

Adamczyk, Marzena

Article

The importance of cultural differences in international business

The Central European Review of Economics and Management (CEREM)

Provided in Cooperation with:

WSB Merito University in Wrocław

Suggested Citation: Adamczyk, Marzena (2017) : The importance of cultural differences in international business, The Central European Review of Economics and Management (CEREM), ISSN 2544-0365, WSB University in Wrocław, Wrocław, Vol. 1, Iss. 2, pp. 151-170, <https://doi.org/10.29015/cerem.335>

This Version is available at:

<https://hdl.handle.net/10419/229732>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

The importance of cultural differences in international business

Marzena ADAMCZYK

WSB University in Wrocław, Poland

Abstract:

Aim: The aim of this study is to systematize the knowledge on the characteristics and classification of cultures, which will allow national representatives to be assigned to their respective types of cultures, and to present the characteristics of selected countries in some business areas.

Design / Research Method: The applied research method is the analysis of the literature in the field of cross-cultural determinants of business and the description of the findings observed and analyzed in the process of deductive conclusions.

Conclusions / findings: The main conclusion of the research is confirming the view that cultural differences in today's global economy can significantly affect the business in an international context. In order to eliminate or actually to minimize the cultural factor of entrepreneurs, those operating on the international market should diagnose the culture of the country with which they will enter into business relationships and they should develop strategies in different markets taking into account the diagnosis made.

Originality / value of the paper: The paper is a voice in the scientific discussion on the impact of cultural differences on international business; it can provide guidance and inspiration for entrepreneurs, helping them to understand the complexity of the issue, and for students interested in cultural diversity and its impact on business. The paper comprehensively connects the characteristics of national cultures with different areas of international business and shows the relationship and complexity of the issue. Such a presentation of the problem shows how important it is to know these differences for proper management of the company.

Implications of the research: This paper focuses on the overall functioning of the company on the international market and discusses the cultural differences associated with the negotiation process. It may be the beginning of further research related to cross-cultural communication and management of transnational corporations and international marketing.

Keywords: Culture, cultural differences, international business, intercultural communication, intercultural competence

JEL: F23, M14, Z10

E-mail: marzena.adamczyk@gmail.com

Received: 11-10-2014, Revised: 20-03-2017, Accepted: 04-04-2017

1. Introduction

The transformations in the world's economy, whose start dates back to the middle of the twentieth century, have forced enterprises to expand their activities and management by adding the international dimension. This development has been followed by a greater openness of national economies and trade liberalization, which has led to the emergence of foreign and international companies on a number of internal markets. A vast majority of enterprises operates in the international environment, where the cultural factor is of tremendous importance, exerting a major influence on the success of transactions and maintenance of good relations between counterparties or employees of different cultural background employed in one enterprise (see Kendlik 2009; Ball, McCulloch 1999; Brdulak, Brdulak 2000).

Cultural differences can become a particular barrier in the business communication (see Nowakowski 2005; Hofstede 2000). Therefore it is crucial for business managers, lower rank employees, as well as representatives of smaller companies who engage with foreign countries to become familiar with different cultures in order to eliminate this barrier. In the literature, it is often highlighted that those people are not sufficiently prepared to work on culturally diverse markets and to communicate with people of other cultures (see Hofstede 2000; Matsumoto, Juang 2004; Bartosik-Purgat 2006; Gesteland 2000).

The identification and understanding of cultural differences is one of the most significant skills of the world's economy in our times, indispensable for gaining competitive advantage on the global market (see Nowakowski 2005; Bartosik-Purgat 2006).

Culture influences numerous aspects of the international business communication, not only such as business relations, negotiations, international management, but also marketing communication strategies, decisions concerned with the brand or consumer behaviors (see Nowakowski 2005; Bartosik-Purgat 2006; Matsumoto, Juang 2004; Budzanowska-Drzewiecka et al. 2016).

The aim of this paper is to characterize and classify cultures, thus allowing the representatives of particular countries to be assigned to their relevant types of

cultures, and to present features characteristic for some nations in certain business areas which can be of use particularly during negotiations.

The paper is comprised of three parts. The first part outlines the concept of international business, the second one the concept of culture and diverse types of cultures. The third part shows the international issues relating to business operations in selected countries.

2. International business – its essence and entities

The notion of international business is defined as a business activity that extends beyond other countries or which is conducted across national borders (Nowakowski 2005: 17). Taking into consideration the cultural aspect, international business encompasses transactions concluded and realized across national and cultural borders in order to meet the needs of individual consumers and organizations (Ball, McCulloch 1999: 9).

