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## **INTERNATIONAL TRADE AND CULTURAL DISSIDENCE: CONSEQUENCES OF COMMUNICATIONAL DIFFERENCES AND EXPATRIATE FAILURE**

Along with the development of the world, trading also got developed. For many years businesses stayed responsible in drawing people of various cultures and civilisations closer to one another. In contemporary days this kind of affair is called as international business. Internationalisation can be described as expansion of economic operations across the border of countries (**Chen, 1998**), or it can be a concretion of goods, services, technology and movement of international capital (**Adams, 2008**). In past two decades, the world has accepted and approved globalisation and it has left a significant impact on mankind. Rapid expansion of communication technologies and transport drew economies of various countries closer to one another and directed to globalisation, particularly industrial globalisation. Due to arrival of globalisation industries began expansion of their market round the globe. It was observed in international trade and exchanges. However, shortly organisations realised that without understanding the custom of countries, in which they are operating, it is impossible to impress their nationals. Consequently, in the competition of internationalisation, industries began making strategic alliances to make their work influential, easy and effective (**Kuglin, 2002**). Several enterprises moved across their borders to fulfil their peculiar desire of cutting production costs and requirement of skilful labours (**Chen, 1998**). Strategic alliances met their requirement to a great extent, but they did not consider the consequences of running foreign operations in completely different culture and working environment which gave rise to difficulties for expatriates (**Black, 1992**). In the current business situation, importance of expatriates cannot be neglected. People of different culture come across each other to do foreign assignments. Furthermore, one cannot ignore problems generated by this cultural union. One serious problem is the communication problem (**Peterson, 2007**). Before discussing the impact of culture and communication on international business, its consequences and premature return of expatriates, it is compulsory to understand the clear meaning of culture, communication and expatriate. Later we put together things to analyse the difficulties and their solutions. This paper first discusses the culture, secondly it puts light on joint ventures and needs of expatriates, and then problems associated with cultural intersection.

### **INTERNATIONAL BUSINESS**

Business across the borders of a country is termed international business (**Bennett, 1999**). As a result of international business it became indispensable for enterprises to incorporate people from distinct countries to execute the operation perfectly. Requirement of high skilled and low cost labour compelled enterprises to shift their operations to developing countries. Due to these new working strategies of Multi National Companies people across the globe from different culture and working environment comes across one another to work. On the other hand, companies desire to expand their market and competitive advantage led to strategic alliances with companies from different nations with different national and organisational culture. In business culture, it is not necessary to analyse people physical behaviour in the social context, but it requires analyzing the predefined causes, which affects the people social behaviour. Necessity of foreign people (expatriates) to conduct assignments. Expatriate is the very common component of international labour movement. It is because of shortage of skilful workers. MNCs offer lucrative salary packages and encompass transparent and impartial appraisal system to attract suitably skilled and qualified labour. It is also very popular for MNCs to send expatriates to different locations, within the organisation or some other organisation of strategic alliances. Organisations spent a fraction of capital for keeping expatriate at many distant locations (**Harzing and Christensen, 2004**). Furthermore, the companies face losses when expatriates return early in among the tasks allocated in the job. Expatriates face a lot of difficulties regarding different arrangements of life during the period of expatriations. Some of these are personal adaptation problems with culture of the host country and

some problems are regarding the adjustment with functioning team members, conceptually communication problem, whether it is verbal or non- verbal communication. Communication across culture in the multicultural organisation is an enormous problem and sometimes causes frustration in expatriate led to premature returning (Peterson, 2007).

### JOINT VENTURES AND CULTURE DIFFERENCES

According to Adler (1991) international business has changed the style of business and structure. This new type of organisational structure called Joint ventures, and it has gained popularity during last few decades. Joint venture is cooperation among organisations to manage resources, share technologies, and get competitive advantage and to capture market domestic as well as international. Managing joint venture is like a hot potato for top management. Initially joint venture can be described as strategic partnership, a new organisational structure but this structure is very hard to manage because of very complex nature of relationship. Partners of joint venture share views, idea, and technology and moreover their staff. One partner imports experts from another organisation or any other resource, this process is called outsourcing. Outsourcing is not beneficial every time. As mentioned above this expert faces a lot of problems in remote or host organisation. Following is a model to understand the relationship of International business, host company culture and other company (Vance and Paik, 2002).

