

## **REVISITING CULTURAL ELEMENTS INFLUENCING INTERNATIONAL BUSINESS PRACTICES**

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### **ABSTRACT**

International business deals not only cross borders but also across cultures. Culture profoundly influences how people think, communicate, behave and transact. This paper is aimed at revisiting the concepts of cultural elements that influence international business and looking at the theoretical and practical implications. This paper adopts a Methodology of documentary analysis and a review of the relevant literature. The paper recommends that Business executives should create cultural awareness, retaining their identity and develop a sense of cultural heterogeneity and synergy. And also accept culture as common as individual differences that are instrumental in minimizing cultural differences in international business encounters.

**Keywords:** Revisiting, Cultural elements, Concept, International business, Practices.

JEL Classification: M14: M16

### **1. INTRODUCTION**

Cultural influence on business operations is one of the most enduring constituents of international business. In a business environment, culture relates to what behaviour is common and accepted professionally in one location, compared to another location. What may be acceptable business practices in one country, may be different from the approach that is used in other places. Managers are faced with new challenges when companies are globalized in making international marketing decisions that are influenced by perceived culture. (Hapsari, Stoffers, and Gunawan 2017). K Leung (2005) defined culture as the values, believes, norms, and behavioural patterns of a national group. Therefore, understanding and recognizing how culture affects international business is inevitable. In our modern society today, cultural sensitivity is essential, as more companies grow and the global marketplace is becoming accessible for other businesses. Cross-cultural and multinational teams are becoming more common.

There is consensus that culture has a fundamental influence on marketing practices and that cultural differences affect marketers' behaviour in ways parallel to their effects on consumers (Omar et al., 2003). According to Rini et al., (2019) Culture can be seen as a phenomenon that is confined within the understanding system of an individual. Accordingly, a diverse workforce helps a company compete in a complex, evolving global marketplace one that places a premium on innovation and the ability to deliver customized, competitive solutions and always ensures that the

demographic of the company's supplies reflect those of customers. Despite this effort, companies still face some cultural challenges therefore, it is very vital now more than ever to understand the influence of culture and the challenges it poses to businesses to succeed internationally. Similarly, managers are encouraged in cross-cultural settings to look for opportunities that can be derived from their alleged cultural differences (Rini et al. 2019). Thus, culture manifests itself in many domains, levels and involves much more than cultural dimensions. According to Leung et al. (2005) culture is a fuzzy concept that needs to be investigated. Thus, some cultural elements are dynamic whereas others are firm or stable. Hence, there is a need to enhance our understanding of cultural influence and international business phenomena and develop effective advice for international managers. Therefore, it is against this background that this paper aims to conceptually revisit the important elements of culture that influence international business organizations also to looked at the theoretical and practical implications to an international business and recommend ways that might be valuable in successful multifaceted business activities with foreign counterparts.

## **2. LITERATURE REVIEW**

### **2.1 Conceptual review:**

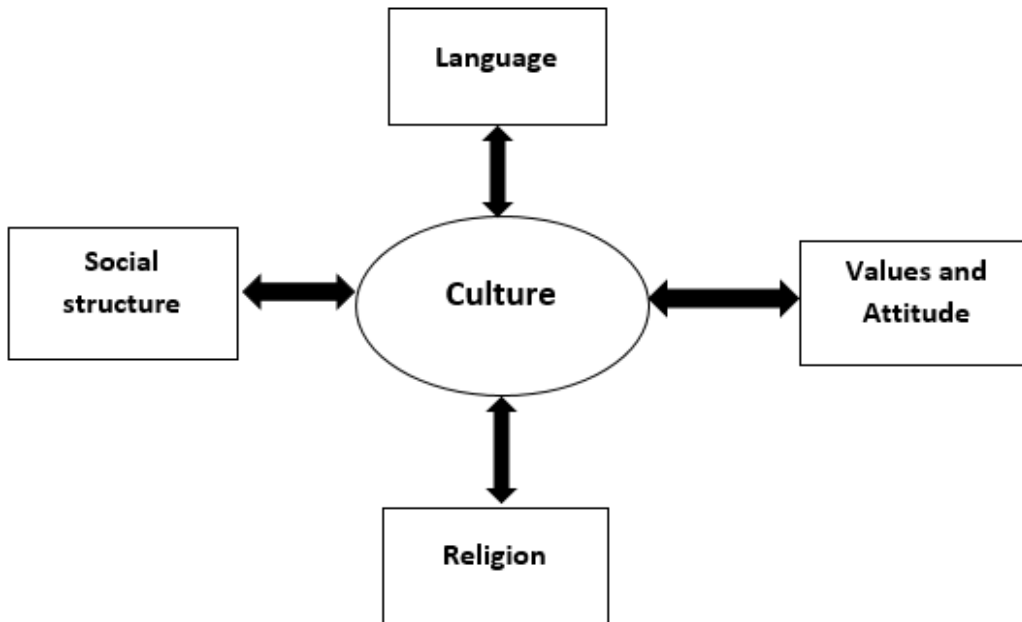
Numerous authors defined the concepts of culture in different ways. For example, Hofstede (1984) defines culture as a collective programming of minds that differentiates the members of a human group from another. Culture refers to the unwritten codes of conduct, i.e., the beliefs and values that groups transmit fairly unchanged from generation to generation. (Raj Aggarwal & Feng Zhan 2017). Griffin and Pustay (1999) present culture as a collection of values, beliefs, behaviours, habits, and attitudes that differentiate societies countries in the world have a culture that differentiates them from others. Consequently, there is a specific culture in each region or country that makes each one of them different. Caprar et al (2015). Culture is characterized in one of three ways in literature, all of which are group-level constructions. The first common characterization of culture is a group-level reflective construct, in most cases operationalized at a country level. In this sense, culture is discussed as a set of shared characteristics reflected in the behaviour of individuals within a specific group. The second characterization of culture is as an individual-level reflective construct in which the aggregation is endogenous and related to a shared characterization (e.g., social or personal orientation).