International business entities encompass international enterprises (in particular, transnational corporations (TNCs)) and domestic enterprises engaging in international relations. We should draw attention to the fact that behind those entities are people working in those enterprises, and it is precisely them who are the most important factor, having to make the effort to understand the cultural differences so as to become capable of communicating skillfully with other cultures. International business is also depicted as an area where several disciplines are combined: international management, international logistics, international marketing, international trade and finances. These disciplines partly overlap and partly complement one another (Nowakowski 2005: 19).

The area of international business is thus very wide and so the managers must have a very extensive knowledge on all of the disciplines mentioned. Moreover, the issue of cultural differences is present in each of those areas. Nowadays, enterprises seeking to be successful and win competitive advantage on the global market also, if indeed not most crucially, have to take into account this aspect.

One of the aspects of globalization and international business is a cross-cultural contact understood as a meeting between individuals from different cultures, having different traditions and hierarchies of value, who act as salesmen and consumers, negotiators, superiors and subordinates, coworkers, project or task group participants. In this context two concepts appear significant: international competences and communication (Budzanowska-Drzewiecka et al. 2016: 28-29). The cross-cultural competences could be seen as a set of three components linked to each other (Spitzberg, Changnon 2009: 7-8): ability to understand members of other cultures, ability to work with others, ability to stay in the world of intensive cross-cultural contact.

Cross-cultural communication, on the other hand, is a social process unfolding between the participants of the cross-cultural contact. The essence of this process is to create communications pertaining to people, phenomena and situations using different codes.

There are many barriers in the cross-cultural communication. The most likely to be mentioned include (Kendlik 2009: 12): time (in terms of punctuality and length of time devoted to talks), language, currency, political system and the governing law in a particular country, choosing the place for negotiations, choosing negotiators, differing ideology, cultural differences, different mentality.

Today's world of international business requires that companies and their workforce should acquire and improve occupational and intercultural competences (Matsumoto, Juang 2004: 552). In order to acquire the latter ones, the intercultural communication needs to improve.

3. Culture – definition and types

The term „culture” is used in a variety of meanings in everyday life and in common language. In the literature, it was first defined by E.B Taylor as “that complex whole which includes knowledge, beliefs, arts, morals, law, custom and any other capabilities and habits acquired by a human as a member of society” (Kroeber 2002: 152).

THE IMPORTANCE OF CULTURAL DIFFERENCES IN INTERNATIONAL BUSINESS

Culture refers to the range of different aspects of life which were outlined by Murdock, Ford and Hudson and ordered by Barry. We can distinguish 8 categories (Matsumoto, Juang 2007: 22): general characteristics, food and attire, housing conditions and technology, economy and transport, local community and government, social care, religion, science, sex and life cycle.

Culture is all the achievements of a particular society which are transmitted from one generation to the next. This includes a set of rules, concepts, terms defining specific behaviors. The characteristic features of the concept of culture are the following (Matsumoto, Juang 2007: 26-27): dynamic nature – culture changes over time, it evolves; it refers to the system of rules, behaviors, values and attitudes, which are present in the minds of all the people living within a particular culture; it refers to both an individual and a group; its aim is the group's survival; it is accepted, to a varying (not uniformly) degree, by individuals within a group; it is passed on from one generation to the next – thus it has a relatively enduring nature.

Hofstede distinguished the elements which are responsible for the cultural differences existing among societies. He illustrated them using an “onion” diagram, which consists, starting with the outer side, of symbols (language, gestures, signs having a meaning for the entire society), heroes (figures to emulate, valued by a particular culture), rituals (showing respect to others, ways of greetings, religious ceremonies), values (ability to define what is good and what is bad) (Hofstede 2000: 43).

A layer-like structure of culture was also demonstrated by Hampden-Turner and Trompenaars. They distinguished three layers. The first one is the visible layer, also referred to as the outer layer, which can comprise such elements as language of a particular community, buildings, cuisine, monuments, the way of dressing and art. The second layer is the middle layer covering norms and values respected by a particular community. The last layer is the core referring to the basic existential assumptions (Trompenaars, Hampden-Turner 2002: 21).

Hofstede further notes that people learn culture, get to know its values and behaviors acceptable in the particular culture in the first 10 up to 20 years of their lives. At that time they draw on the knowledge of their parents, grandparents, teachers, social group, and while approaching the end of this period, they start to

move gradually on to another way of conscious learning, focusing mainly on new practices (Hofstede, Hofstede, Minkov 2010: 9-10).