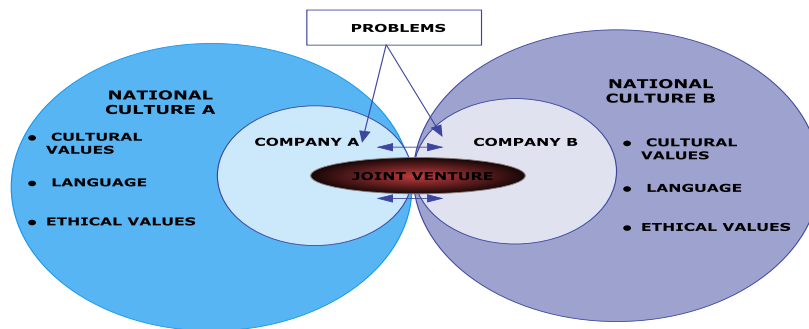


Figure 1. Above figure shows the impact of nation and enterprises and their effort to make joint-venture. Repulsive force of problems on the intersection of cultures.

The above Venn diagram is showing the impact of National Cultures A and B on the company A and B respectively. Additionally, when the company A and B composed a joint venture it led to cultural intersection of both the countries which are represented in the joint venture region of the diagram.

As the joint venture is among two organisations having a completely different background, it could create a repulsive force within the venture. Both organisations would admire to run the venture according to their own priorities, without clear understanding of each other's culture and necessities. Such form of dominant nature of culture acts as a barrier for smooth running of the joint venture. Nevertheless, these alliances are outcomes of competing desire of organisations to stay in exhaustive competition. Additionally, in this speedy race of being global organisations overlook crucial matters such as giving importance to foreign culture, to develop cultural compatibility led to unclear distribution of responsibilities contributing in failure of the joint venture (David, 2003).

### CULTURE

Culture is the argument for which everyone has a consistent opinion, but the style of expressing their concept, experiences and feeling is dissimilar. According to Hofstede (2001), culture could be explained as the programming of mind of people of the particular region. Whereas Usunier(1991) cited in the text of Goodenough(1971) and Geertz (1983) and presumed culture as a combined system of representation and meaning, which is followed by all and transferred from old generation to young. Goffman (1974) in his peer text, has mentioned culture as a set of a meaning, ideas, behaviour, relationship, language, legislation and way of thinking of a particular group of people. These above mentioned factors have a different impact on an individual.

### CONSIDERABLE FACTORS OF CULTURE

**Baligh (1994)** defines culture as a combination of various circumstances contributing towards behaviour of people. It is the only reason that influences the capability of a person or a group of people to analyse a situation, to favour or disfavour a dispute. Instead of so many thoughts regarding culture, it is the way of analysing things differently. It might be possible that one way doing a thing is acceptable in one culture and dispensed in other. Relationship and values are the most influencing factor of culture, some countries have been collective in nature that means a social interaction tendency of society is high, this culture believes in social meetings of sharing happiness and sad moments. According to the study made by **Hofsted(2001)**, he provided high rating to these countries in the list collectivism. Basically Asian countries have the same nature of collectivism in their culture. On the other hand, some countries have some different properties in their culture. They are more individualistic than collective. Individual usually have a weak personal relationship. Everybody has a great impact of relationship and cultural values, some researchers kept values different from relationship, but culture, values and relationship are different building blocks of society. A value of a culture describes the general behaviour of an individual in day to day life. In the context of international business, expatriate mixed up personal relationship and cultural values with professional relationship on the other hand unawareness regarding foreign cultural values is like a barrier for their work. Also, in this situation they feel lonely during the period of expatriation and expect personal and emotional support from their governing authority and colleagues this led to emotional imbalance and premature return before the completion of assignment.

Communication is one important aspect of society, and it is an influencing tool to express ideas. National culture and national languages directly affect the international business. In strategic alliances contracts are written in foreign languages and interpreters are used to analyse the accuracy and complications of the contract, here some things meant different in one culture and mean different in another language. It might be possible in these multilingual interactions understanding of different issues are different for both the parties, information exchange among them must not be clear in all respect, it might cause ignorance of some important facts this further results mistrust and absence of understanding (**Usunier,1991**).

