THE IMPORTANCE OF CROSS-CULTURAL BUSINESS TRAINING

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Abstract:
In today's multicultural global business community, cultural differences can often interfere with the successful completion of the various international business projects. In order to avoid cultural misunderstandings that may lead to failure in business, the need for cultural awareness and sensitivity has become increasingly important. This paper aims at emphasizing the importance of cross-cultural training by analyzing some of the major contributions to the field, while providing a few examples of cross-cultural blunders that have led to some comical or even catastrophic outcomes in international business.

Key words: cross-cultural awareness, cultural values, cross-cultural blunders

JEL classification: Z10

In the global marketplace, knowledge and skills not only mean power, but they could also mean survival. It is estimated that more than half of all international joint ventures fail within two or three years. The most frequent reason is cultural the lack of cultural awareness and the lack of cultural competency - not the lack of technical or professional expertise. Therefore, any manager or businessperson should understand the need for cultural awareness and sensitivity before deciding to go global.

Developing global cultural competency is one of the most challenging aspects of working globally. Managing the very different work and management styles that companies face across geographies, businesses, functions and projects can be intimidating. What is effective in one culture may be ineffective, or even inappropriate, in other cultures.

An effective manager should be able to recognize and adapt to different work styles and cultures. A good collaboration with partners coming from a different culture requires a free flow of accurate information and open, productive work relationships.

It is generally agreed that culture is behind peoples' behavior on the job or in a business context. Often without realizing it, culture is the one influencing peoples' simplest actions: how close they stand, how loud they speak, how they deal with conflict etc.

Culture in general is concerned with beliefs and values on the basis of which people interpret experiences and behave, individually and in groups. Broadly and simply put, "culture" refers to a group or community of people sharing common experiences that shape their understanding of the world.

The same person, thus, can belong to several different cultures depending on his or her birthplace, nationality, ethnicity, family status, gender, age, language, education, physical condition, sexual orientation, religion, profession, and also the place of work and its corporate culture.

Culture could be regarded as the "lens" through which people perceive the world. It basically determines what they see, how they interpret what they see, and how they express themselves accordingly.

National cultures can be described according to the analysis of Geert Hofstede, who conducted the most comprehensive study of how values in the workplace are influenced by culture. From 1967 to 1973, while working at IBM as a psychologist, he conducted a research project into national culture differences across its subsidiaries in 64 countries. He collected and analyzed data from over 100,000 individuals and developed a model that identifies four primary dimensions to differentiate cultures, to which he added a fifth one later on.

Hofstede's five dimensions are: *power distance*, *individualism*, *masculinity*, *uncertainty avoidance*, and *long-term orientation*. (http://www.geert-hofstede.com/)

Power Distance – refers to a country's degree of social equality or inequality. The power distance index measures the extent to which the less powerful members of an organization or institution accept and expect the fact that power is distributed unequally. High power distance in a country indicates big social inequalities between people in terms of power and wealth. Low power distance in a country indicates small social differences in terms of power and wealth. It is characteristic for countries with an emphasis on equality and opportunity for everyone.

Individualism – is the opposite of collectivism and they refer to the degree to which individuals are integrated into groups. On the individualist side, we find societies in which the ties between individuals are loose and everyone is expected to look after him/herself. On the collectivist side, we find societies in which people are integrated into strong, cohesive groups. A high individualism index indicates that individuality and individual rights are dominant in a society. A low individualism index indicates societies of a more collectivist nature, with close ties between individuals.

Masculinity – refers to the distribution of roles between genders. A high masculinity index indicates the country experiences a high degree of gender differentiation. In these cultures, males dominate a significant portion of the society and power structure, with females being controlled by male domination. A low masculinity index indicates the country has a low level of differentiation and discrimination between genders. In these cultures, females are treated equally to males in all aspects of the society.

