

Cross-cultural Management

Unit 2. Influence of culture in international business



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2. Influence of culture in international business

- 2.1. Key concepts related to global leadership
- 2.2. Culture and communication
- 2.3. Culture and international negotiations
- 2.4. Do's and don'ts in international negotiation
- 2.5. Culture shock and acculturation



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2.1. Key concepts related to global leadership



Global leadership

Global leadership is the ability to operate effectively in a global environment while respecting cultural diversity. The global manager is open and flexible in approaching others and willing to re-examine and change his or her personal attitudes and perceptions.

Cross-cultural communication

Cross-cultural communication involves not only learning foreign languages but also being aware of verbal and non-verbal references in communication with people from another culture.

Cultural sensitivity

Cultural sensitivity means understanding the cultural influences on behaviour and translating cultural awareness into effective relationships with those who are different.

Acculturation

Acculturation means adjusting and adapting effectively to a specific culture. When operating in an unfamiliar culture or dealing with employees from diverse cultural backgrounds, managers develop the skills required and avoid being ethnocentric.

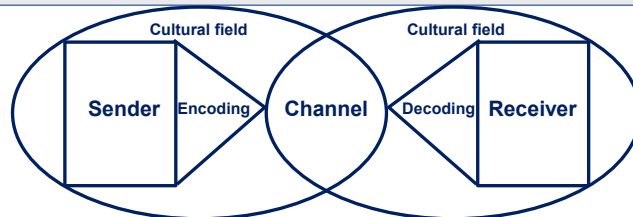
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2.2. Culture and international communication



Complexity of communication. Why we don't understand each other.

- Communication is a process of **circular interaction** involving a **sender**, a **receiver** and a **message**. This process also includes a **code** and **at least one cultural context**.
- A communication code comprises verbal and non-verbal factors. Its interpretation depends on the cultural context of both the sender and the receiver.
- People **selectively perceive** all new data and determine which are relevant or not to them.
- The message is interpreted according to the experience and values of the receiver (not the sender).



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"You could be like James Bond"

What does this sentence mean to you?

IMAGE
HERE

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2.2. Culture and international communication



Improving intercultural communication

Live verbal communication

- **Pay attention to the person and the message:** one might subconsciously ignore a speaker whose thinking patterns are more subtle than one's own. Different accents or excessive gestures can also affect this.
- **Empathise and create rapport:** empathy, especially with people who have visible differences in language and culture, can build trust and loyalty.
- **Share meaning:** share understanding of the speaker's message.

Communication styles:

- **Explicit versus implicit communication**
(low – high context)
- **Direct versus indirect communication**
- **Silence and verbal overkill**
- **Use of praise**
- **Slang, euphemisms, idioms, etc.**

IMAGE
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- [VIDEO ZARA](#) Milan 38:29 Tokyo 42:00

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2.2. Culture and international communication



Non-verbal communication

- **Tone of voice**
- **Proxemics** (the distance people establish between themselves and the other.
 - High-touch – low touch.
- **Body position and gestures**
- **Facial expression**

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IMAGE
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Cultures have unique forms of **body language**. This does not mean that everyone you meet from a certain place will use exactly the same gestures to denote the same moods. Non-verbal language is both **culturally** and **situationally** defined. (Source: RW³ Culture Wizard)

In most **Western cultures**, smiling indicates that someone is happy or pleased.

In many **Asian cultures**, smiling can mean that the person is embarrassed.

Most **Western cultures** believe it is important to maintain eye contact when conversing.

In many **Asian and African cultures**, it is rude to maintain eye contact, especially when speaking to someone in a senior position.

in **Japan** people often close their eyes when they are listening intently, since this blocks other stimulations.

In most other countries, closing your eyes means you've stopped listening – or worse, that you are sleeping.

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Italians are known for their expressive gestures.

Many other cultures employ less expressive movements. **The Germans and the British** do not move their arms at all when speaking.

In many countries, it doesn't matter which hand you use to give something to another person.

