

# The Emerging International Business Culture

By Eugene L. Seeley\*

With people traveling around the globe for business or vacation, the world has seen the rise of the true globetrotter. This is a person who frequently travels to different cultures. Some are actually on the road more than they are at home. These people come from many countries including India, Brazil, and Saudi Arabia. These people have to deal with the protocols and customs of different cultures each week.

So what are travelers to do? Cultural mistakes are inevitable, but these faux pas are often committed against another traveler who also has made countless mistakes while traveling abroad. These international business people are sympathetic to each other, forgive most minor cultural errors, and gently educate their associates about the more grievous ones.

Among these frequent flyers has emerged an international business culture. Most of the elements of this culture are modeled around what is most productive or effective for business. Many of its elements are in common with American culture, but not all. When international business people are uncertain about a particular culture and they are working with other globetrotters, they often fall back on this international business culture as neutral cultural ground.

## Characteristics of the International Business Culture

Below are some of the characteristics of the emerging international culture:

### Informality

Formality requires an understanding of the protocols of a given culture. Sometimes a business traveler will visit--on a single voyage--Japan, China, Saudi Arabia, and Russia. Such a traveler will have a difficult time keeping track of all of the protocols for each country. With so many different protocols to learn, many international business people politely dispense with customs and protocols and just get right to business. Executives working with suppliers or employees abroad are especially likely to do this because they are paying for the goods or services. Those who are selling usually are more careful to learn the local protocols.

Another factor that propels informality into the international business culture is the greater effectiveness an organization experiences when the lines of communication are not hampered by the formalities of a culture. Every employee should be able to communicate with anyone else in an organization when needed. The informality that permeates most U.S. businesses has been a great strength to American industry. Competitive industries throughout the world are adopting less formal corporate cultures as a means to outperform their rivals.

### Low Context

Along with informality, low-context communications are a part of the international business culture. Low-context cultures communicate most of their meaning in their words. The U.S. is a low context culture. This fact is illustrated in such sayings as "speak your mind," "give it to me straight," and "read my lips." All cultures use a combination of gestures, facial expressions, voice tone, and protocols to communicate meaning with their words; but in high-context cultures, most of the meaning is communicated through these non-verbal means. The U.S., Canada, Northern Europe, Australia, and New Zealand are all low-context cultures. Most of the remaining countries of the world are high-context cultures.

Although there are a number of countries that are very successful in international business, the non-verbal elements of communication vary greatly by culture. International business people have been forced to drop the complexity of their high-context cultures and be more direct.

Japan and Brazil have high-context cultures, but their cultural cues for communication are very different. Japanese executives working with Brazilian customers are likely to speak English and state exactly what they mean rather than depend on the Brazilians to understand the non-verbal nuances of the Japanese culture.

### Autonomy

The world's largest companies manage empires that span the globe and marshal resources comparable to a small country. Autocratic companies cannot keep up with the pace of business today because all major decisions must come through

headquarters and the home office cannot keep pace with the large number of decisions that must be made for a global enterprise. These companies must either move authority down the organizational structure or face losing business to more nimble competitors.

By giving greater autonomy to lower levels of management, headquarters is not flooded with thousands of minor requests. When the home office is unencumbered with these decisions, it can focus on more strategic decisions that have global impact. When country managers can make decisions for their own countries, the local affiliate can move quickly on its decisions. Local managers also usually make more informed decisions because they live and work in the market that is affected.

### **Performance Orientation**

As international competition increases, hiring, promoting, and other human resource activities that are based on anything other than performance will disappear. International companies cannot afford to hire and promote people based on seniority, family name, or family ties or to discriminate based on race or gender. Those companies that maintain these practices will be outperformed by those companies that hire and promote based on performance alone.

### **Emphasis on Quality of Life**

Many industries cannot find enough skilled employees. For example, Europe, the United States, and Mexico all have shortages of engineers. This shortage forces companies to compete against each other for the best employees. People whose skills are in demand can have countries bid for their employment and can carefully consider offers.

