

Week Two Lecture

**Cultural Environment of International Business**

*Company Orientation*

Ethnocentric Orientation - using our own culture as the standard for judging other cultures

Polycentric Orientation - a manager does not make a judgement about another culture, but instead attempts to gain an understanding of what makes the culture and society unique

Geocentric Orientation - a global mindset where the manager is able to understand a business or market without regard to country boundaries

Convergence - people around the world who are not inclined to renounce their cultural values or common norms (e.g. the meaning of colours etc)

Culture

- An integrated system of learned behaviour patterns that characters share with others from the similar upbringings
- People of different cultures perceive the world differently
- Collective phenomenon of shared values and meanings that cannot be inherited

Socialisation - process of learning the rules and behavioral patterns appropriate to a society

Acculturation - process of adjusting and adapting to a new culture

- Too much acculturation may result in losing one's identity

Values - person's judgements about acceptable and unacceptable behaviour

Attitudes - often unconsciously held and may not have a rational basis

Deal-Orientated Cultures - managers focus on the task at hand and want to get down to business (e.g. Australian, Northern Europe, North America)

Relationship-Orientated Cultures - managers value affiliations with people, building rapport and getting to know the other party in business interactions (e.g. China, Japan, Latin America)

Manners and Customs - ways of behaving and conducting oneself in public situations

Perceptions of Time - time dictates expectations about planning

Monochronic Orientation - a rigid orientation to time, the people are focused on schedules and punctuality

Polychronic Orientation - flexible non linear orientation to time, people are capable of attending multiple tasks simultaneously

Symbolic Productions - things that communicate meaning (e.g. dress colour)

*What cultural aspect must an international business consider before planning to enter a foreign country?*

- The marketing (China views western products as being of a higher quality)
- What are the key characteristics of the products viewed from global perspectives

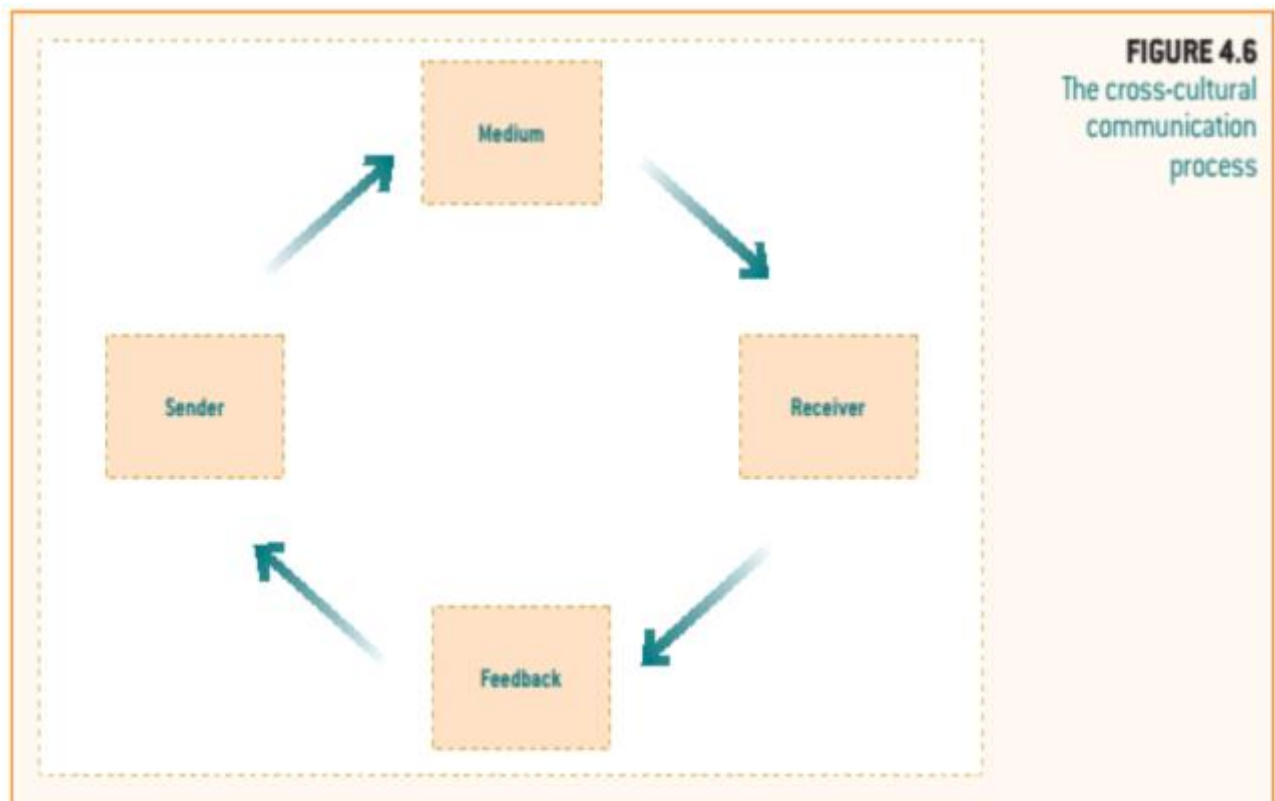
"Languages of Culture"

- Verbal
- Non-Verbal (body language)
- Colour (red in china shows respect and happiness)
- Symbols (cars can represent social status)
- Metaphor

#### High Context vs Low Context

High Context - context of communication is as important as what is actually said

Low Context - information is contained explicitly in words



International Business Negotiation - process where two or more entities from different national backgrounds interact with each other with the aim of achieving the best possible deal for all parties

#### Business negotiation process

- 1. Pre-negotiation stage:** The parties make initial contact with each other and express an interest in doing business.
- 2. Face-to-face stage:** The parties meet to discuss the details of the business deal.
- 3. Post-negotiation stage:** The parties draw up a contract and finalise the agreement.

#### Why Culture Matters in International Business?

- Cross cultural proficiency:
  - Develops products and services
  - Communicating and interacting with foreign business partners

## 1005IBA – Introduction to International Business

- Enhances teamwork
- Opportunities for lifelong employment (dedication to the company and the quality of the product)
- Merit may not be the primary basis for promoting employees
- Organisational structures
- Attitudes towards ambiguity
- Union-management relationships

### Three Cultures

1. National Culture
2. Professional Culture (code of ethics and values shared by the members of a company)
3. Corporate Culture (a company's culture that is made up of a set of norms, values, beliefs and modes of behaviour that distinguish them from other companies)

Final Exam Practice Answer:

### Mock Section A Final Exams Question:

**Question:** Japanese car manufacturers such as Toyota and Lexus consistently rank high in customer satisfaction surveys.

**Explain how the Japanese culture translates to well-built cars.**

Answers are in pg 95 of the textbook