Every culture and every nation has its characteristic behaviors in the communication process, be it during negotiations or any other situations, as well as specific values to refer to. Therefore, culture is perceived as a peculiar impediment in conducting negotiations and concluding international transactions. When negotiators come from different cultural backgrounds, the risk of negotiation failure increases significantly, which is due to mistakenly understood words, actions or gestures. It is therefore crucial while preparing for talks with a foreign counterpart to familiarize in the best way possible with his/her country's culture and culture classification models based on cultural orientations (Table 1).

Table 1. Selected cultural orientations

Authors	Classification criteria	Cultural orientation
F. Trompenaars, Ch. Hampden-Turner	Attitude towards an individual and group Manner of behavior Manner in which social status is accorded Attitude towards time	Individualism/communitarism Neutral/emotional Achievement/ascription time perspective – future/present time/past oriented Sequential orientation (linear culture)/synchronic orientation (non-linear culture)
K. Kluckhohn F.L. Strodbeck	Relationship with time	Orientation towards future/the present/past
E.T. Hall	Relationship with time Context Space	Monochronic/polychronic Low context/high context Intimate/personal/communal/public
R.R. Gesteland	Manner of behavior Attitude towards time Attitude towards etiquette, hierarchy and expressing respect Attitudes toward strangers	Expressive/reserved Formal/informal Transaction-oriented/relationship-oriented Monochronic/polychronic
G. Hofstede	Attitude towards an individual and group Attitude towards hierarchy Attitude towards new situations Goal oriented	Individualism/collectivism Power distance (low – high) Uncertainty avoidance (low-high) Short-term/long-term

Source: Bartosik-Purgat (2006: 30).

The many types of culture can be distinguished based on different criteria. The tables below demonstrate those types together with their locations, that is, the

THE IMPORTANCE OF CULTURAL DIFFERENCES IN INTERNATIONAL BUSINESS

countries where they are present within a particular culture. A different understanding of a transaction and diverse attitudes towards business can be observed depending on the culture within which people function. Americans, Europeans or Asians behave differently; however, belonging to one continent does not in itself determine all the cultural characteristics. Within one continent, there may exist significant differences between individual countries.

Table 2. Culture classification according to the attitude towards relations and business

Type of culture	Characteristics	Countries within a given culture
Transaction-oriented cultures	They concentrate on achieving the goal, paying little attention to the relations with their partners.	Scandinavian, Germanic nations, USA, Canada, Australia and New Zealand
Moderately transaction-oriented cultures	Their priorities include transaction, business profit, achievement of the goal set.	The UK, South Africa, Romance countries in Europe, Central and East European countries, Chile, southern Brazil, northern Mexico, Hong Kong
Relationship-oriented cultures	People with a relationship-oriented attitude pay considerable attention to the manner in which mutual contacts are maintained. Transaction takes second place. The highest emphasis is put on maintaining good human relations. What counts are recommendations and connections.	The entire Arab world, most of African countries, Latin American and Asian countries

Source: Author’s own study based on: Gesteland (2000: 46) and Bartosik-Purgat (2006: 138-139).

In terms of the attitudes towards relations and business, we can distinguish transaction-oriented and relationship-oriented cultures (see Table 2). In transaction-oriented cultures, the most important objective is to conclude transaction, gain profit while paying little or no attention to the relation with the trading partner. We observe a reverse situation in relationship-oriented cultures, where to establish and maintain good relations between people is paramount, with the transaction itself taking the second place.

In terms of the attitudes towards etiquette, hierarchy and expressing respect, we encounter formal and informal cultures (see Table 3). Formal cultures are characterized by great adherence to hierarchy, respect for the elders and those in high positions, while informal cultures treat people equally, whatever their position.

Table 3. Classification of cultures according to the attitude towards etiquette, hierarchy and expressing respect

Type of culture	Characteristics	Countries within a given culture
Informal cultures	Egalitarian attitude, not paying much attention to social hierarchy. Low power distance. Small differences in social status. People are equal regardless of the position they occupy. Money is seen as the way to freedom. Superiors are considered to be older colleagues.	Australia, New Zealand, USA, Canada, Scandinavian countries, the Netherlands
Formal cultures	Underscoring the importance of social-occupational status and thus applying rules. It is based on clear hierarchies. High power distance. Great respect towards the elderly, the more experienced.	The majority of European and Asian countries, Mediterranean countries, the Arab world, Latin America

Source: Author's own study based on: Gesteland (2000: 46) and Bartosik-Purgat (2006: 155-157).

