

International Journal of Foreign Trade and International Business



E-ISSN: 2663-3159
P-ISSN: 2663-3140
IJFTIB 2019; 1(1): 17-20
Received: 15-11-2018
Accepted: 17-12-2018

Xin Zhang
Department of Management,
Ningxia University, Yinchuan
Shi, Ningxia Huizuzhiqu,
China

Understanding the cultural value variations

Xin Zhang

Abstract

Decision of managers and their behavior in the international business has its ethical significance across various countries and their culture. Global organizations also offer practical knowledge and by setting up ethical examples for establishment of corporate values beyond the codes written by business. By addressing of values and principles in the organization, international business may achieve ethical practices of cross culture and global social responsibility. The main aim of this study is systemization of knowledge on the basis of characteristics and classification of various cultures, which helps in allowing the national representatives to assign their respective type of culture and presentation of characteristics in various countries.

Keywords: Cultural value, corporate values, behavior

Introduction

International business: International business is defined as a business activity which helps in extending beyond the other competing countries or the activity which is taking place across the national borders. As per the notion of cultural aspect, international business includes transactions across the national and cultural borders for meeting the needs of individual customers and the other businesses.

Entities of International Business include various international enterprises and the domestic enterprises which are engaged in international relations. It is also defined as an area where various disciplines came together like international Management, logistics, marketing and other trade and finances. These disciplines are connected with each other and they partly overlap and complement each of them. The area of International Business is very wide, so the managers are required to have a very vast knowledge in all the disciplines and the issue of cultural differences is also concerned. Today, enterprises want to be successful and gain competitive advantage in the global market, for this purpose, they have to take aspect of culture into their account.

Majority of enterprises are operating internationally, where the most important factor is culture. It exerts a great influence on the success of maintaining good relations and successful transactions between various counterparties and employees having different cultural background working in same enterprise.

The term 'Culture' is used with different meaning in our day to day life and our common language. As per literature, "Culture is a complex in whole that includes knowledge, belief, art, moral, laws, customs and many other abilities and habits of a human being as a member of the society. Culture is the achievement of a society transmitting from one generation to other. It includes a various set of rules, concepts, terms which defines specific behavior. It changes from time to time. As time evolves, it becomes the system of rules, behavior, values and attitude presenting in the minds of an individual who is living within a particular culture. It considers both an individual and a group. The main aim of culture is the survival of a group, once it is accepted, within a non-uniform degree by individuals among a group. It is of relatively enduring nature.

Every culture and every nation has its own behavior and characteristics in the process of communication. It can take place during the negotiations or any other situation depending on the specific values referring to it. Culture is considered as an important factor in negotiating and conclusion of international transactions. If the negotiators are from different cultural backgrounds, the risk of failure eventually increases, which occurs because of misunderstanding of words, actions or gestures. Therefore it is important to prepare before talking with a foreign counterpart to get familiar in the best way with the culture of their country and their models of cultural orientations.

Correspondence

Xin Zhang
Department of Management,
Ningxia University, Yinchuan
Shi, Ningxia Huizuzhiqu,
China

Communication within Cross-culture is a social process between the members participating in the cross-cultural contact. The main need of this process is to maintain proper communication between people, their phenomena and different situations using various codes and the culture. One of the aspects of International Business is cross-cultural contact between the individuals from different countries, which have different culture, traditions, values who act as negotiators or task group participants.

Cultural Differences: It is the most particular barrier in the process of business communication. It is very important for managers of business, lower rank employees, as well as the representatives of the company who are engaged with foreign countries in order to be familiar with their culture in order to eliminate this barrier. There is a need to understand and identify the cultural differences as one of the most important skill in world's economy in order to gain competitive advantage in the global market. It influences various aspects of communication in International Business, not only as the relation of business of negotiations and international management but also as the communication of marketing strategies which are considered with brand and behavior of consumers.

