

IMPORTANCE OF CULTURE IN GLOBAL BUSINESS

Leela vijaya lakshmi,j

Associate Professor, TKR Institute for Management and Science, Affiliated to Osmania University, Hyderabad.



"What sets world in motion is the interplay of differences, their attractions and repulsions"

Octavio paz

(Mexican poet,writer and diplomat)

"Culture is the integrated sum total of learned behavioural traits that are shared by members of a society"(Terpstra, 1994). Levels of cultures one cannot avoid seeing that the business environment is changing in many ways. As well does the cultural environment that is one of the most challenging areas for most international marketplaces. In order to understand and influence consumers' wants and needs, foreign companies must understand the different cultures.

The domestic companies that are likely to see incremental growth in the coming decades are those that are not only doing business internationally, but that are developing the strategic skill set to master doing business across cultures. Cultural core competence is at the crux of today's sustainable competitive advantage.

If the supply chain in Malaysia is to be managed today, tomorrow the virtual team in China is managed by optimising the company's call centre in India on the next day and you're asked to manage a supply chain in Malaysia, the next day you're managing your virtual team in China, and the next you're optimizing your company's call center in India, on the next day and its you know that it's just not possible for a business entity to be an expert in every culture or geography in which you do business. What is possible is developing the mindset of a globalist — or, in other words, mastering cross-cultural core competency.

Understanding the importance of culture and respecting the role it plays in the lives of potential customers in foreign markets is vital and could mean the difference between the success or failure of company's overseas ventures. Forget or trivialize this important ingredient, and their marketing campaign or website runs the risk of failing to attract potential buyers at best, or at worst, alienating or offending millions of people and experiencing a huge loss of sales.

Businesses will do well to remember that consumers in different locations and cultures are influenced by their economies, values, attitudes, and preferences, and will therefore differ in "what they buy, why they buy, how they buy, when they buy, and where they buy."

The importance of the possible outcomes of organisation's marketing strategy, product release, or website, necessitates constant vigilance and consideration of the culture of the targeted market. If it fails to do so, they may experience any combination of the following consequences:

- Consumers lose faith and confidence of product and company.
- Customer backlash and highly visible, negative public reactions.



- Negative public relations and the erosion of the brand they have worked hard to build.
- Loss of revenue, sales opportunities, and customers.
- Possible punishment in the form of retaliatory legislation or lawsuits.

WHAT IS CULTURE?

Culture is comprised of many different elements that have been passed down for generations, including knowledge, belief systems, experiences, values, attitudes, religion, art, ideas, laws, morals, customs and ways of perceiving the world. Some aspects of culture are visible, such as the way people dress or the food that they eat, while other elements of culture are invisible, such as the importance of religion, beliefs surrounding the role of family in a society, or the way people think and feel about certain issues. While the visible aspects of culture are often easy to spot, it usually takes much more time and effort to understand and appreciate the importance of the invisible. However, it is usually the invisible elements of culture that have the most impact on the way people view the world, and as a result, how they view organisation's marketing strategies and whether or not they accept or reject organisation's product or service.

Brazil have a friendlier attitude, they are still formal and serious when doing business. People in Brazil are very spontaneous, informal and very quick minded. Chile is not quite the same; people are more reserved and formal there, even though they are still very friendly. This is also the case in Uruguay, which is still a quite reserved and isolated country. Sweden is a little bit like Brazil, but Brazil on the other hand is more spontaneous and quick.

Each society has its own elements of culture. These elements of culture are manifested through:

- Language, verbal ,
- Nonverbal, Religion, Values and attitudes
- Manners and customs,
- Material elements, Aesthetics,
- Education,
- Social institutions.

Adaptation of these elements for an international company depends on its level in the market participation –for example, licensing versus direct investment and the product or service marketed (Czinkota, 2007). The most important issue for a foreign company is cultural analysis, which includes information that helps the company' staff to take planning decisions. This information from the cultural analysis must be more than collecting the facts; these must also be interpreted in the proper way (Czinkota,). Another significant issue about culture is the levels manifested through artefacts, valued and underlying assumptions (Brooks, 2008). Visible organizational structures and process Artefacts Values Underlying Assumptions Includes visible products, clothing, manner of address, work practices. Strategies, goals, philosophies Includes for example attributions, avoidance.Unconscious, takes for granted beliefs, perceptions, thoughts and feelings.

