

Cultural factors have an influence on key ways that businesses operate, including:

- ▶ contract negotiations
- ▶ composition of the workforce
- ▶ management style
- ▶ workforce practices
- ▶ organisational culture
- ▶ marketing strategies and brand names
- ▶ advertising.

Contract negotiations

You have already learned that, in some countries, bribery is acceptable and in others it is not. Negotiating contracts is a very important part of business and, therefore, being aware of what is acceptable business practice in different countries is very important. In the UK, in 2010, the Bribery Act was passed in order to avoid this practice being used.

Composition of the workforce

The composition of the workforce will have a big impact on the way that it operates. The culture, expectations and ways of working will affect the way that the business operates. An international business may have a view about sending workers to a particular country to start trading, according to the values that it holds, or may take the view that they will employ a local workforce to make sure that they have greater knowledge and understanding of the local area and also of the business expectations.

Sometimes international businesses may choose, through the existing use of technology, to have some of their workforce based in one country and some in another. A common example of where this has happened in the past has been call centres that have been able to operate in countries such as India, in collaboration with call centres run in the UK.

Management style

Management styles in companies in the UK vary widely. Some companies operate a very directed and controlled structure. This is called an autocratic management style. Others opt for much more consultation and collaboration, known as democratic style. Differences in management style are very common between businesses in the UK, but add in the cultural factors that are present when working overseas and the impact of these differences can be felt even more strongly.

► **Table 5.10:** Typical management style in three different countries

Country	Typical management style
India	<ul style="list-style-type: none">• Clear need for a boss• Very hierarchical approach• Instructions should be given• Micromanagement is common
Russia	<ul style="list-style-type: none">• Clear need for a boss• Instructions given with little consultation as this would be seen as a weakness• Specific tasks are given• Employees are told what to do and must follow instructions
Sweden	<ul style="list-style-type: none">• Managers seek consensus• Bosses do not necessarily know all the answers• Discussions are open• Social distance between managers and employees is close

Workforce practices

Workforce practices include the way that businesses operate on a day-to-day basis and the extent to which they follow different procedures, rules or even the legislation that operates in the country in which they are based.

Daily operating practices in different countries can have a huge impact on the reputation and ways of working in that business; for example, health and safety practices are much stricter in some countries, and therefore there are fewer accidents than there are in others. A business operating internationally may decide that it wishes to adopt health and safety practices that are more stringent than those in the country in which it is operating. Management style is affected by operating practices, so it may be necessary to have a more direct or autocratic style when working in some countries as this is the expectation, for example in China, and a more democratic or cooperative style in others, such as Sweden.

Other areas of business working practice that also may be very different are those that relate to the way that pay and working conditions are negotiated. In some countries, such as France and Germany, there are very strong unions in operation that negotiate pay and terms of employment on behalf of groups of employees. The laws of these countries relating to the way that people are treated are also very strong and this has an impact on businesses operating there.

Organisational culture

Organisational culture, as you have already learned, is the way that 'people do things around here'. This means the day-to-day way that workers behave in the workplace and the influences that they bring in from outside.

The impact of organisational culture is felt in two ways. First, the impact of the culture of the country where the international business is operating comes into the organisation and, secondly, the culture of the international business and how it influences the business in the country in which it is operating.

American businesses, for example, may celebrate Independence Day on 4 July or have associations with American companies rather than those locally. They may also not trade on those days. The culture of a business is often set by the parent company, so a British company trading in another country may decide to operate in the way that British companies would rather than following local expectations.

Local culture will also affect the way that any international business operates in a country. This is because different cultures and people have different ideas and tastes. The influence of local tastes will mean that the products and services on offer are adapted to meet local needs.

Businesses may also be affected in their sales numbers by local customs or practices in terms of the tastes or attitudes towards different products or services. For example, in France, restaurants offer frogs' legs and snails, in China, snakes and bees are delicacies eaten at street markets. In the USA, it is acceptable to turn right even when a traffic light is red.

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Marketing strategies and brand names

Marketing strategies and brand names are another element that is heavily influenced by cultural factors. Sometimes it is possible for businesses trading internationally to use the same advertising and brand names. For example, McDonald's uses the same name to trade in many countries and it does not need to be translated for different countries.

In other instances, it may not be possible to translate the name from the original language. For example Schwarzkopf Hair Care products translates as 'Black Head' Hair Care and blackheads are spots or pimples in English. Other expressions or idioms that may be used are also not always possible to translate exactly from one language to another, for example, in English, you know that when a person says it is raining cats and dogs, they do not mean that it is actually raining animals; it means the rain is heavy.

Historically, many brand names were changed as companies were concerned that people in the UK would not buy their products or services if they could not ask for them. Now it is much more common to have European names and products traded internationally. People are happier to ask for them. For example, Prezzo means price in Italian - Prezzo sounds much more appealing for a restaurant chain than Price!

Advertising

Trading internationally is also affected by cultural factors that relate to how advertising takes place. In advertising in Islamic countries, women are often shown with their hair and shoulders covered. This is not commonly the case in the UK. Cultural differences, such as views relating to the role of women, homosexuality and ageing, for example, all influence how advertising takes place and its likely success.

It is also very important that the appropriate hand gestures are used in advertising, so as not to offend. The 'thumbs up' sign in the UK and USA is a positive gesture showing that someone is happy. In the Middle East, it is an insult and, therefore, would upset local people.

There are many examples of where this sort of advertising has gone wrong, so it is important to try to get local people to look at advertising and to check it before it is published.

▶ Table 5.11: How...