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Cross cultural business issues

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Nowadays a lot of businesses want to expand globally and be presented in several countries. That is why cross-cultural leadership became one of key challenges for entrepreneurs. Different cultures make different mindset both for employees and customers. To create customer focus and effectively organize work it is important to understand and respect culture.

National cultures create various systems of values and beliefs. Sometimes, due to national differences, the parties even cannot conclude a lucrative contract. In terms of meetings one of crucial points is attitude to time. Depending on the relationship to time, monoactive, polyactive and reactive cultures are distinguished. In monoactive cultures (Germany), managers carefully plan their activities in a certain sequence, make schedules. In polyactive cultures (Spain), things are conducted depending on momentary preferences. In the cultures of the Islamic world, time moves cyclically: according to the sunrise and sunset, the change of seasons. Managers from these cultures are in no hurry. Moreover, for some people even distance could be important. At a business meeting with a foreign partner, it is extremely important to keep the right distance. For example, Italians or Latin Americans consider Swedes and Americans unfriendly and cold. This opinion is based on the fact that Northerners are used to communicating over long distances. That is, it is not customary for them to approach a person closer than 75 cm. For Southerners, the normal distance is 40 cm. Respect of meeting cultures can help to win over or on the contrary to push away. In business world communication and networking are key elements, so the attitude of a business partner to you greatly affects the companies and the agreements between them.

Talking about negotiations, In the process of negotiations with foreigners, cross-cultural differences in speech styles are manifested. The direct style expresses the speaker's true intentions. It is characteristic mainly for the USA. Americans try to use clear, definite words, for example, "absolutely", "clearly". They are characterized by statements: "stop beating around the bush", "let's get to the point", etc. The opposite is the indirect (pretentious) style. It is characterized by speech messages that camouflage and hide the true intentions of the speaker. As a rule, indirect style is inherent in the cultures of Southeast Asia and the Arab world. Most of the information when communicating with foreigners is transmitted non-verbally. A pause inserted at the wrong time, an innocent (from the point of view of one's culture) gesture can not only distort the meaning of what was said, but also cause a negative reaction from the interlocutor. Also cultures differ basing on authority. Representatives of Muslim cultures show the deepest respect for their elders during a business conversation. It is natural and necessary for them. But a pupil of Western culture will perceive this as hopeless backwardness and a brake on progress. And vice versa. Information about the high level of education of young managers (the main advantage for Western culture) it will be misunderstood in the East, where they will pay attention to the lack of experience.

In terms of decision making leaders base on cultural principles too. Main role here is taken by individualism and collectivism principles, studied by Hofstede. In Western countries, employees of companies are positioned exclusively for personal gain. While Eastern managers primarily proceed from considerations of the common good. In countries such as Japan, Germany, and the North Caucasus region, managers are clearly focused on achieving results. They are ready to compete and conduct business aggressively. In Russia, the main attention is paid to human relations, humanity. Speaking about national peculiarities of decision-making, it is quite important to understand what each culture means by intelligence.

In the West, it is the totality of a person's mental abilities. In China - imitation and patience. In Africa - caution and friendliness. In Russia, the emphasis is usually placed on moral and ethical components.

In conclusion, it is impossible not to dwell on the phenomena that arise when companies based in different countries merge. It would seem that experts calculate all the consequences: financial, administrative, marketing. However, it is cross-cultural differences that are the cause of many failures.

When managers come into contact with other people's business cultures, they experience a so-called "culture shock". It is accompanied by anxiety, tension, a sense of loss and rejection. The degree of shock depends on the magnitude of cross-cultural differences. The dynamics with which a person adapts to an alien culture is reflected by a U-shaped curve and includes three stages. The first is characterized by enthusiasm and high spirits. At the second stage comes frustration, depression, confusion, which at the third stage are slowly replaced by confidence and satisfaction. If an employee has adapted to a new culture, and then returned to his original one, then he must go through these stages again. Therefore, the readaptation curve has a W-shape.

A lack of understanding of cultural differences in business can lead to a decrease in team productivity, lower results, and even overall team motivation and cohesion. Globalization and entering a new market is always associated with communication and establishing relationships with other cultural values and perceptions.

A Global Manager today is a leader who builds bridges between countries and continents, motivates and engages teams in a working environment where they do not feel disconnected from each other, thanks to the ability to build effective cooperation. Globalization and entering a new market is always associated with communication and establishing relationships with other cultural values and perceptions. In this case, the main priority may be a clear understanding of cultural differences and the relationship between them.

Understanding culture and building cross-cultural communication is difficult and complex process, that is why it is being called the most challenging in 21st century by most of leading executives. Building international negotiations and organizing global business requires a lot of effort and knowledge both from executives and managers, but in modern world cross-cultural communication skills are necessary to create successful global company, develop and expand the business.

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