#### **ORGANISATIONAL CULTURE**

In view of **Adler (2008)** behaviour of workers, employee and management vary according to culture because the attitude and behaviour of individual depend upon cultural back ground they belong with. Many of the firms are now working globally. The world is developing as a place of competition among an organisation. Organisations belong with different nations have a different working environment. A study made by Sparrow et.al. () has divided different countries in different clusters based on organisation culture and different human resource practices used by them, this investigation shows that national culture and organisation culture are important to make a perfect choice of human resource practice to be use. **Sparrow et al. (2000)** has clustered around the participating countries according to organisational cultural similarities. The first cluster composes Anglo-Saxon business culture countries, United Kingdom, Australia, Canada and United States further joined by Germany and Italy. The second cluster has France. Third cluster has Korea, forth has another set of cultural allies of South American countries of a Brazil, Mexico and Argentina and last fifth cluster has Solely Japan. Three clusters have one country and two have set of countries. United States represent the Anglo-Saxon Business culture and Brazil was chosen to represent South American countries. The result of study to describe the importance of the culture and communication problem at work force in view of Human Resource Management of MNCs.

<b>Comparison ofHRM policies of different Clusters</b>					
<b>Survey Item</b>	<b>U.S. Anglo-American. Cluster</b>	<b>FRANCE</b>	<b>JAPAN</b>	<b>KOREA</b>	<b>BRAZIL S. American Cluster</b>
<b>Promoting Empowerment Culture</b>	<b>71.0% HIGHER</b>	<b>64.0%</b>	<b>52.07 % LOWER</b>	<b>64. %</b>	<b>78.7 % HIGHER</b>
<b>Promoting Diversity and Equality Culture</b>	<b>53.0 % HIGHER</b>	<b>36.5 % LOWER</b>	<b>42.5 % LOWER</b>	<b>49.5 %</b>	<b>47.5 %</b>
<b>Emphasis on communication</b>	<b>85.0 %</b>	<b>86.0 %</b>	<b>83.0 %</b>	<b>72.0 %</b>	<b>81.0 %</b>

**Figure 2. Response of managers from different countries of two multinational companies.**

The procedure of study was based on the international questionnaire survey with two global industries, IBM and Towers Perrin. The main objective of the research was to find out those important factors that were

important to give proper direction to multicultural workforce and variation of those factors from one country to another. According to scores, grades are awarded to the countries that are reasonably “HIGHER” and “LOWER” as mentioned in the boxes. Sometimes grades are “MEDIUM” as well. Results compel us to look upon the differences among HRM policies of different countries to gain competitive advantage.

On cultural empowerment Japan Scores relatively less than as in comparison to Anglo American and South American Cluster and United States have a competitively higher score than France, Korean and Japan. On the other hand, there is no significant difference in Communication. A similar study was made by Moss-Kanter’s (1991) with almost similar countries and there were 12000 respondents world-wide. Australia, United Kingdom and United States were also grouped in same clusters. Emphasis of communication got the less difference in the results, and it indicates communication among the expatriates is a primary problem. The noticeable thing is some MNCs give importance to the problems among the expatriates and some ignore, on the other hand, thinking of top management of MNCs depends upon national culture. From an above mentioned result, it can be concluded that Japanese organisations gave least importance to cultural differences among expatriates, whereas countries of United States, United Kingdom and France consider it a serious problem. Their form of cultural and communicational problems creates dissatisfaction in patriots.

The most crucial thing is the manner in which culture affects the organisation and multicultural teams. For instance, It is mentioned in the argument of Adler(0) that the managerial techniques vary with region. A study performed on American managers reported that Americans do not trust their subordinate in case of their work. Furthermore, they think that close supervision and proper instruction compels employees to perform the work properly. These managers create a rigid working environment with strict rules and regulation, a tight control over employees. This study also supports McGregor X and Y theory. Strict rules and close supervision creates distrust and lack of interest in employees. Interestingly, a case study mentioned by Adler pointed out same situation, a Canadian employee described working environment of his workplace when he was working under the supervision of a Filipino Management. He noticed that his back was watched by the manager because a manager had low trust on employees. However, employee and his colleague decided to give same treatment to him and this made the environment worst. Germans have a different organisation culture, they have clearly written rules to avoided conflicts. They have a clearly mention organisation hierarchy to know who is above whom. Power distance index of Germany is very high, which shows that lower level of organisation have no power regarding independent decision making which prohibits innovation and entrepreneurial ideas. In contrast, in some regions of America the organisation culture is totally different. They have organisational hierarchy but rules are not strict and employees are free to take the independent decisions. Organisation respect innovative and entrepreneurial ideas. Managers have respect and trustworthiness towards their subordinate. (Adler, 2008). On the other hand, managers of Asia, Latin America, Southern Europe, and Indonesia likes clear distribution of power and well defined hierarchy.