Table 4. Classification of cultures by the manner of behavior

Type of culture	Characteristics	Countries within a given culture
Reserved cultures	Quiet and calm manner of speaking. They avoid a close contact, they do not accept being touched. Eye contact is moderate or not even a direct one (fleeting). They keep large spatial distance between interlocutors. They do not reveal their emotions.	countries of South Asia and South-East Asia, Nordic and other Germanic countries of Europe
Expressive cultures	They show their emotions and affections using a wide range of elements of nonverbal communication. They keep small spatial distance between interlocutors. Being touched is broadly accepted. Intense eye contact. Speaking in a loud tone, being highly expressive.	Romance European countries, other Mediterranean countries, Latin American countries
Cultures with a varying degree of expression	They are between the reserved and expressive cultures. They evince less intense versions of these characteristics.	USA, Canada, Australia, New Zealand, Eastern European countries, South-Asia countries, African countries, Poland

Source: Author's own study based on: Bartosik-Purgat (2006: 93-106).

THE IMPORTANCE OF CULTURAL DIFFERENCES IN INTERNATIONAL BUSINESS

From the point of view of the manner in which people behave, we distinguish reserved and expressive cultures (see Table 4). In the countries with expressive culture people show their emotions and feelings, using a range of nonverbal means, while in the countries with reserved culture, emotions and feelings are not shown.

In terms of the attitude towards time we can distinguish monochronic and polychronic cultures (see Table 5). Representatives of polychronic cultures perceive time as a renewable resource (e.g. they are not in a hurry), while representatives of monochronic cultures perceive time as one of the most important resources, putting much emphasis on punctuality and schedule.

Table 5. Classification of cultures by their attitude towards time

Type of culture	Characteristics	Countries within a given culture
Monochronic cultures	Negotiators from monochronic cultures view time as linear and as one of the most essential non-renewable resources. Emphasis is put on punctuality, accuracy, drawing up plans and consistent compliance with them. Schedules are used to coordinate activities. Work and private life are clearly separated. Breaks and personal time are sacred	Nordic and other Germanic European countries, North American countries, Japan
Moderately monochronic cultures		Australia, New Zealand, Russia and most of Eastern European countries, South-European countries, Singapore, Hong Kong, Taiwan, China, South Korea, South Africa
Polychronic cultures	Representatives of monochronic cultures view time as renewable resource which passes in multi-faceted way, sometimes it is cyclic. Meeting time is flexible, less emphasis is put on punctuality, timeliness. The time of negotiation commencement may be postponed even a few hours. People often depart from the main topic of the conversation. People do not hurry and one should not rush them.	the Arab world, most of African countries, Latin American countries, the countries of South Asia and South-East Asia

Source Author’s own study based on: Gesteland (2000: 46) and Bartosik-Purgat (2006: 141-143).

4. Cross-cultural issues relating to conducting business in selected countries

Depending on the cultural background people come from, they can react differently to different situations, they may perceive business in a variety of ways, and differ in their approach to time, deadlines, emotions, etc.. They can also espouse diverse attitudes towards others owing to hierarchy. Some behaviors of people from different countries are outlined below, representing diverse cultural backgrounds in typical negotiation situations or in communication.

4.1 Counterparties from Asian countries

The Asian manner of negotiations is characterized by cultural and religious complexity, and adherence to tradition. The key to success is patience. At every stage of the negotiation process the consent of the entire group is required (collectivism). This is a reserved culture, relationship-oriented, polychronic and formal. In conducting negotiations with Asians, “saving face” is extremely important, which means showing respect, and not undermining the negotiator’s authority. Relations between parties, good interpersonal relationships are paramount. Asians are reserved in showing their feelings and emotions, they are not too keen on keeping eye contact. Politeness, formality, and following the protocol are important (Podobas 2011: 68-69).

In China, the most important thing to bear in mind is harmony– in this country everything has its place and one mustn’t introduce any distortions or conflicts (Kendlik 2009: 53). The country has a system of protocol relations establishing gestures which correspond to every age, gender, social status and specific situation (Brdulak 2000: 175).

Greeting is governed by specific rules, which are as follows (Podobas 2011: 69-73). A slight bow and a slow nod of the head. The oldest or the most important person in the group is greeted first. Handshakes are also common, but one has to wait for their Chinese counterpart to initiate it first. Titles are important for them – the more well-known the company or person with titles, the better partner for business talks. While greeting, the ritual of handing out business cards is essential – one needs to have many business cards, for they are presented to everybody; the best

if they are two-sided, with one side printed in Chinese and the other in English; the highest prestige enjoys Chinese text printed in gold ink; the business card should be offered using both hands and it should be received in the likewise manner, accompanied by a slight bow; one should read the business card attentively, and the best is to hold it in front all the time; one should not put it away.