In the **Middle East** and some **Asian Countries**, the left hand has a negative connotation, so the right hand must be used for this purpose.

Finger gestures don't translate well across cultures.

In most countries, this means that everything is fine. In the **Arab world**, it is an insult.



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In **Western cultures**, this is seen as a friendly gesture.

In many **Buddhist countries**, the head is the home of the soul, so it should not be touched.

Most **Western Cultures** use a handkerchief or tissue when blowing their nose to keep from spreading germs.

Asian cultures are more likely to spit or snort rather than use a soiled handkerchief that has been kept in a pocket.

In most cultures, this means that the person concerned is trying to get somewhere on time or is late.

In the **Middle East**, this indicates that you do not see the current meeting as the best use of your time and is considered an insult.

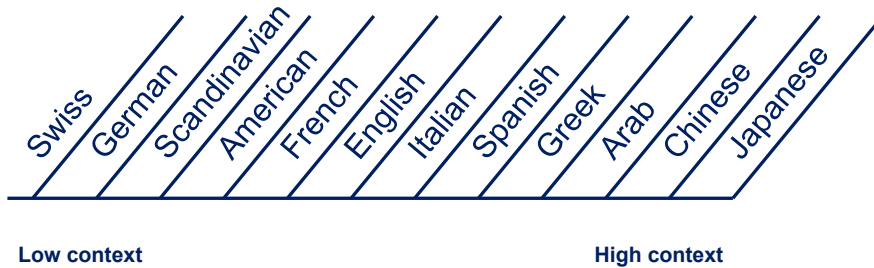


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2.2. Culture and international communication



High and low context cultures



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2.2. Culture and international communication



Direct communication versus indirect communication

Saying “no” in response to “has my proposal been accepted?”

Conditional “yes”	If everything proceeds as planned, the proposal will be approved.
Counter-question	Have you submitted a copy of your proposal to the ministry of ...?
Criticizing the question	Your question is very difficult to answer.
Rejecting the question	We cannot answer this question at this time.
Yes, but ...	Yes, approval looks likely, but
Delayed answer	You should know shortly.

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2.2. Culture and international communication



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IMAGE
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A major car manufacturer used Muhammad Ali in one of its Arab advertising campaigns. Muhammad Ali is very popular in the Middle East. However, the theme was saying "I am the greatest". This offended people because the Muslim faith regards only God as great.

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2.2. Culture and international communication

GLOBAL VIRTUAL TEAMS



A **virtual team** is a group of individuals who predominantly use technology to communicate, collaborate, share information, and coordinate efforts to achieve common work goals.

When members are internationally disperse, we talk about a **global virtual team (GVT)**.

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GLOBAL VIRTUAL TEAMS



Effective Virtual Teams have:

- ✓ **Shared team objectives.**
- ✓ **Knowledge** of what to do.
- ✓ The **equipment** to do it.
- ✓ The **ability** to do it.
- ✓ The **desire** to do it.

Brown, Huettner, and James-Tanny (2007)

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GLOBAL VIRTUAL TEAMS



Organizational opportunities of Global Virtual Teams:

- ✓ Leverage talent. *#WarForTalent*
- ✓ Enable organizations to adapt more quickly to the global economy.
- ✓ Increase the diversity of perspectives.
- ✓ Improve work-life balance and job satisfaction.
- ✓ Decrease travel and mandatory relocation. *#CloudCollaboration*
#tech

Duarte and Snyder (2006)

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GLOBAL VIRTUAL TEAMS



Facts about remote work/virtual teams

- ✓ Regular work-at-home/remote work/telework among the non-self-employed population has grown by 140% since 2005. This is nearly 10 times faster than for the rest of the workforce or the self-employed.
- ✓ 63 million North Americans work remotely at least one day a week.
- ✓ 74% of 1,000 office workers said they would leave their job for another that offered the option of more remote work.
- ✓ 45% of the existing workforce in 2016 said they would take a lower paid job for the flexibility of being able to work from home.
- ✓ Remote companies have four times as many female CEOs than non-remote companies.
- ✓ Organizations that embrace remote work will increase employee retention rates by 10%.