<i>More Task Oriented</i>					<i>More Relationship Oriented</i>				
Disagreement Rate Across Countries									
Sweden	US	UK	France	Netherlands	Germany	Indonesia	Italy	P.R.C	Spain
26%	32%	35%	43%	44%	45%	51%	56%	59%	74%

**Figure 3. “Is Braking of hierarchy of organisations in context of comfort of employee and innovation is good or bad?” response of managers and percentage based on their response**

From above table it can be concluded that different countries have different opinion towards hierarchy of organisation and the reason behind it is cultural orientation. Few countries like overlapping of level whereas some countries don’t. Consider a situation of an American expatriate in German organisation. American expats would face a lot of problem. Germany has a German as an official language as well as frequently used language in daily life and United States official language is English. So, for better performance expatriate should use an interpreter or should learn German language, as well as American like’s independence in their work but Germany have a strict organisational hierarchy that doesn’t allow lower level to think independently.

## **INTERNATIONAL BUSINESS: EXPATRIATE REQUIREMENT**

Assignments carried different nation organisation becoming more and more important. Interestingly companies have sent managers to live in remote locations for many reasons. Multi-domestic firms generally select efficient and capable employees and sent them to foreign locations as expatriate to get a particular job done. If they face several stages from transferring from home countries to the foreign country, it is called as cross culture adjustment. In the initial stage of their assignment expatriates enjoy their job and are excited. Adler has mentioned a cycle regarding the adjustment of expatriates. This is a curve plotted against the month of expatriation to mood of expatriate. In the beginning expatriates are excited regarding the selection for a foreign assignment. As they came to know new culture, they start feeling badly because they do not have the proper knowledge of behaviour, organisation environment and communication. They started verbal and non verbal communication with their colleagues with limited vocabulary and understanding of foreign language. Soon they realized that their limited knowledge prohibits them to communicate ideas, as well as they are not aware of gesture used by their colleagues. This creates misunderstanding and distrust among a co-worker and led to stress, poor performance and early home return. The major problem is with the understanding of language, whether it is verbal, body language or gesture used in daily life (**Black, 1992**).

## **COMMUNICATION**

According to **Adler (2008)**, in a business or international business all necessary activities such as commanding the workforce, to motivate employee, to solve problems, information exchange etc need communication. All transaction in-between individuals, organisations or countries need negotiation and proper discussion on every positive and negative aspect of the deal and it require communication. Communication means transformation of ideas by a medium or transformation of feeling and thinking in the form of voice or behaviour, may be verbal, non verbal or body language (**Glenn, 1981**). Every communication involves a sender and receiver. Perhaps the importance of international business communication cannot be neglected. In international business to meet success is to get your partner's, Buyers and sellers trust and confidence. This is the most interesting place where no Business theory and methods helps you, the only thing is to impress your client with all your positive aspects and make them understand your thinking. Success of business lies in effective and efficient communication. Initiative of any business or business relationship to make other understand other about requirements and expressing needs successfully if failure in it led to ineffective services and poor business performance. On the other hand, effective communication is a solid base of good relationship. Good and effective communication system within the organisation results in a clear understanding of goals, clear distribution of responsibilities and a healthy working environment. If of an employee or a team working on a specific task must have a good communication, and it is necessary for successful completion of job. For each team member, it is necessary to understand current situation and position to analyse the task, if they are not able to understand, it results to misunderstanding and wastage of precious time. Information is important to international business. All decisions are made on immediately available information. It is necessary to understand and analyse information provided from different sources for decision making because all work is based on the current business situation. Apart from business deals, leadership is an important aspect to give proper direction and to motivate to the workforce to achieve best. Rather than materialistic motivation much more important is oral motivation that usually used by the top leaders of an organisation to develop interest of employees to their work. It depends on clear understanding of speech. Communication is important in all aspects of business, whether it is domestic or international (Usunier, 1991).