Business meetings are characterized by the following (Kendlik 2009: 53-57). The Chinese never negotiate single-handedly, but only in groups, therefore one should also come to a meeting in a group. The Chinese, before getting down to business, want to get to know their business partner. They meet up several times their counterparts for meals, trips or meetings and only later move on to business talks. They conduct businesses based on establishing friendly relations with their counterparts based on acquaintances (*gaunxi*). They enjoy bargaining. One has to be patient and persevering. If they sign an agreement, then it is binding, yet they tend to keep on renegotiating it, even in trivial matters.

Another Asian country which has in recent years become an international financial and trading center is Hong Kong. Greeting in Hong Kong looks as follows (Sabath 2002: 112). A handshake and a small nod of the head. The oldest person is to be greeted first, giving him/her a slight bow. If the person's title is known, the person should be addressed by this title. In presenting your business card using both hands, we should ensure that one side contains the Chinese translation.

Punctuality is highly valued in this country. It is considered to be fine manners to keep appropriate distance from your interlocutor (two steps) and keeping your feet down on the floor – one does not show the soles of one's shoes (this is viewed as rude).

The Chinese in Hong Kong are polite, courteous and very composed, keeping distance, not easily giving in to emotions. They pay huge attention to proper attire – for business talks they always wear suits and they require the same from their counterparts (Brdulak 2000: 176).

Japan is yet another Asian country with similar customs to those of the other two countries; nevertheless, it has its own specific cultural characteristics. In this country, a particular attention should be given to greeting. The Japanese greet by bowing. The more important the person, the deeper the bow. If we do not know what

their position is, it is better to bow slightly deeper than our counterparts. A lower-rank person bows first to the person with a higher rank. Japanese businessmen can behave in two ways: they either shake hands while at the same time bowing, or first they bow and then shake hands. While greeting we do not look people in the eye, for this denotes lack of respect. If we want to honor somebody, we should lower our eyes while greeting.

Business cards, just like in all other Asian countries, play a significant role. One should bear in mind a few important rules. We should always carry business cards and exchange them with everyone we meet. One side of the business card should be in English, the other in Japanese. While presenting your business card, make sure that the writing faces the person the card is being presented to, so he/she can read it. The business card should be presented using both hands. After being presented with a business card from a Japanese, we should look at it carefully, we should not put it away, but instead we should place it on the table in front of us. We mustn't put the business card into the wallet or pocket, but only in a business card holder.

Conversation topics with the Japanese can cover food, sports, Japan and other places which the interlocutor visited. One should eschew talking about one's career, the Second World War, prices and personal life. The Japanese believe that "silence is gold", which for them means peace.

Punctuality must be observed. Unlike in other Asian countries, time is very precious in the Japanese culture.

Social meetings are important for concluding deals with the Japanese. The goal of such meetings is to build friendships. One should be prepared for a long meal. Being invited to a Japanese home should be considered an honor. Shoes must be taken off at the front door. The food is eaten using chopsticks. Good manners require putting chopsticks on the chopstick rest when not in use, and not in the food. The ritual of drinking tea is important in Japan, which consists in serving and drinking green tea, but also in admiring the room in which one is staying, adjacent garden, cutlery and serving tea utensils, as well as the interior decoration (Podobas 2011: 74-78)

For American and European negotiators, the language barrier is the cause of many difficulties, and particularly the wide-spread usage of the word "yes", which

does not imply agreement, but merely the fact that a Japanese person has listened and understood. Moreover, one should bear in mind that the Japanese actually never refuse so as not to offend their business partner. Refusal is usually shown by a gesture (right hand movement) or by drawing a breath through one's teeth saying *sah*, which in itself does not mean anything (Brdulak 2000: 181)

4.2 American counterparties

The country which is most frequently described in great detail in the literature is the United States of America, being one of the largest economies in the world, with this country's companies making businesses virtually with every other country and marking their presence on most foreign markets. The American culture is completely different from that discussed above. This is a culture which is transaction-oriented, monochronic, with a varying degree of expression and informal.

Greeting among Americans looks as follows (Jarczyński 2010: 25). A handshake which is firm, strong and vigorous. The greeting should be accompanied by eye contact, otherwise we will be considered insincere/double-faced. One of the most common greetings will be "How are you", to which we reply – regardless of how we actually feel – "Fine, thanks". Even if things are bad, we refrain from talking about it, otherwise we will commit a faux pas. Americans like most to address their counterparts by their first name.

Regarding business meetings, Americans like quick negotiations, they do not prolong talks, following their motto "time is money". While negotiating, they have a sense of power, they are quick and consistent, and they always cooperate with lawyers. Signing an agreement is paramount. They pay huge attention to schedules and deadlines. They treat everybody equally, whatever their social status, age or religion. Only individual achievements count. In business, they do not take liberties with their counterparts, separating private life from that of business (Podobas 2000: 77-79).