Covarrubias (2019)

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GLOBAL VIRTUAL TEAMS



2018 trends in GVTs

Survey by RW3 CultureWizard, access online [here](#). 1,620 respondents from 90 countries.

- ✓ 89% of respondents work on one virtual team; 27% work on at least four virtual teams.
- ✓ 84% of respondents report that virtual communication is more difficult than F2F.
- ✓ 62% work on teams with three or more cultures **BUT** only 22% get training for intercultural virtual work.
- ✓ 81% who lead teams report that they had **no global leadership training**.
- ✓ F2F meetings are in decline: 48% of respondents **never** meet other virtual team members in person.

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GLOBAL VIRTUAL TEAMS



Frustration in GVT is mainly due to:

- a lack of participation
- a lack of engagement
- a lack of ownership

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GLOBAL VIRTUAL TEAMS



Trap #1: Isolation

- ✓ Reduced contact
- ✓ Difficult trust-building
- ✓ Reduced sense of team identity
- ✓ The out-of-sight/out-of-mind syndrome

Trap #2: Fragmentation

- ✓ Unclear purpose
- ✓ Fuzzy roles and responsibilities
- ✓ Local pressures and priorities
- ✓ Uncertainties around decision-making

Trap #3: Confusion

- ✓ Too much or too little communication
- ✓ Imprecise communication
- ✓ Lack of shared contextual understanding
- ✓ Conflicting assumptions

IMAGE
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GLOBAL VIRTUAL TEAMS



Low performance
global teams

- Isolation
- Fragmentation
- Confusion

High performance
global teams

- Engagement
- Cohesion
- Clarity

IMAGE
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GLOBAL VIRTUAL TEAMS

The 6 C's of global collaboration



IMAGE
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GLOBAL VIRTUAL TEAMS

The 6 C's of global collaboration



- 1. Cooperation:** the ability to develop and maintain trusting relationships across geographies, time zones, and cultures.
- 2. Convergence:** the ability to maintain a clear purpose, direction, and shared set of priorities.
- 3. Coordination:** the ability to align work through clearly defined roles and responsibilities, shared tools, processes, and methods.
- 4. Capability:** the ability to leverage the knowledge, skills and experiences of all members, and to increase the capabilities of the team as a whole.
- 5. Communication:** the ability to generate shared verbal and written understandings across distances via technology.
- 6. Cultural Intelligence:** the ability to develop and maintain a global virtual workplace inclusive of value and style differences.

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GLOBAL VIRTUAL TEAMS



Suggestions for leading and working in a GVT:

- ✓ Devote time to developing relationships
- ✓ Focus on trust
- ✓ Handle language difficulties and consider cultural aspects
- ✓ Create team charter/rules
- ✓ Distribute an agenda before each meeting
- ✓ Send summary notes after each meeting
- ✓ Rotate time-zones
- ✓ Encourage participation
- ✓ Encourage offline discussions

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2.3. Culture and international negotiation



Definition of negotiation

Negotiation is a process by which two or more parties come together to try to create a mutually agreeable decision.

During the negotiation process, each party tries to influence another party in order to satisfy their own needs, while at the same time keeping the other party's needs in mind.

Negotiations occur to:

- create something new that neither party could attain on their own.
- resolve a problem or conflict between parties.

