

Dealing with cultural differences in international business

Shaidul Kazi, PhD

Since the beginning of 1990s, the globe is experiencing, more than ever before, the proliferation of international trade through the activities of companies of all types including the multinational ones and trade specialization based on comparative advantage. Both trends have brought substantial convergence to the practices that have been adopted by companies, but divergence in behavior among the members of company has remained very strong because of differences in cultural background. In such scenario, business success is contingent upon, among others, the expertise of businesspeople in dealing with cultural differences.

In recent decades internationalization has forced more and more companies to expand their business operations across national boundaries. The trend has led firms to face different and unknown cultures. In international business, business success is strongly contingent, among other factors, on how business executives manage a new and unknown culture (Kazi, 2009, 3). When the question of culture comes to international business context, the national culture is usually preferred by most academics, students and businesspeople. Neither two individuals nor two national cultures are alike. Therefore, intercultural difference is a common issue in cultural discourse. What is this culture? According to Hofstede, culture is the collective programming of the mind that distinguishes the members of one group or category of people from others (Hofstede and Hofstede, 2005, 4). However, human beings are not programmed same way as the computers are, they have reflective ability and may deviate based on contingency. More so, culture has strong impact on the way a person act on certain situation. Consequently, the paper considers “culture as something which is comprised of norms and values and governs human behavior to a particular direction, which is learned, does not change easily, which is characteristic of a particular group and which is transmitted over time from one generation to the other (Kazi, 2009, 97).” Culture is always a group property as personality is to an individual.

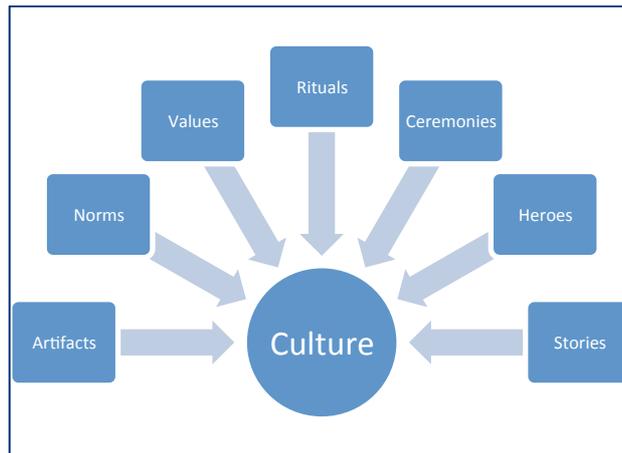


Figure 1: Elements of culture

Culture contains different elements (Figure 1). As a result, each national culture has its own artifacts, norms, values, rituals, ceremonies, heroes and stories which form culture. These elements differ from one culture to another, creating intercultural differences. In the context of international business, intercultural difference exposes with time, believes in destiny, importance put forward to rationality, emphasis given in participative decision-making over authoritarian one, preferences for a person over an organization, the value of an individual versus group, stand towards fairness, consideration given on merit versus nepotism or ascription in recruitment, prioritizing religion in daily life and gender treatment.

This paper is neither going to focus on any particular national culture nor suggests how to solve the above mentioned intercultural differences. Rather, it intends to explore and recommend ways and means, which may be useful in successful cross-cultural business encounters with overseas counterparts. In international business, it may be very difficult for a businessperson to learn each and every counterpart's culture and deal with them according to their expectation. However, the following recommendations may be instrumental in minimizing cultural differences in international business encounters:

Cultural awareness. If there is a chance, it would be always helpful acquiring upcoming counterparts'- or the trading partners' cultural information. As cultural information inventory increases, cultural awareness in multicultural- or cross-cultural encounters also increases. This may help businesspeople to understand cultural differences quickly and thereby act appropriately. In addition, cultural knowledge helps to do international business with confidence and provide customer service more efficiently. Furthermore, in the 21st century globalized world where multicultural group and international business are two crucial pillars for survival of an economy. Knowing other cultures gives a person a competitive advantage in doing business across national boundaries.

