differences in attitudes and workplace ethics across different cultures. For example, some business professionals from certain countries would consider committing long hours to a meeting as a sign of dedication and achievement whereas in some countries, it is considered inappropriate and inefficient to commit such long hours out of their valuable time (CT Business Travel, 2015).

Likewise, the concept of 'Punctuality' also varies between cultures involved in an international business gatherings. While an American professional would prefer to arrive a little earlier than the actual time, his counterpart Mexican employee would arrive a little later and still be considered to have arrived on time. Lack of awareness and understanding of such differences in cultures between the professionals can lead to misconceptions and often misunderstandings between the people involved hence directly affecting the performance of the International business.

Organizational Hierarchy

Depending on the different cultural traits that exists between international business individuals, the concept of Organizational Hierarchy and views about management can also vary. Cultural norms can dictate whether people lower in the hierarchy can comfortably to speak up to senior management, whether they can question their decisions or ultimately the degree to which those in Junior management can stand up for themselves and express their opinions (Reynolds,

2017). ' Research has shown that employees will perceive the organizational identity more in either strategic or cultural attributes, depending on their hierarchical role within the organization' (Flierman, n.d.).

The attitudes towards the organizational hierarchy are largely a reflection of the of a country's societal and community values. For instance, Japan, a country that honors social values and respect towards seniority reflects this behavior in their organizational culture. These values that exist at the societal level declare the roles and responsibilities in the organizational hierarchy. People higher up in the management thus expect respect and trust from their junior colleagues who consequently hesitate to raise their voice and opinions against their seniors. However, the importance of culture on the international level can emphasized by the fact that these values and organizational roles differ in other countries, depending on the morals their cultures dictate.

Scandinavian countries with the likes of Norway, which advocate for social equality among all ages and race, tend to have an organizational hierarchy that is drawn around such values. This means that the employees involved in the Scandinavian hierarchy can be informal to and question their seniors irrespective of their age or social standing.

Hence, this illustrates the influence and significance of cultural differences on Organizational hierarchies in an international business which houses people from all over the world. Such differences present huge and defining roles in a hierarchy comprising of diverse backgrounds can be challenging.