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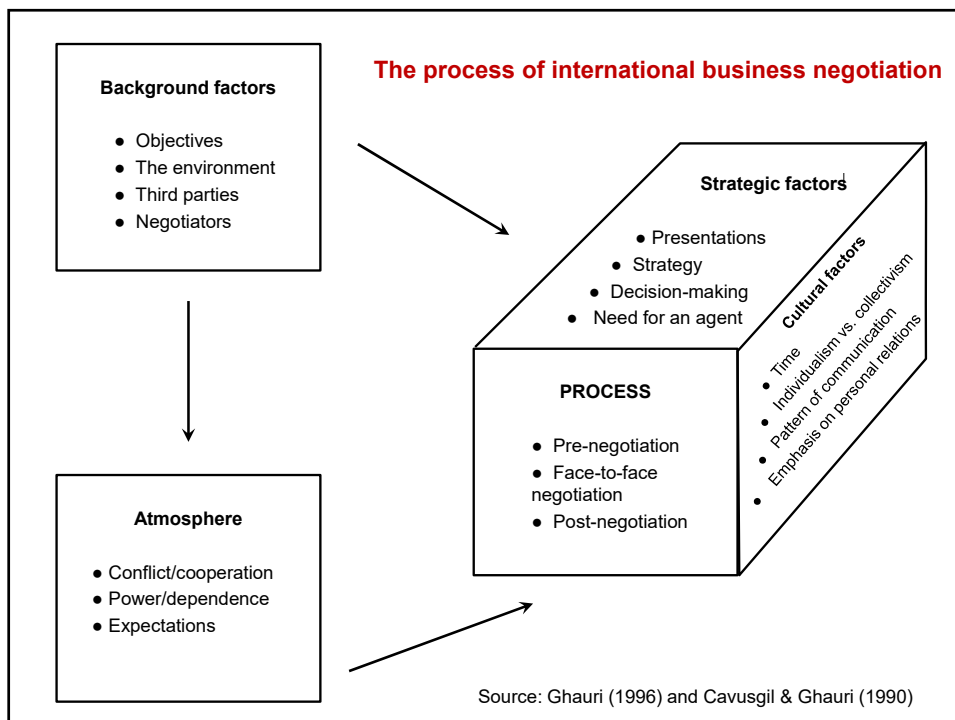
2.3. Culture and international negotiation



Considerations for analysing cross-cultural negotiations

- The players and the situation
- Styles of decision-making
- National character
- Cross-cultural noise
- Interpreters and translators

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2.3. Culture and international negotiation



Variables influencing international negotiation:

- Basic conception of negotiation process (strategic or synergistic)
- Negotiator selection criteria
- Protocol
- Complexity of language (high or low context)
- Nature of persuasive arguments (emotional or logical)
- Role of the individual's aspirations
- Bases of trust
- Risk propensity
- Value of time
- Decision-making system
- Form of satisfactory agreement

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Negotiation objectives (Lewis, 2006)



United States	Japan	Latin America
1. Current deal	1. Harmonious relationships and "direction taking"	1. National honour
2. Short-term profit and rapid growth	2. Securing market share	2. Personal prestige of chief negotiator
3. Consistent profit	3. Long-term profit	3. Long-term relationship
4. Relationships with partner	4. Current deal	4. Current deal

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2.3. Culture and international negotiation



How to use interpreters during negotiations:

- Brief the interpreter in advance about the subject.
- Speak clearly and slowly.
- Avoid little-known words.
- Explain the main idea in two or three different ways.
- Avoid talking for more than one minute or two without giving the interpreter a chance to speak.
- Allow the interpreter time to take notes.
- Do not lose confidence if the interpreter uses a dictionary.
- Allow the interpreter to spend as much time as they need when clarifying points whose meanings are obscure.
- Do not interrupt the interpreter as they translate as this may cause misunderstandings.
- Avoid long sentences and double negatives.
- Avoid superfluous words.

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2.3. Culture and international negotiation



How to use interpreters during negotiations:

- Try to be expressive and to use gestures to support your verbal messages.
- After meetings, confirm in writing what has been agreed.
- Do not expect an interpreter to work for over two hour without rest.
- Consider using two interpreters if the negotiations are to last a whole day.
- Do not be concerned if a speaker talks for five minutes and the interpreter covers it in half a minute.
- Be understanding if the interpreter makes a mistake.
- Ask the interpreter for advice if any problems arise.