4.3 European counterparties

The European countries are much diverse culturally, with the Mediterranean countries being different from those located in the north of Europe, and with the countries from the central part of Europe differing from the rest, too. There are no features characteristic for all the European countries, so each and every has to be discussed separately. The following countries will be presented: France, Germany and the UK – each located in a different part of Europe and each having a different culture.

France represents the Mediterranean countries; its culture is expressive, moderately transaction-oriented, formal and moderately monochronic. Greeting in France has the following characteristic features (Sabath 2002: 111). We greet people by shaking hands with everybody in the room. The French handshake is not too vigorous. When greeting persons who have the title of a professor or an engineer, we need to use this title while greeting them. These titles are considered to manifest one's exceptional achievements. Many directors and managers should also be addressed by their title. Women always shake hands first, while among men, the person of a higher rank shakes hands first. Presenting business cards whose one side is in French is welcomed.

A good conversation topic with the French is the place from where their interlocutor comes, his/her interests, cuisine, culture of other countries and sport. Conversation about prices, sources of income, wages and questions about families should be avoided.

The French like to talk in their own language, therefore the best thing is to have an interpreter while discussing business. Moreover, being familiar with French expressions and making attempts at using them are welcomed (Kendlik 2009: 111). In France, contacts are crucial; it is good to be introduced on the business stage through some kind of institution, e.g. an embassy. The French style negotiations are full of tricks and of putting on; the French care only about their own interests, if they can take advantage of some oversight, they will do so.

Germany is the country with the strongest economy in Europe, and it is the main trading partner for Poland. Polish companies doing business with German companies should, therefore, familiarize especially with the German culture and its

THE IMPORTANCE OF CULTURAL DIFFERENCES IN INTERNATIONAL BUSINESS

customs. Greeting in the German culture is relatively similar to that in Poland; however, it is worth noting a few details (Sabath 2002: 118). When meeting a group of people, we should greet and shake hands with everybody. Instead of presenting your business card to a German client, it is better to attach it to the materials in the file containing the offer. If such materials are not handed out at the meeting, the business card is presented shortly before leaving. The handshake should be firm and cordial. In southern Germany, and also in small towns, people who work in positions requiring a higher education degree (lawyers, doctors, clergymen, etc.) are addressed as *Herr Doktor*. When a woman is introduced, we say *Frau* (Mrs) or *Fräulein* (Miss) and then her surname. When the woman works in the profession requiring a higher education degree, she should be addressed as *Frau* (or *Fräulein*) *Doktor*.

Suitable topics for conversation encompass hobbies, football, places you visited while in Germany, length of your stay in this country. One should avoid touching upon subjects relating to the Second World War or personal questions. Punctuality is one of the most important characteristics of the contacts with Germans.

Business meetings are characterized by the following elements (Podobas 2000: 96-97). Germans value a high organization of work and order. They are down to earth, precise and responsible. They are perfectly prepared. They do not like to pay compliments. They follow the chain of command. They do not tolerate failing deadlines. They represent a rigid negotiation style. They are self-confident in negotiations. They pay much attention to good manners. They refer to experts when the situation calls for it. They value honesty and reliability. They use psychological pressure. They rarely smile.

The United Kingdom is a country where the business culture is clearly monochronic, reserved, moderately formal and transaction-oriented. Greeting is similar to that in Poland; however, one should remember to keep distance of about two steps. If the interlocutor has an honorary title, he/she needs to be addressed as such – even among acquaintances. Punctuality is valued in the UK (Sabath 2002: 121).

Negotiations with the British have the following characteristics (Podobas 2000: 90-91): During negotiations, they are competent, disciplined, attached to their traditional etiquette. They are sincere and diplomatic. They check their

counterparties very carefully. Their time is well organized. They value highly oral arrangements. They appreciate fair play. They do not tolerate a lack of competence, unreliability, aggressive behavior.

4.4 Counterparties from the Arab countries

Today the Middle East is comprised of the countries whose population is in majority made up of Arabs. The group of Arab countries is made up of 22 countries. Their culture is expressive, formal, relationship-oriented and polychronic.

Greeting among the Arab people are very effusive. It starts with *Salam alejkum* (peace be upon you), then comes the handshake, followed by *Kif halak* (How are you?). If you have met this person before, you may be kissed on both cheeks. An Arab client may take your hand in his hands, thus implying: "It's good to see you". Moreover, it should be noted that this refers only to men, for Arab women are lower in the hierarchy and do not participate in negotiations.

