

Section 01. Modern Economics

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The Cultural Environment of International Business

The meaning of culture is defined in international relations as a “collective mental programming” of people. The “software of mind” differentiates us from other groups and shapes our behavior. It should be noted that most international cultures not only differ but are similar as well. The culture evolves within each society to characterize people and distinguish them from others.

Firstly, it captures how the members of the society live, for instance, how they feed, clothe, and shelter themselves, secondly, it explains how members behave towards each other and communicate with other groups. Also it defines the beliefs, values of members and set the way of perceiving the meaning of life.

The process of adjusting and adapting to a culture other than one’s own is called acculturation. Culture signals the differences among societies on the basis of language, habits, customs, and modes of thought more than any other feature of human civilization. Most of us are not completely aware of how culture affects our behavior until we come into contact with people from other cultures.

Cultural issues mean a lot for International Business, because effective handling of the cross-cultural interface is a critical source of a firm’s competitive advantage. That is why the managers are required to develop not only empathy and tolerance toward cultural differences but also obtain a sufficient degree of factual knowledge about the beliefs and values of foreign counterparts. Cross-cultural proficiency is paramount in many managerial tasks, including: developing products and services, communicating and interacting with foreign business partners, screening and selecting foreign distributors and other business party sides. In addition, intercultural features affect on negotiating and structuring international business ventures, interacting with current and potential customers from abroad, establishing overseas trade fairs and exhibitions and developing advertising and promotional materials.

All challenges and differences in national culture having great impact on cross-border business people cannot attribute only to cultural features. Employees are socialized into three cultures: national, professional and corporate ones. Working effectively within these overlapping cultures is a major challenge. The influence of professional and corporate culture tends to grow as people are socialized into a profession and workplace.

Most companies have a distinctive set of norms, values, beliefs, and modes of behavior that distinguish them from other organizations. The corporate culture is influenced by the age of a company and its product portfolio. Such differences are often as distinctive as the national culture.

Cultural layers present another challenge for the manager: to what extent is a particular behavior attributable to national culture? In companies with a strong organizational culture, it is hard to determine where the corporate influence begins and the national influence ends.

In conclusion I would like to add that respect for representatives of different cultures is an indispensable condition for strong and productive work in the team. In their turn the employees must be flexible and able to adapt to any challenging conditions. It is vitally important to follow the stream and be open-minded to any changes.

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