[Lost in Translation](#)

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2.3. Culture and international negotiation



For a successful negotiation:

- Study your own negotiator profile.
 - Learn your counterpart's negotiation script.
 - Consider the relationship and the circumstance.
 - Predict your counterpart's approach.
 - Choose your strategy (try to make it win-win).
- **During the planning process:**
- Think about planning time.
 - Explore the options.
 - Find common ground.
 - Set limits.
- **Face-to-face behaviour:**
- Pay attention to irritators.
 - Anticipate counterproposals.
 - Don't be trapped by argument dilution.
 - Review of the negotiation.

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2.4. Do's and don'ts in international negotiation



Do:

- Use simple language rather than confusing jargon.
- Be well prepared and have the details ready; know your company's bottom line.
- Specify clear objectives.
- Develop personal relationships.
- Listen more than you speak and be reasonable.
- Seek opportunities for informal get-togethers. You will make most of your initial contacts at informal gatherings.
- Follow protocol: remember that most cultures are more status-oriented than Western cultures.
- Understand national sensitivities and cross-cultural issues such as the need to save face.

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2.4. Do's and don'ts in international negotiation



Do:

- Assess your opponent's flexibility. Pin down details from the other side.
- Be patient and use deadlines sparingly. For example, American tourists in Arabic countries have often tried to expedite repairs on items by setting deadlines. However, Arabs typically dislike deadlines. As they may feel threatened or cornered, they may never get round to finishing the work.
- Understand the decision-making process. This will enable you to build your position by taking advantage of each step.
- Take notes so you don't forget what has been said.
- Periodically summarize the negotiations.
- Remember that trust is often the key to a successful negotiation.
- Use media pressure carefully, since it could backfire.

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2.4. Do's and don'ts in international negotiation



Don't:

- Allow yourself to be manipulated. At the same time, don't negotiate with yourself.
- Become emotional or differ with members of your own team publicly.
- Violate national sensitivities. This includes not asking for concessions that are politically or culturally sensitive.
- Insist on sticking to your agenda if the other party has other priorities.
- Stake out extreme positions or press points that the other side is not prepared to accept.

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2.4. Do's and don'ts in international negotiation



Don't:

- Skip authority levels. In many cultures, a project needs the senior manager's approval to proceed, although the senior manager will usually not approve the project without the consent of the junior managers.
- Look at the issues narrowly or from your own definition of what is a logical viewpoint.
- Demand a decision that you know the other party cannot make or is not yet prepared to make.
- Look at things from a narrow, self-interested perspective.

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2.5. Culture shock and the acculturation process



The new expatriates

As companies adapt to changes in the global economy, they are developing new types of international assignments that can accommodate a broader range of business and development goals. Examples include:

- **Local plus:** A local plus arrangement transfers individuals abroad with the intent of having them establish permanent residence in their new country. This is generally used to fill an urgent business need or relocate key talent. Unlike a permanent transfer, where the employee is relocated with minimal support, a local plus assignment offers significant support to help the assignee integrate into the host country.
- **Global nomads:** Global nomads are people who move from one international assignment to another with no expectation of returning to their original home country.
- **Frequent business travellers:** These are typically executives with regional responsibilities or project specialists who spend significant time abroad. Their frequent travels trigger international visa, tax, social security, and employment law obligations.
- **Commuters:** Commuters live in one country but work primarily in another. Virtual commuters live and work in one country but have responsibilities and teams based in another country that trigger similar tax, employment and cross-cultural issues to those of employees who physically commute.

Source: Deloitte (2014)

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2.5. Culture shock and the acculturation process



Culture shock

- **Culture shock** is the consequence of strain and anxiety resulting from contact with a new culture (Oberg, 1954, 1960).
 - Culture shock involves feelings of loss, confusion and impotence resulting from the loss of accustomed cultural cues and social rules.
 - Culture shock stress responses cause **psychological and physiological** reactions.
 - Psychological reactions comprise physiological, emotional, interpersonal, cognitive and social components.