Conversation can be about the country, the other person's family (but never about the Arab client's wife, for that could be misunderstood as taking a more personal interest in her), the countries your interlocutor visited, and the likes. Any discussion on politics is to be avoided. One mustn't talk about women's social role in Saudi Arabia. One should avoid making any critical remarks, even those which seem entirely insignificant (Sabath 2002: 109).

Punctuality is valued on the part of counterparties, while Arabs themselves do not observe timeliness and punctuality, affording little attention to that.

Bon ton poses particular demands in Arab countries (Podobas 2000: 85-86). If you reach out for something or if you give something to an Arab, you should remember to do it using your right hand. Using the left hand is forbidden, as the left hand is considered to be impure. While in a sitting position, feet must be kept on the floor. Showing one's soles is frowned upon, being viewed as offensive. Arabs talk a lot, they tend to repeat themselves, shout and gesture a lot. They keep a very small distance between themselves and their interlocutors. They maintain a very intense eye contact.

THE IMPORTANCE OF CULTURAL DIFFERENCES IN INTERNATIONAL BUSINESS

While negotiating with Arabs one should keep in mind to avoid conducting negotiations during Ramadan. The higher floor a company's seat is located on, the higher prestige it enjoys. The purpose of your visit should never be stated at the start, this should be left altogether to your host. Negotiations with Arabs are a bit similar to an open-market bargaining, and we need to remember that the first offer made is always excessive, yet you should not undercut it and instead ask your counterpart to reconsider it. Every arrangement made with Arabs should be recorded in writing (Kendlik 2009: 122-123).

In order to reduce to minimum the number of mistakes committed while contacting with people from other cultures, it is useful to remember a few important guidelines (Guang, Trotter 2012: 6462). One should be sensitive and empathic towards the representatives of other cultures in terms of business communication. One needs to recognize, understand and respect another culture along with its differences. One should remain neutral culturally – the otherness does not imply anything better or worse. One should not assume that things which work in one culture will do so in another. It is worth using knowledge and market insight or the culture of local entrepreneurs.

5. Concluding remarks

The impact of cultural differences on international business is very frequently not appreciated in the process of business management. Today's economy is highly globalized, trading has been much liberalized, with enterprises operating both on the local and global market, having numerous links with entities from different countries. In this context, knowledge of the culture of other countries is crucial for successful business transactions. Knowing foreign languages is no longer sufficient, and although the language barrier is one of the most difficult to overcome, one needs to know customs, body language, values, symbols and other elements of culture.

As outlined in the paper, there are many types of cultures. Countries situated on one continent have a number of common characteristics, yet even countries neighboring with each other can be characterized by a different culture. A particular

attention should be given to those cultures which differ significantly from our own, for we may make many mistakes while meeting people coming from such cultures, which will influence our business relations.

In establishing business relations with foreign enterprises, regardless of their size, one should budget expenditures on the research on the business partner's culture. This will allow for gaining insight into cultural differences, existing customs, shared values, gestures used, management styles, rules applicable in marketing and other elements of culture (Guang, Trotter 2012: 6458). These expenditures should be tailored to the size of an enterprise, its engagement in foreign markets and the value of contracts concluded. The higher the involvement and value, the more information an enterprise should gather. In such a situation, it is worthwhile for an enterprise to create a foreign trade department which will collect the necessary information on foreign markets. If an enterprise operates on a small scale, then it is possible to use companies specialized in foreign trade as agents. This will allow for the mistakes on the foreign market to be avoided and to reduce the costs relating to servicing foreign trade. The choice of the method of operation on the foreign market is a very important strategic area, and that is why it should be preceded by appropriate analyses and calculations. This provides companies with a better chance to be successful in business, to win a new market or gain sustainable competitive advantage.

Bibliography

Ball D.A., McCulloch W.H. (1999), *International Business. The Challenge of Global Competition*, Irwin McGraw-Hill, Homewood III.

Brdulak H., Brdulak J. (2000), *Negocjacje handlowe (Trade negotiations)*, PWE, Warszawa.

Bartosik-Purgat M. (2006), *Otoczenie kulturowe w biznesie międzynarodowym (The cultural environment in international business)*, PWE, Warszawa.

Budzanowska-Drzewiecka M., Marcinkowski A.S., Motyl-Adamczyk A. (2016), *Różnice kulturowe w komunikacji biznesowej (Cultural differences in business communication)*, Wydawnictwo Uniwersytetu Jagiellońskiego, Kraków.

Gesteland R.R. (2000), *Różnice kulturowe a zachowania w biznesie (Cultural differences and behaviour in business)*, Wydawnictwo PWE, Warszawa.