The third approach is based on creating a country-level formative index in which an overall construct's validity is measured primarily by its predictive ability. Similarly, according to Kit Fai Pun and Surujdaye. (2012). Culture is the collective programming of the mind, which distinguishes one group or category of people from another. It has many levels, according to Leung et al. (2005) that not only will cultural diversity among countries persist but also new technologies might even intensify the cultural differences between and within countries. As cited in Hofstede (2001). The effects of new technologies on improving efficiencies of multinational and global corporations are well known, but it is not known how these new technologies especially the Internet, might create significant shifts in the cultural patterns of different ethnic groups. (Leung et al. 2005).

#### **2.1.1 Elements of culture:**

There are various elements of culture that affect business operations. Understanding these elements is imperative for successful international business. Griffin and Pustay (1999) identified six elements of culture: social structure, language, communication, religion, values, and attitudes. The

interaction of these important elements forms the culture of a country to which a foreign business will have to study and adapt to be successful.



**Figure 1:** Elements of Culture. **Source:** Researchers framework.

### **2.1.2 Social structure:**

This denotes the network of social relationships that are being created between people as they interact with each other and this may be according to their statuses and with the patterns of the society where they live and one of the first aspects of social structure is the role of the family in society. For example, Indian society is characterized as a pluralistic society because it possesses a complex social order from multitudes of ethnic, linguistic, religious, and caste divisions. This is a long way that affects the operations of the business and that companies need to adopt.

### **2.1.3 Language:**

Griffin and Pustay (1999) state that linguistic ties create an important competitive advantage because the ability to communicate is very important in conducting business transactions. Language gives vital clues about cultural values and organizes the way members of a society see the world. The presence of more than one language in a country is an indicator of diversity in the country's population. According to Tenzer et al., (2017) studies demonstrates that almost all management decisions in modern multinational cooperation are influenced by language. Although countries with the same language should not be seen as countries with the same culture. Language barriers not only relate to people speaking different languages but also the tune used in those languages. For example, in countries like the US or Germany, it is common for people to speak loudly and be more assertive when sharing ideas among colleagues. However, in countries like japan people typically speak more softly and have a more passive tone. Therefore, effective communication is very important for international business as there is a risk of your message being

lost in translation. The chances of people having difficulties in understanding each other are quite big when we deal with people from different cultures and languages.

#### **2.1.4 Religion:**

This is an important element in society. The impact of religion in business varies from country to country. It also affects the type of products that consumers buy and the seasonality of some purchases. Religious restrictions are also imposed on individuals affecting their work capacity as well as their availability for the work journey. According to Muşetescu et al (2014). Religion signifies the peoples' belief in a superhuman controlling power and their ideal in life and Religion determines conduct similarities of individuals from different regions considering the common system of faith and worship. Therefore, companies must take into account the consumption customs of the market this may them to position their product.

#### **2.1.5 Values and attitudes:**

According to Muşetescu et al (2014). The values represent peoples' common beliefs and attitudes represent the assessment of certain alternatives depending on values. This affects how someone thinks, what you do and how you do it. The way people is brought up, their background, experiences and relationships will play a part in people see things. Thus, this may affect entrepreneurs going international.

### **3. Theoretical review:**

Studies have arisen from belief in many different theories of culture. Many early anthropologists apprehended culture as a collection of behaviours and studied the diffusion, or spread, of these behaviours from one society to another. Critics of diffusionism, however, pointed out that the theory failed to explain why certain behaviours spread and others do not. Cultural evolution theory holds that traits have a certain meaning in the context of evolutionary stages, and they look for associations between material culture and social institutions and beliefs. These theorists classify cultures according to their relative degree of social complexity and employ several economic distinctions. Structural-functionalists posit society as an integration of institutions, defining culture as a system of normative beliefs that reinforces social institutions. Some criticize this view, which suggests that societies are naturally stable.