Culture contains different elements resulting; every nation has its own norms, values, beliefs and stories which create their culture. All these elements are different from each other, which creates inter-cultural differences which are exposed with time, putting forward its importance to rationality. The main emphasis is given to participate in decision making in an organization, where the preferences of an individual is concerned over the organization or the value of an individual against the whole group. Some of the recommendations to minimize the cultural differences in International Business are:

- **Awareness of Culture:** It is always helpful to acquire the information regarding the culture of counter-parts or trading partners. As the information increases, awareness of culture in multicultural encounters also increases. It helps in understanding cultural differences and acting appropriately for an individual. Cultural knowledge helps in doing International Business with confidence and providing efficient customer services. In today's world, Multi-cultural group and International Business are 2 most important factors for the survival of a country and its economy.
- **Accepting Cultural Differences as Individual Differences:** People acts differently as per their culture. These differences are difficult in accepting or recognizing. For any International Business to achieve success, it is important to have mutual understanding of each other's culture, and if any of them, is a seller, it is important to accept, recognize and to bridge the gap between these differences.
- **Developing sense of Cultural Heterogeneity:** It means to believe in various cultures. The basic concept is to understand that al the individual has different culture; each group within the society is different. It is different on the basis of region, ethnic groups, religion and language. Cultural heterogeneity is to maximize the pros and minimize the cons in cross-cultural encounters of business.
- **To be Flexible in retaining identity:** The concept of "When in Rome do as Romans Do" is not always

possible in work. Self-identity is a very important issue in the global trade. It is important to see everything, overlooking and correcting, to be flexible and not to lose self-identity. For International encounters, flexibility is very important. To develop flexible personality it is important to see things from various perspectives rather than creating a fixed version. Understandings of interest, outlook, mindset and expectations are the common issues in multi-cultural business, for this it has to go flexible.

- **To believe in Win-Win Situation:** It is important for business people to get stick with win-win game in encountering International Business negotiations, because win/lose game always ends up with revenge by the loser. Bargaining also takes place in negotiation, which contains a mindset of give and take which leads to win/win situation. It is necessary to be empathic and to understand the counterpart's expectations and cultural aspects should also be considered while negotiating like identification of decision maker and to understand time-concept.
- **Focus on task and purpose:** After understanding of cultural diversity, it is necessary to define task and purpose of the business and their cultural differences. It is important to avoid ethnocentrism to subordinate cultural differences. Apart from this, prejudice can also harm task and purpose attention in International operations before it reflects a negative attitude against other groups.
- **Creating Cultural Synergy:** Eastern culture is very different from western culture. Despite the difference, they do successful business. Cultural-synergy is a different organizational approach which considers cultural diversity as source. Every culture has its uniqueness and in multi-culture, this provides new solutions to existing problems. Some steps can be taken to use the best part of other culture to solve business problems.

Cross Cultural issues related to conduct the business: Depending on the cultural background, where the people are coming from, reacts differently in different situations. They may assume business in various ways, and may be different in approach of time, deadlines etc. They may also have different attitude towards the others as per hierarchy. Some behavior of people from various countries, which represents different cultural background in the negotiations or communication are:

- **Counterparties from Asian countries:** The manner of Asians negotiations is recognized by their cultural and religious differences, and their attitude towards tradition. Their key towards their success is the patience. In every stage of the negotiation process, the collective consent of the whole group is required. It is a very reserved culture, and is relationship oriented, which is polychronic and formal. While conducting the negotiations with the Asians, it is important to "save face" which means to show the respect, and to not undermine the authority of the negotiator. Relationships between parties are very good. They are reserved in showing their emotions and feelings and are not very eager to keep an eye contact.
- **Counterparties from American countries:** The country which is described most frequently in detail in

the literature is United States of America. It is one of the largest economies of the world, because the companies of America make business in virtual with every other country to mark its presence in all the foreign markets. The culture of America is totally different from all the other countries' culture. It is transaction-oriented culture, monochronic and a varying informal degree of impression.

- **Counterparties from European countries:** The culture of European countries is very diverse; as the Mediterranean countries are different from the countries which are located in the north of the Europe, and the countries from central part is also different from the rest of the countries. There is no similar culture, for all the European Countries, so they all need to be discussed separately. The main countries in different part of Europe with different culture are: FRANCE, GERMANY and UK.

France represents the Mediterranean countries; its culture is very expressive, transaction-oriented and formal. Here conversation about price, source of income, wages and questions related to family must be avoided. The best conversation with French people; is their interest, cuisines, culture of their country and their sports.

Culture of German is related to that of Poland. While meeting with a group of people, we have to greet them and shake hands with everyone. The handshake must be firm and cordial. The best conversation with them is to know about their hobby, football, places to visit there and the length of time to stay in the country. The most important feature for the contact with them is Punctuality.

UK is the country, where culture is very reserved, moderate formal and business oriented. There must be distance of at least two steps. Britishers check their counterparties intensively. Their time is very well organized. They give importance to high arrangements and also appreciate fair play. They have no tolerance for lack of competency and aggressive behavior.