Culture, in the broadest sense, refers to how and why we think and function. It encompasses all sorts of things—how we eat, play, dress, work, think, interact, and communicate. Everything we do, in essence, has been shaped by the cultures in which we are raised. Similarly, a person in another country is also shaped by his or her cultural influences.

Brazil is a country with real business opportunities for foreign companies, but doing business in this county can be seen as a significant cultural challenge. Brazil is a colourful culture that attracts many people to learn and experience the core of this vibrant environment. If anyone observes broadly on Brazil culture they can discover that it is a combination of European, American and Asian culture (Maps of world, 2008). Culture in each country is meditated through three factors: cultural forces, cultural messages and consumer decision process. Family, education and national identity manifest cultural forces. Ethics and morality, behaviour and roles and design influence cultural messages. Culture is also influenced from universal needs and wants in the society and consumer trends.

- How do cultural differences influence the international business?
- What are the most important cultural issues a company going abroad must consider?

Language can affect the business in different ways. In Brazil for example, there is a higher risk for being deceived if people do not speak the local language. The problem with not understanding their jokes can also be a large disadvantage. But, if Sweden is the customer, people are more understanding and translators can easily be used. To speak the local language is always an advantage and a sign for respect. Language can affect the business in different ways.



Failing to negotiate correctly because of cultural issues that the company do not consider as important, can lead to an overall failure in doing business. Thereby, these three issues seem to be connected with each other. When a company is going abroad, culture must always be considered as an important issue that affects the entire cooperation in the foreign country. Cultural differences that can affect the business can be many. For example can we mention language, manners and behaviour and differences in the negotiation process. Culture can thereby influence the company's entire co-operation with a foreign country and not being able to handle the cultural differences can lead to conflicts and misunderstandings. Companies who are not aware of this fact can suffer large losses and thereby fail to be able to manage future business abroad. Mistakes can be difficult to correct and future co-operations therefore sometimes can become impossible. The elements of culture, negotiations and price negotiations that affect the business can be summarized in a model.

Most people hear about culture and business and immediately think about protocol—a list of dos and don'ts by country. For example, don't show the sole of your foot in Saudi Arabia; know how to bow in Japan. While these practices are certainly useful to know they are just the tip of the iceberg. People often underestimate how critical local culture, values, and customs can be in the business environment. People assume, usually incorrectly, that business is the same everywhere. Culture does matter, and more and more people are realizing its impact on their business interactions.

Culture in today's context is different from the traditional, more singular definition, used particularly in Western languages, where the word often implies refinement. Culture is the beliefs, values, mind-sets, and practices of a group of people. It includes the behavior pattern and norms of that group—the rules, the assumptions, the perceptions, and the logic and reasoning that are specific to a group. In essence, each of us is raised in a belief system that influences our individual perspectives to such a large degree that we can't always account for, or even comprehend, its influence. We're like other members of our culture—we've come to share a common idea of what's appropriate and inappropriate.

In the past century alone, we have seen many changes as new nations emerged from the gradual dismantling of the British and Dutch empires at the turn of the 1900s. For example, today the physical territories that constitute the countries of India and Indonesia are far different than they were a hundred years ago. While it's easy to forget that the British ran India for two hundred years and that the Dutch ran Indonesia for more than one hundred and fifty years, what is clearer is the impact of the British and the Dutch on the respective bureaucracies and business environments. The British and the Dutch were well known for establishing large government bureaucracies in the countries they controlled. Unlike the British colonial rulers in India, the Dutch did little to develop Indonesia's infrastructure, civil service, or educational system. The British, on the other hand, tended to hire locals for administrative positions, thereby establishing a strong and well-educated Indian bureaucracy. Even though many businesspeople today complain that this Indian bureaucracy is too slow and focused on rules and regulations, the government infrastructure and English-language education system laid out by the British helped position India for its emergence as a strong high-tech economy.

In countries with low uncertainty avoidance, people are more willing to take on risks, companies may appear less formal and structured, and "thinking outside the box" is valued. Examples of these cultures are Denmark, Singapore, Australia, and to a slightly lesser extent, the United States. Members of these cultures usually require less formal rules to interact.