### **Understanding Communication**

Strangeness and familiarity make up a continuum. The authors use the term "stranger" to refer to those people at the most unfamiliar end of the continuum. Thus anyone could be considered a stranger, given a sufficiently foreign context. A stranger has limited knowledge of their new environment - of its norms and values. And in turn, the locals have little knowledge of the stranger - of her beliefs, interests and habits. Generally speaking, communication with another involves predicting or anticipating their responses. When communicating with someone familiar we are usually confident in our anticipation, and may not even notice that we are making such predictions. In contrast, when we communicate with strangers we are more aware of

the range of their possible responses, and of the uncertainty of our predictions. Communicative predictions are based on data from three levels. First is the cultural level. This level involves information about the other's culture, its dominant values and norms. This is often the only level of information available when communicating with a stranger. Even so, a better understanding of the stranger's culture yields better predictions. The second level of information is sociocultural. This includes data about the other's group membership, or the groups to which they seek to belong. This type of information is the predominate data used in intercultural communication. Finally there is psycho cultural data. This is information about the individual's characteristics, and is the sort of data most relevant to communication with friends. We understand such data by the process of social cognition. Social cognition is a dialectical process which involves both grouping particulars into categories based on their similarities, and of distinguishing individuals from their categories based on their differences. Communication with strangers often relies too heavily on categorization (stereotyping). Such stereotypes may be inaccurate, or may not apply to the present individual. To improve communication with strangers we must pay attention to their unique, individual features. The authors argue that effective communication with strangers requires an increased awareness of our communication behaviours. First, we tend to categorize things automatically, and so we are less aware of doing it. It takes more of our conscious awareness to differentiate particular individuals from their stereotypical categories. Second, much of our daily communication follows familiar scripts, and so we are not consciously aware of that communication behaviour. We cannot rely on such familiar scripts and norms when communicating with a stranger. Our communication will be improved if we recognize that familiar scripts do not apply, and seek to modify our communication behaviours accordingly (Gudykunst and Kim, 1995).

### **GESTURE**

For organizations a noteworthy point is the manner of providing information. For instance, sometimes body language and gestures are used to exchange secret or personal information in the course of organizational meetings and discussions. Albeit the condition is that both sender and receiver should be familiar with symbols and gesture used by each other otherwise it could create misinterpretation. Similarly, the symbols and gesture composed by hands hold different meaning across the cultures. Interestingly, expatriates to whom knowledge of language is seldom compulsory are completely unable to understand these symbols and body languages. For instance, in most regions of Europe and The Americas people prefer direct eye contact on the other hand, in Japan, Korea and Thailand they pretend eye contact as a challenge and rude behaviour. In United States and United Kingdom, the meaning of 'O' made by using index finger and thumb is "everything is fine or good job", but in Japan it denotes "money", in Russia it denotes to "Zero" but in Brazil it represents to "sexual insult". Thumbs up in American and European countries represent something good or good job done whereas in many Asian and Islamic countries it is believed as insult. Use of "V" using index finger and fore finger with palm facing outside indicates victory whereas palm facing inside means sexual insult. Such type of gestures and symbols made by hand, body and face expressions indicate different meaning in different countries and when these are unknowingly used by expatriates, it creates misunderstandings with colleagues at the work place. Expatriate usually use these gestures to communicate with host country co-worker or colleagues to avoid weak oral communications. However unknowingly, use of false gesture displeases their colleagues and creates misunderstanding (Hogan, 2008).

Summing up entirety, in international business expatriates are the back bone of industries, but they encounter a lot of difficulties associated to cultural adjustment in host country. Problems are becoming severe because of less effort of understanding. Difficulties not only arise at the work place but also arise in daily life. Cultural gap and language differences appear as a barrier in learning and understanding complexities of host country culture. Lack of understanding of host country culture directed to bad decision making of expatriates and top management as well. These problems are responsible for failure of joint venture and bad performance of international business.

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