In order to attract and maintain the best people, companies are offering ever better benefits. In many companies, these benefits include the following: better pay, health care, day care, increased time off, vacations paid for by the company, better facilities and equipment, etc. In a bid to attract programmers, a software company in California recently advertised that they expect only 40-hour work weeks from their employees.

### **Intrapreneurialism**

An entrepreneur is someone who starts his or her own business. To successfully run one's own business, a person must be a self-starter who gets things done. An intrapreneur brings these

characteristics to a large company or organization. Like entrepreneurs, intrapreneurs often are creative in their solutions to problems. An entrepreneur knows that a significant failure means looking for another job. Likewise, an intrapreneur takes objectives seriously—as if his or her job depended on it, as it is ever more likely to do.

In many cultures, employment is like a familial relationship rather than a contractual one. A parent does not fire a child, and an employer does not fire an employee. Although this relationship can bring peace of mind because of the stability, it also reduces the incentive to be intrapreneurial. Most of these cultures are finding that viewing employment as a family relationship reduces a company's flexibility in the global marketplace.

### **Participation from All Levels**

Front-line workers can be the eyes and ears of the company. They are often the first ones to hear complaints from customers and see new opportunities for the company. Organizations that make good use of these front-line employees can quickly fix problems and seize opportunities before competitors. To do this requires participation from all levels of the company. Autocratic companies that send orders from the top to the bottom of the organization and do not allow participation from lower-level employees will be put out of business by those companies that take better care of their customers and quickly seize new opportunities.

### **Constant Change**

The fast pace of today's competitive marketplace requires constant change. A good example is the move to the Internet. Many companies are finding useful ways to do business over the Internet, which saves time and money. But moving operations to the Internet requires change in the way business is done. Many cultures resist change. Companies that resist change may soon find their prices higher than their competitor's prices.

Beyond resisting change, the ever-more-competitive world market requires that companies regularly reinvent themselves to be on the leading edge of their industry or industries that will branch from their current field. Persistently sticking to a long-term plan can lead a company down a blind alley and waste millions of dollars and other resources.

### Short-Term or Ad-Hoc Employment

Perhaps the least pleasant element of this new international culture is that lifetime employment with a single company is gone. The emphasis on performance means that as soon as the company no longer needs an employee that person is looking for another job. Having unproductive employees is costly. Even if those employees are efficient at what they do, if their work is no longer needed, they are let go. Therefore, companies are hiring more consultants and other temporary employees because they can terminate employment once the work is done.

The best example of this is how movies are made in Hollywood. In the 1940's large studios employed all of the people needed to produce a movie. Actors, camera crews, special effects engineers, clothing designers, etc.--all were on the payroll. But some of these people would be needed more hours than they could work as they tried to take care of several movies at once, while others just brought a book to read at work while waiting for their next assignment. In the 1960's Hollywood transformed itself to save money on ever more expensive movies. Gone were most of the full-time employees, and these people were hired back as needed for movies. Today, most of the people seen on the credits of a movies are not salaried personnel, but were hired to make that movie.

### Conclusions

The people of the world want to do business with each other, but they have a problem: each culture has its own set of protocols for doing business. Many people work hard to learn the cultures of their most important partners; but as people deal with ever more cultures, mastering each becomes impossible. Wise business people forgive foreigners' protocol faux pas in order to conclude a good deal. As the speed of international business increases, there is less time to learn other cultures and more patience for those who do not. This trend has given rise to a new international business culture.

The fewer characteristics a culture has in common with the emerging international business culture, the harder time its people will have adjusting to global business. No single culture embodies all of these attributes, but the U.S. is fortunate to share many of these cultural elements; and Americans often have an easier time adjusting to

global business life. However, the determining factor in what becomes part of this international business culture is simply what works. Even if a group of people wish to hold onto particular parts of their culture, competition will weed out the elements of a country's business culture that drag down a firm's performance on the world stage.

As the world becomes ever more interconnected, the next step will be to see this international business culture reach down even to the shops and restaurants on quiet streets throughout the world.

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