- **Counterparties from Arab countries:** Middle-east is comprised of countries having population with the majority of Arabs. Arab countries are a group made up of 22 countries. The culture of Arabs is very expressive, formal and relationship-oriented. Arab people's greeting is very lively. It is started with Salam Alejkum which means peace be upon you, then they handshake which is followed by Kif Halak which means asking about How are you? If the person is meeting with them for more than one time, then they can kiss you on both cheeks. Arabs way of saying 'it's good to see you' is by taking hands in hands. There women doesn't participate in negotiations.

Effect of Culture on International Business: Multinational business is becoming very important in today's global trade, which helps in increasing knowledge and their approach towards business problems. However, benefits of expertise, organizations also face other problems when culture and international business comes together. It is necessary to understand and recognize how culture will affect International Business in 3 main areas: Communication, Etiquette, and Organizational Hierarchy helps in avoiding misunderstandings with clients from other countries in global market.

1. **Communication:** Effective communication is very necessary for the success of any business, but it becomes complicated, when our message is translated wrongly. In most of the international companies, English is the main communicating language. But not only language, way of conveying the message is also equally important. Speaking English fluently, gives a professional hike. While understanding the importance of non-verbal communication is also very important for international business.
2. **Etiquette at Workplace:** Difference in etiquette occurs with difference in attitude towards workplace, rules and regulations in organization and working hours. For some people, working for long hours is a symbol of commitment towards work while for others; extra working hours defines a lack in efficiency of personal or family time. Different approaches towards professional communication are just a difference in workplace norms.
3. **Organizational Hierarchy:** It may vary from culture to culture. Attitude towards management can vary from different cultures. The personnel with junior or middle management positions may have to feel comfortable while speaking up in meetings or having questions towards decisions of seniors or by expressing a different opinion is dedicated by various cultural norms. This attitude is a reflection of values of society or social equality.

Importance of Ethics in cultural values: Ethics are the principles, values, beliefs, which helps in defining about what is wrong and what is right. It is categorized into 3 categories: Code and Compliance, Destiny and values, and Social Outreach. While working globally, ethics includes respecting the difference between workers and communication in the organization. It is suggested that the business should take 3 steps to avoid confusion in helping the employees to behave ethically and appropriately.

- By developing a clear joint set of important values for global policy and decision making. Companies have to join their decision with its values. The values which are most shared are: honesty, dignity, respect and responsibility towards others. While working with other culture; it is necessary to organize the difference in the values.
- Training International employees in asking questions which will help in making business decisions which are sensitive culture-wise and are flexible within core values. Companies have their own training policies which helps in teaching employees their ethics. It is also important to consider the policies supported within the enterprise by leadership.
- Balancing the need of policy with need of assumptions. Enterprises have to establish a flexible approach to guide the employees in exercising responsibility to make a pure judgment. Both the clients and coworkers have different approach towards the ethics.

The global trade is changing continuously and becoming very vast. Not only ethics is the way to approach with other countries to maintain relationship but by helping the organization in appreciating the difference of culture, employees will get better understanding in determining the best approach for their company.

Conclusion

The main conclusion of paper is to confirm that cultural difference is affecting the business in International Business. To eliminate the cultural factor, it is important to know the culture of the country with which we are entering into business relationships. The effect of cultural difference on global trade needs to be appreciated in the process of international business management. With high globalization, trading has become more liberalized, where an enterprise is working in both local and global market with various countries. For this purpose, it is necessary to have complete knowledge of the culture of other countries which is important for successful business transactions. Only knowledge of foreign language is not sufficient, as language barrier is the very important and very difficult to overcome. For this one needs to know custom, values, body language and other factors of culture.

References

1. Ball DA, McCulloch WH. International Business. The Challenge of Global Competition, Irwin McGraw-Hill, Homewood, 1999, 3.
2. Guang T, Trotter D. Key issues in crosses cultural business communication. Anthropological approaches to international business, African Journal of Business Management, 2012.
3. Hofstede G, Hofstede GJ, Minkov M. Cultures and organizations, McGraw-Hill, New York, 2010.
4. <http://www.hult.edu/blog/cultural-differences-impact-international-business/>
5. Chryssides G, Kaler J. Essentials of Business Ethics. McGraw -Hill, London, 1996.
6. Bodley JH. Cultural Anthropology: Tribes, States, and the Global Sytem 3rd edition. McGraw Hill, Boston, 2005.
7. Svensson G, Wood G. The dynamics of business ethics: a function of time and culture – cases and models. Management Decision, 2003.