

UNDERSTANDING CULTURAL DIFFERENTIATION AND ITS EFFECT ON INTERNATIONAL BUSINESSES

Ratish Gupta, Daly College Business School

Riddhi Bhatia, Daly College Business School

INTRODUCTION

Culture constitutes of a million defining characteristics of a particular person/group of persons. Their culture is defined by their religion, cuisine, social habits, personality characteristics etc. which differ them from the rest (Zimmermann, 2017).

The way in which a company's employees and workers interact with businesses and platforms which reside outside a particular area and consist a different belief and culture is known as corporate culture. A company's culture is visible with its dressing sense, employer's hiring decisions, employee benefits, client satisfaction and in its other operations. Globalization and the rise in business with international organizations has made it essential for companies to understand and respect each other's cultural beliefs to be able to conduct business with each other (Tarver, 2019). Main cultural difference arises in the gender difference ideology where the male gender appears to be more dominant in some societies. Masculinity trumps over femininity in many backward and underdeveloped countries. These countries have many male driven businesses and few female led businesses due to their mindset. This gender bias is widely visible in Asian and African countries while the western countries have developed their ideology to treat men and women equal. In these western countries every person is paid equally irrespective of their gender (Ahmed et al., 2014). Handling arguments and negotiations in a manner which is comfortable to both the cultural group is necessary. The western countries focus with business-oriented mindset and are not impressed with informal socializing. While to the Chinese, eating together is very important. They respect the informal social meet and it's a important aspect for conducting business negotiations with their people (Atkinson, 2020).

The linguistic knowledge used by the counterpart in the business environment is necessary to take into account of. The education of the language is essential to explain the ideas and business deals. Verbal language differs in each country and sometimes in each city, thus, it is necessary they conduct business in a common language to run things smoothly (Ahmed et al., 2014). For instance, among the companies surveyed, 65% of US companies accepted that language barriers are a main addition to their failure to work efficiently with effective collaboration and high productivity (Shecterle, 2011).

Apart from the linguistic knowledge the business tool and main trait of cultural difference is communication where international corporations have to learn and understand deviation from their domestic communication traits (Ahme et al., 2014). The main communication differences are visible in Asian and western countries where Asians are a bit informal and indirect while western culture requires business environment to be formal and direct. The inability to understand the communication deviation will lead to information not being conveyed properly and the counterparts may not come to an agreement (Hummel, 2012).

Religion is an important element of culture which influences people's ideas, behavior, lifestyle and attitude.

People of different regions follow different religions and thus their behavioral changes are visible and an international corporation must act accordingly, adjusting to their lifestyle. If a multinational corporation launches a product which is against the religious beliefs of the society of a nation, then the company will face criticism and the product launched will fail miserably. Export of pork in a Muslim region is an example of the need for understanding religious beliefs as in Islamic regions pork meat is banned (Ahmed et al., 2014).

The expression of global messages must be localized, linguistically and culturally to ensure that their marketing is received in positive light by the customers. This transformation of global branding and marketing is known as glocalization. Lack of glocalization leads to financial loss and loss of brand value. The initiation of Disney to expand to Europe ignoring the cartoon icons already existing there and introducing the same American cartoons lead to loss of brand value. They failed to adhere to local habits and traits and used plastic cutlery while Europe indulges in culinary experience and their failure to offer wine with meals while in Europe it is considered a common habit (Hummel, 2012).

There's a wide difference with time orientation in different continents. While 2/3 of the globe considers time to be flexible, the western culture differs. They tend to see time as a commodity and intend to utilize it as efficiently as they can. The most extreme difference with time orientation is seen between Asian and western culture. The Asian culture usually focuses on long term planning instead of looking for short term success. The western culture is result oriented and plans quarterly or annually while the Asians plan ahead for the next decade or more (Hummel, 2012).

Different cultures tend to shape the mindset of people in different ways. While some cultures involve the decision making in an interactive group individually, the other groups make a joint approach and make a decision through consultation and understanding the needs of different individuals. The cultures which support the individualistic idea make their decisions individually such as the people in United States while in the collective culture such as of the Chinese the marketing is achieved by targeting the needs of the group and not the individual. China and other Asian countries follow highly collective cultures (Hummel, 2012). People take risk as challenge while some take risk as a highly disastrous danger. Some communities have high uncertainty avoidance while some do not want to participate in uncertain events which may not be fruitful if it fails. Countries which are in developing stages like India and Pakistan avoid participating in events which may be uncertain while countries like Japan have a higher uncertainty avoidance which is why they attract businesses from Europe and America (Ahmed et al., 2014).

Cultural differences are a vital part which has to be taken into account because of the highly globalized business. Corporations have to understand and respect the ideas, practices, religion and the personality characteristics which they differ in. The knowledge of the counterpart's culture helps the multinational corporations to explain the virtues of their ideas and approve of the agreement globally. This impresses the human workforce and eases up their joint profession. Understanding the cultural differences helps the corporations which are entering into a new nation to avoid loss of goodwill and capital through failure of products which is why it is so essential.

REFERENCES

Ahmed, M., Ullah, S., & Alam, A. (2014). Importance of culture in success of international marketing. *European Academic Research*, 1(10), 3802-3816.

- Atkinson, G., (2020). Examples Of Cultural Differences In Communication / *Berlitz*. Available at: <https://www.berlitz.com/blog/examples-of-cultural-differences-in-communication>
- Hummel, D.P. (2012). Understanding the importance of culture in global business. *Profit Magazine*, 76-81.
- Shecterle, R., (2011). Study: Most US Companies Face Language Barriers. Available at: <https://www.industryweek.com/finance/article/22011063/study-most-us-companies-face-language-barriers>
- Tarver, E., (2019). How To Tell If Your Corporate Culture Is Healthy. Available at: <https://www.investopedia.com/terms/c/corporate-culture.asp>
- Zimmermann, K., (2017). *What Is Culture?* Available at: <https://www.livescience.com/21478-what-is-culture-definition-of-culture.html>