Uncertainty avoidance – deals with a society's tolerance for uncertainty and ambiguity. A high uncertainty avoidance index indicates the country has a low tolerance for uncertainty and ambiguity. This creates a rule-oriented society that institutes laws, rules, regulations, and controls in order to reduce the amount of uncertainty. A low uncertainty avoidance index indicates the country is less concerned with uncertainty and ambiguity and shows more tolerance for a variety of opinions. This creates a less rule-oriented society, where change is accepted easier, more and greater risks are taken.

Long-Term Orientation – is the fifth dimension added by Hofstede after creating and distributing across 23 countries a Chinese value survey in order to determine the difference in thinking between the East and the West. Long-term orientation focuses on the degree to which a society embraces long-term devotion to traditional values. A high long-term orientation index indicates the country highly embraces the values of long-term commitments and respect for tradition, supporting a strong work ethic where long-term rewards are expected as a result of today's hard work. A low long-term orientation index indicates the country does not embrace the concept of long-term, traditional orientation. In this culture change can occur more rapidly as long-term traditions and commitments do not become impediments to change.

In addition to Hofstede's five dimensions, literature has also revealed a different approach to some of them by Fons Trompenaars, and another two socio-cultural dimensions added by Aycan *et.al*.

Where Hofstede distinguishes between individualism and collectivism, Trompenaars breaks down this distinction in two more dimensions: *universalism* versus *particularism* and *individualism* versus *communitarianism*. Where Hofstede distinguishes between long and short-term orientation, Trompenaars identifies yet another two dimensions: *sequential* versus *synchronic* and *inner* versus *outer time*.

The two socio-cultural dimensions added by Aycan et.al. are *paternalism* and *fatalism*. In a paternalistic relationship, the role of the superior is to provide guidance and protection and the role of the subordinate, in return, is to be loyal and deferential to the superior. On the other hand, fatalism is the belief that it is not possible to fully control the results of one's actions and, therefore, trying too hard to achieve something and making long-term plans are not always worthwhile efforts.

Cultural patterns on the job and in a business context reflect cultural patterns in the wider society. Thus, it is only natural that project management techniques and training packages have been developed almost exclusively in individualist countries, namely the USA. However, they are based on assumptions that may not stand in collectivist cultures. We could assume, at large, that Western countries tend to be more individualist, as opposed to the more collectivist Eastern ones. There are also other major differences to be considered. Here are some of them in the following table:

Value differences between Western and Eastern cultures

Western Cultural Values	Eastern Cultural Values
Individualism	Collectivism/Group
Achievement	Modesty
Equality/Egalitarianism	Hierarchy
Winning	Collaboration/Harmony
Guilt (internal self-control)	Shame (external control)
Pride	Saving face
Respect for results	Respect for status/Ascription
Respect for competence	Respect for elders
Time is money	Time is life
Action/Doing	Being/Acceptance
Systematic/Mechanic	Humanistic
Tasks	Relationship/Loyalty
Informal	Formal
Directness/Assertiveness	Indirectness
Future/Change	Past/Tradition
Control	Fate
Specific/Linear	Holistic
Verbal	Non-verbal

Source: Adaptation from Kohls (1981); Marquardt and Kearsley (1999)

According to communication experts, "it is crucial for today's business personnel to understand the impact of cross-cultural differences on business, trade and internal company organization. The success or failure of a company, venture, merger or acquisition essentially depends upon people. If these people are not cross-culturally aware then misunderstandings, offence and a break down in communication can occur. The need for greater cross-cultural awareness is heightened in our global economies. Cross-cultural differences in matters such as language, etiquette, non-verbal communication, norms and values can lead to cross cultural blunders. Having a poor

understanding of the influence of cross cultural differences in areas such as management, PR, advertising and negotiations can eventually lead to blunders that can have damaging consequences." (http://www.kwintesential.co.uk)

In order to emphasize the importance of cross-cultural awareness and sensitivity, we will further present a few examples of cross-cultural blunders that we have selected from a wide range throughout the internet.

When trying to sell their toothpaste in Southeast Asia, Pepsodent claimed that it "whitens your teeth". After their failure to sell it, they found out that the locals chew betel nuts to blacken their teeth, which they find attractive.