Various motions and postures can mean altogether divergent things in different cultures. Hand gestures are a classic example. The American sign for OK means "zero" in Tunisia and southern France, which far from signaling approval, is considered a threat. The same gesture, by the way, delivers an obscenity in Brazil, Germany, Greece, and Russia. If you want to tell your British colleagues that victory on a new deal is close at hand by making the V sign with your fingers, be sure your palm is facing outward; otherwise you'll be telling them where to stick it, and it's unlikely to win you any new friends.

Eye contact is also an important bit of unspoken vocabulary. People in Western cultures are taught to look into the eyes of their listeners. Likewise, it's a way the listener reciprocates interest. In contrast, in the East, looking into someone's eyes may come off as disrespectful, since focusing directly on someone who is senior to you implies disrespect. So when you're interacting with people from other cultures, be careful not to assume that a lack of eye contact means anything negative. There may be a cultural basis to their behavior.

How people communicate;

- How culture impacts how people view time and deadlines;
- How they are likely to ask questions or highlight problems;
- How people respond to management and authority;



How people perceive verbal and physical communications; and
How people make decisions.

To conduct business with people from other cultures, one must put aside preconceived notions and strive to learn about the culture of the opposite counterpart. Often the greatest challenge is learning not to apply one's own value system when judging people from other cultures. It is important to remember that there are no right or wrong ways to deal with other people—just different ways. Concepts like time and ethics are viewed differently from place to place, and the smart business professional will seek to understand the rationale underlying another culture's concepts.

Every organization has its own workplace culture, referred to as the organizational culture. This defines simple aspects such as how people dress (casual or formal), how they perceive and value employees, or how they make decisions (as a group or by the manager alone). When we talk about an entrepreneurial culture in a company, it might imply that the company encourages people to think creatively and respond to new ideas fairly quickly without a long internal approval process. One of the issues managers often have to consider when operating with colleagues, employees, or customers in other countries is how the local country's culture will blend or contrast with the company's culture.

For example, Apple, Google, and Microsoft all have distinct business cultures that are influenced both by their industries and by the types of technology-savvy employees that they hire, as well as by the personalities of their founders. When these firms operate in a country, they have to assess how new employees will fit their respective corporate cultures, which usually emphasize creativity, innovation, teamwork balanced with individual accomplishment, and a keen sense of privacy. Their global employees may appear relaxed in casual work clothes, but underneath there is often a fierce competitiveness. So how do these companies effectively hire in countries like Japan, where teamwork and following rules are more important than seeking new ways of doing things? This is an ongoing challenge that human resources (HR) departments continually seek to address.

Most companies want their employees to learn about other cultures and acquire a degree of cross-cultural proficiency. In California's Silicon Valley, where IT firms are concentrated, Intel offers a seminar to its staff called "Working with India." The seminar aims to help employees work more effectively with the estimated 400,000 Indian nationals in the valley. Several other Silicon Valley firms offer similar training. Another computer firm, AMD, flies IT workers from India to its facilities in Texas for a month of cultural training with U.S. managers. Workers role-play, pretending to be native Indians, and study subjects like Indian political history, Indian movies, and the differences between Hinduism and other Indian religions. Training includes lessons on assigning work (Indian workers are likely to agree to aggressive timelines and yet may not inform a manager when falling behind, so managers should make sure timelines are reasonable), preparing food (to help those who practice Jainism, company cafeterias should clearly distinguish vegan from vegetarian food), and socializing (since it's polite to initially decline an invitation to a colleague's home, managers should offer more than once).

CONCLUSION

Culture is really the collective programming of our minds from birth. It's this collective programming that distinguishes one group of people from another. Much of the problem in any cross-cultural interaction stems from our expectations. The challenge is that whenever we deal with people from another culture—whether in our own country or globally—we expect people to behave as we do and for the same reasons. Culture awareness most commonly refers to having an understanding of another culture's values and perspective. This does not mean automatic acceptance; it simply means understanding another culture's mind-set and how its history, economy, and society have impacted what people think. When talking about culture, it's important to understand that there really are no rights or wrongs. People's value systems and reasoning are based on the teachings and experiences of their culture. Rights and wrongs then really become perceptions. Cross-cultural understanding requires that we reorient our mind-set and, most importantly, our expectations, in order to interpret the gestures, attitudes, and statements of the people we encounter. We reorient our mind-set, but we don't necessarily change it.