THE IMPORTANCE OF CULTURAL DIFFERENCES IN INTERNATIONAL BUSINESS

Guang T., Trotter D. (2012), Key issues in cross-cultural business communication. Anthropological approaches to international business, „African Journal of Business Management”, vol. 6 no. 22, pp. 6456–6464, <http://www.academicjournals.org/journal/AJBM/article-full-text-pdf/8DE24CA30565> [15.11.2016].

Hofstede G. (2000), *Kultury i organizacje. Zaprogramowanie umysłu (Cultures and organizations. Software of the mind)*, Polskie Wydawnictwo Ekonomiczne, Warszawa.

Hofstede G., Hofstede G.J., Minkov M. (2010), *Cultures and organizations*, McGraw-Hill, New York.

Jarczyński A. (2010), *Etykieta w biznesie (Etiquette in business)*, Wydawnictwo Helion, Gliwice.

Kendlik M. (2009), *Negocjacje międzynarodowe (International negotiations)*, Wydawnictwo Difin, Warszawa.

Kroeber A.L. (2002), *Istota kultury (The nature of culture)*, Wydawnictwo Naukowe PWN, Warszawa 2002.

Matsumoto D., Juang L., *Psychologia międzykulturowa (Culture and psychology)*, Gdańskie Wydawnictwo Psychologiczne, Gdańsk 2007.

Nowakowski M.K. (ed.) (2005), *Biznes międzynarodowy. Od internacjonalizacji do globalizacji (International business. From internationalization to globalization)*, Wydawnictwo SGH, Warszawa.

Podobas I. (2011), *Negocjacje międzynarodowe. Zarys wykładu (International negotiations. Lecture outline)*, Wyższa Szkoła Cła i Logistyki, Warszawa.

Sabath A.M. (2002), *Savoir-vivre w biznesie (Savoir-vivre in business)*, Wydawnictwo Amber, Warszawa.

Spitzberg B.H., Changnon G. (2009), *Conceptualizing intercultural competence*, in: *The SAGE handbook of intercultural competence*, ed. Deardoff D.K., Sage Publications Inc., Thousand Oaks, CA, pp. 2-52.

Trompenaars F., Hampden-Turner Ch. (2002), *Siedem wymiarów kultury (The seven dimensions of culture)*, Oficyna Ekonomiczna, Kraków.

Znaczenie różnic kulturowych w biznesie międzynarodowym

Streszczenie

Cel: Celem niniejszego opracowania jest systematyzacja wiedzy na temat charakterystyki i podziału kultur, która pozwoli na przyporządkowanie przedstawicieli poszczególnych państw do odpowiednich dla nich rodzajów kultur oraz przedstawienie cech charakterystycznych dla wybranych państw w niektórych obszarach biznesowych.

Metodyka badań: Zastosowana metoda badawcza to analiza literatury z zakresu międzykulturowych uwarunkowań biznesu oraz opis zaobserwowanych i przeanalizowanych w procesie dedukcji wniosków.

Wnioski: Głównym wnioskiem badań jest potwierdzenie tezy, że różnice kulturowe we współczesnej gospodarce światowej mogą w znaczący sposób wpływać na biznes w kontekście międzynarodowym. W celu wyeliminowania, a raczej zminimalizowania czynnika kulturowego przedsiębiorcy działający na rynku międzynarodowym powinni dokonać rozpoznania kultury kraju, z którym będą wchodzić w relacje biznesowe oraz powinni opracować strategię działania na różnych rynkach, uwzględniając dokonane rozpoznanie.

Wartość artykułu: Artykuł jest głosem w dyskusji naukowej na temat wpływu różnic kulturowych na biznes międzynarodowy, może stanowić źródło wskazówek i inspiracji dla przedsiębiorców, pomagając zrozumieć złożoność zagadnienia, oraz dla studentów zainteresowanych kwestiami różnic kulturowych i ich wpływu na biznes. Artykuł w sposób kompleksowy łączy charakterystykę kultur narodowych z różnymi obszarami biznesu międzynarodowego oraz pokazuje powiązania i złożoność zagadnienia. Taka prezentacja problemu wskazuje, jak ważna jest znajomość różnic kulturowych w odpowiednim zarządzaniu przedsiębiorstwem.

Implikacje badań: Artykuł koncentruje się na ogólnym funkcjonowaniu przedsiębiorstwa na rynku międzynarodowym i omawia w szczególności różnice kulturowe związane z procesem negocjowania. Jednocześnie może być początkiem dalszych badań związanych z komunikacją międzykulturową, zarządzaniem w korporacjach transnarodowych i marketingiem międzynarodowym.

Słowa kluczowe: Kultura, różnice kulturowe, biznes międzynarodowy, komunikacja międzykulturowa, kompetencje międzykulturowe

JEL: F23, M14, Z10