Therefore, this paper relies on the Symbolic interactionism theory. Symbolic interactionism is a theoretical approach to understanding the relationship between humans and society. The basic notion of symbolic interactionism is that human action and interaction are understandable only through the exchange of meaningful communication or symbols. is believed to be how people make sense of their social worlds.

### **4. Empirical review:**

Rohlfers and Zhang (2016) establish the contributions of cultural studies in international business and the foundation of its knowledge base. The paper contributes to a better understanding of the envisaged paradigmatic shift of the discipline. Zhang and Lopez-Pascual (2012) studied the dynamic and static perspective of culture in international business. The paper adopted an exploratory approach. The paper empirically identified dynamic and static cultural perspectives in international business practices emphasizing the significance of distinguishing these two perspectives in the globalizing business world. Hurn (2007) Examined the importance of the effect of culture when negotiating in an international business context. The paper presents an overview and illustrated with examples of the cultural factors involved in international business. Couch and

Rose (2020). Provides an insight in to significance role of cultural sensitivity in international business practices. The findings provide that there is need to for greater cultural awareness in cultural differences for business going abroad. Lee, Kang and Kang, (2019). Examined the moderating effect of cultural differences in (B2B) service sector. The findings establish the positive relationship of service quality, satisfaction, and loyalty. In relations of the effect of cultural differences. [Ling.](#) (2019), Studied the influence of managerial cultural values and the contextual environment of country of origin and country of operation on (CSR). The result shows that senior managers, especially their cultural values, play a crucial role in directing Asian companies' CSR investments.

## **5. THEORETICAL AND PRACTICAL IMPLICATION OF CULTURE IN INTERNATIONAL BUSINESS**

Each aspect of culture is unique and can have significant negative effects on the business's relationships, but also the overall international business prospects of the company. Reputations hold significant amounts of power when there is not a current working or personal relationship with a company. If a company has a reputation for being culturally insulting or negative in general, it will be difficult for it to continue in that international market. Therefore, businesses must focus on building those relationships (Taylor and Joyce Zhou 2019). Similarly, According to Taylor and Joyce Zhou (2019). Culture varies significantly between different countries. This can be shown through analysing how the citizens place value on certain ideas or concepts. One example is how the Hofstede model uses aspects such as power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence. This model is very important to countries and businesses that want to do business internationally to understand this model. However, understanding the effects of communication, etiquette and organizational hierarchy on business may prevent you from creating misunderstandings with overseas clients.

## **6. CONCLUSION**

It is concluded that as a result of internationalization many companies expand their activities across national boundaries, therefore, Multinationals companies should approach culture as a business opportunity, rather than a challenge. Also, culture is to be viewed as a business offer in which companies should consider the rules for successful marketing in the international cultural environment.

## **7. Recommendation:**

It may be challenging for an entrepreneur to learn every counterparts culture in international business and deal with them accordingly. Thus, how a business executive manages culture is strongly contingent among other factors. Therefore, creating cultural awareness, retaining your identity and developing a sense of cultural heterogeneity, create cultural synergy and belief in a Win-Win game. This is instrumental in minimizing cultural differences in international business encounters.

- I. Create cultural awareness: In international business cultural knowledge help managers to understand cultural difference quickly and provide customer service more efficient. Similarly, in doing business internationally cultural awareness creates a competitive advantage.
- II. Accept culture as common as individual differences: Mutual understanding of other cultures is vital to business success. But mostly, those differences might be challenging to

- accept and recognize by managers this is because people from different cultures act differently.
- III. Grow a logic of cultural heterogeneity: Managers should believe in cultural diversity this is because groups within the society differ based on ethnic, linguistic and religious affiliations. In cross-cultural business, a sense of cultural heterogeneity will be instrumental in minimising cultural barriers.
  - IV. Managers should retain their identity and be flexible: Adaptability is perhaps the most critical characteristic in international business. To foster an adaptable character, one needs to see things from various directions instead of fostering a limited focus. Interest-, understanding-, viewpoint, mentality and assumption impact is a typical issue in a multicultural business point of view – one needs to oblige these deftly.
  - V. Managers should believe in a “win-win” game: Managers should try to understand their counterpart’s expectations, be empathic and have a mindset of giving and take in the negotiation process.
  - VI. Focus on task and purpose: Managers should acknowledge cultural diversity and subordinate their cultural differences. Managers should understand that prejudice may harm task and purpose because it neglecting attitudes against other groups.
  - VII. Managers should develop cultural synergy: This is to see cultural synergy as a unique approach to an organization that considers diversity in culture as a resource. Therefore, in solving business problems managers should use the best parts of the uniqueness of other cultures that may yield a new answer to any existing business problems.

Thus, the success of a business is subject to the proficiency of business owners’ in dealing with cultural differences and to have a greater sensitivity to international culture. However, for culture to be regarded as a business offer, the rules for fruitful marketing in an establish acquaintances with the corresponding country authorities. Therefore, managers of companies going international need to think outside the proverbial box when forming a business, collaborating and formulating their business policies and strategies.

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