A company advertising eyeglasses in Thailand featured a variety of cute animals wearing glasses, not taking into account the fact that in Thailand animals are considered a form of low life and no self respecting Thai would wear anything worn by animals.

The soft drink Fresca was being promoted by a saleswoman in Mexico. She was very surprised of always being greeted with laughter and later found out that in Mexican, "fresca" is slang for "lesbian".

When President George Bush went to Japan with Lee Iacocca and other American business magnates, and directly made explicit and direct demands on Japanese leaders, they violated Japanese etiquette. To the Japanese (who use high context language) it is considered rude and a sign of ignorance or desperation to lower oneself to make direct demands. Some analysts believe it severely damaged the negotiations and confirmed to the Japanese that Americans are barbarians.

When a soft drink was introduced into Arab countries, the Arabs didn't buy it because the label had six-pointed stars on it and they interpreted it as pro-Israeli. When they printed another label in ten languages, the Arabs wouldn't buy again because one of them was Hebrew.

When they first marketed their products in Mexico, Parker Pen Company used a slogan saying: "It won't leak in your pocket and embarrass you". Unfortunately, when translating their slogan, they thought the Spanish word "embarazar" means "to embarrass" and so their ads claimed that Parker Pens won't leak in your pocket and impregnate you.

In 1996, Matsushita Electric, a Japanese PC company, included a Panasonic web browser with their products. Panasonic licensed the classic character Woody Woodpecker to be used as their spokesman. In response to this, the marketing team named the computers "The Woody." In addition, the PC featured touch screen capability. The day before the huge marketing campaign, Panasonic stopped the launch. Why? The slogan sounded like this: "Touch Woody – The Internet Pecker."

Poor translation is also a cause of cross-cultural blunders, for instance, a note on a Bangkok dry cleaner's saying: "Drop your trousers here for best results" or a sign at a Budapest zoo saying: "Please do not feed the animals. If you have any suitable food, give it to the guard on duty."

Poor cross-cultural awareness has a lot of comical consequences, but sometimes unfortunately, consequences can be very serious. Here is such an example: at the end of the 1990s, Korean Air had more plane crashes than almost any other airline in the world. The cause was not that they had old planes or badly trained pilots, but one residing in a very significant cross-cultural difference. Korean Air was flying Boeing and Airbus modern and complex planes, designed to be flown by two equals. But Korean co-pilots could not possibly correct the leading pilot because of a very strong cultural legacy: as Korean culture is hierarchical, one is obliged to be deferential toward his elders and superiors in an unimaginable way for Western cultures. Flying a plane by two equals works beautifully in low power distance cultures, where hierarchies are irrelevant, but in cultures that have high power distance, it is very difficult.

CONCLUSION AND RECOMMENDATIONS

In today's multicultural global business community, cultural differences can often interfere with the successful completion of the various international business projects. In order to avoid cultural misunderstandings that may lead to failure in business, the need for cultural awareness and sensitivity has become increasingly important. Besides technical expertise, global businesses can succeed through effective leadership, cross-cultural awareness and mutual respect, a good cross-cultural communication. Without all of these conditions being met, they are destined to fail.

Nowadays, because of the many saturated domestic markets, going global has become an imperative in order to survive and succeed in business. And when going global, managers must possess very good knowledge of the culture where they choose to expand or market their products.

As a result, the last decades have witnessed a strong development of cross-cultural business training. Many companies, such as IBM in the 1960s, have chosen to provide such training internally, but lately there have appeared a lot of specialized companies and institutions providing cross-cultural expertise, along with a wide variety of websites offering cross-cultural advice, some of them even free of charge. Specialty literature has also become abundant, along with numerous studies and surveys undertaken in the field.

Therefore, the possibility to access good quality cross-cultural training is now in every company's reach. It is only up to each of them to make the appropriate choice according to their need, their goals and their financial means. Going global without an appropriate cross-cultural training only an adds extra risk to the inherent risks of expanding and developing a business.

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