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2.5. Culture shock and the acculturation process



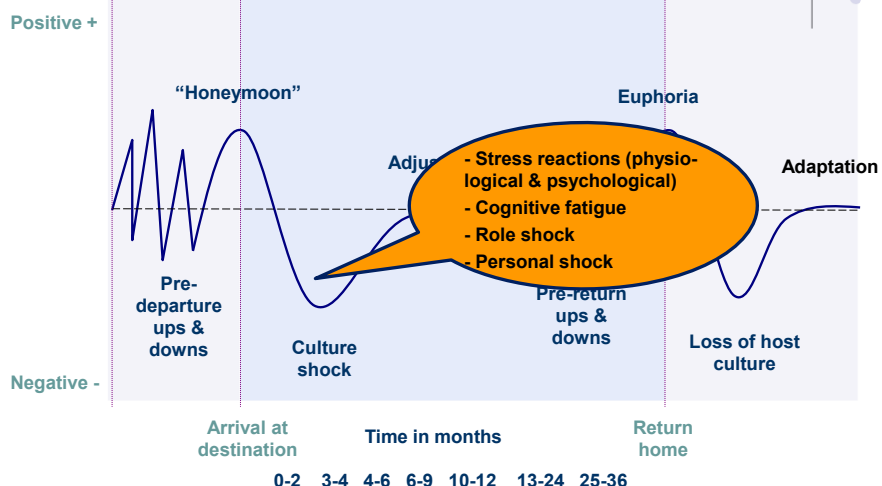
Causes of culture shock

- **Stress reactions:** Exposure to a new environment causes stress, which increases the body's physiological reactions. Stress induces a wide range of physiological reactions. Culture shock leads to increased concern about illness, feeling physically ill, a preoccupation with symptoms, minor pains and discomfort.
- **Cognitive fatigue:** The new culture demands a conscious effort to understand things that are processed unconsciously in one's own culture. This 'information overload' leads to cognitive fatigue.
- **Role shock:** One's identity is maintained partly by social roles that contribute to well-being through structuring social interaction. In the new cultural setting, prior roles are largely eliminated and replaced with unfamiliar roles and expectations.
- **Personal shock:** Changes in one's personal life include the loss of personal intimacy and interpersonal contact with significant others. Losing the support of one's cultural system can lead to a deterioration in one's sense of well-being and to pathological manifestations.

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2.5. Culture shock and acculturation

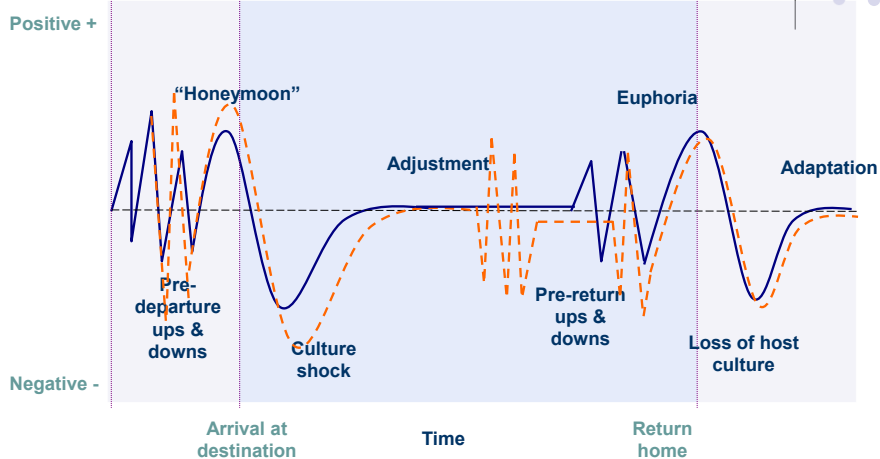
The acculturation process



Source: Hofstede, 1997, p. 210; Thomas, 2005, p. 224; Storti, 2001, pp. 45-59

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Acculturation process



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2.5. Culture shock and acculturation



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