Accept that cultural differences are as common as individual differences. Usually, people from different cultures act differently. Those differences may be sometime difficult to accept or recognize. However, in international business context, mutual understanding of each other's culture is a must for business success. In addition, if you are a seller, it is more likely that you have to be more active in accepting, recognizing and bridging the gap

between those differences. Strong curiosity and effort to know and study a culture may develop an ability to cope easily with cultural differences in international business.

Develop a sense of cultural heterogeneity. Cultural heterogeneity means belief in cultural pluralism. The basic building block of cultural heterogeneity is that we are not all the same; groups within society differ (Adler, 2002, 117). A national culture may differ based on regional disposition, ethnic groupings, religious membership and linguistic affiliation. Globally, national cultures have been grouped by Hofstede in power distance; individualism versus collectivism; masculinity versus femininity and uncertainty avoidance dimensions (Hofstede and Hofstede, 2005). Organizational culture typologies according to Basi are paternalistic, bureaucratic and synergistic (Basi, 1998). A sense of cultural heterogeneity may be instrumental to maximizing pros and minimizing cons in cross-cultural business encounters.

Be flexible but retain your own identity. It does not always work like, “when in Rome do as the Romans do”. Preserving self-identity is an important issue in the globalized world. “See everything; overlook a lot; correct a little (Pope John XXIII quoted in Hoyle & Newman, 2008, 59);” be flexible and do not lose your self-identity. Flexibility is one of the most crucial qualities in international encounters. In order to develop a flexible personality, one has to view things from multiple directions rather than developing a tunnel vision. Interest-, understanding-, outlook-, mindset- and expectation collision is a common issue in multicultural business perspective – one has to go along with these flexibly.

Believe in win-win game. “Good business should contain something for both parties (John Harvey-Jones, British business leader quoted in Ibid 70).” Win-loss game ends up with retaliation by the loser/s. Therefore, businesspeople should stick to a win-win game in international business negotiation. Bargaining takes place in a negotiation process, a mindset containing a sense of give and take leads to a win-win game. Be empathic and try to understand your counterpart’s expectation as well. It is essential to consider other cultural aspects in negotiation, for example, identifying the decision maker, understanding the concept of time, knowing when the deals are done and whether there is the need for after deal reminder before its, implementation or not just to name a few.

Task-and purpose related focus. Once cultural diversity has been acknowledged, businesspeople should superordinate task and purpose of the business and subordinate their cultural differences. Avoidance of ethnocentrism may be instrumental for subordinating cultural differences. Ethnocentric attitude put itself at the center of judging others around it. Apart from ethnocentrism, prejudice may also harm task- and purpose orientation in international operation because prejudice reflects a negative or neglecting attitude against other groups. In the absence of ethnocentrism and prejudice result in a level playing field , where everyone may work equally for the task- and purpose of the business.

Create cultural synergy: Eastern cultures differ from Western cultures. Despite their differences, they do business successfully. The concept of cultural synergy is a unique organizational approach that considers cultural diversity as a resource. Each culture has some uniqueness and in a multicultural perspective those uniqueness may yield new

solutions to existing problems. Therefore, steps may be undertaken to use the best parts of other cultures for solving business problems.

The globe is not anymore divided into two separate blocks; socialist led by the former USSR and capitalist led by the USA. Human mobility has never been as intense as it is now. The World Wide Web and the social media of different types have brought human beings closer to each other than ever before. The nations have virtually lost their national boundaries in the economic front – countries and companies do business almost unhindered. Cultural expertise would determine someone's business success in such a world order.

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Mr. Shaidul Kazi, PhD has over fifteen years' teaching experience in cross-cultural management and international business related courses. His PhD dissertation topic was "Managerial Decision-Making Behavior and Impact of Culture". He is a senior lecturer in the degree program of International Business, at the Tampere University of Applied Sciences.