

INTERNATIONAL BUSINESS COMMUNICATIONS

ASSIGNMENT 1

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Executive summary

In this report, Glencore Energy is the chosen company in the UK and it used Hofstede's Cultural Dimensions Theory and Samovar Intercultural communication to identify the differences in culture. It discussed the critical evaluation of cultural sensitivity and highlighted the impotence of network marketing in the selected country. It has analysed different barriers to communication and recommended strategies in other recommendations.

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Introduction

The international business, culture and choice of entry mode, overall cultural uncertainty and avoidance affect the dimension of organisational culture (Beugelsdijk *et al.*, 2020). Glencore Energy UK Ltd is a company that produces gas and energy and distributes crude oil, natural gas, and physical commodities to the customers in UK and Switzerland. It is considering moving its products to another developing country Indonesia. In this report, the introduction of international communication and business will be discussed. It will also use theories for international and intercultural communication in Indonesia and it will critically evaluate the sensitivity of culture where Glencore Energy will extend its production. At the same time, the report will discuss the importance of networking and language necessity within the business by evaluating different barriers to communication that are faced by foreign businesses. The report will also discuss the strategies of communication for the success of the business.

Discussion

Introduction of international business and communication

International business refers to the movement of services and goods through trade, it also includes the trade of capital and technology across domestic borders in the global market. International business is featured by "cross border transaction" of services and goods between two or more countries. The international business focuses on the "key decisions" that are decided by the firm when they plan for expanding the operation across national boundaries (Srivastava *et al.*, 2020).

International business communication refers to communication across the culture that takes place between two countries; it can be an issue as the communication is associated with the language, norms and culture and it depends from "country to country". In international business, the language examines the standardisation in the enterprises in the context of the transfer of knowledge as an act of "communication" (Wang *et al.*, 2020).

Introduction of the selected developing country

In this report, Indonesia is the selected developing country, they have maintained its political, stability and it is one of the most vibrant democracies in the East Asia Pacific, it has been presented as the "emerging confident middle-income country" (worldbank.org, 2022). Indonesia is the largest economy in Southeast Asia, it has a "diverse archipelago nation" having more than 300 groups in ethnic and they have impressive chartered growth in the economy since they have overcome the financial crisis in Asia in the late 1990s. The country had made an enormous gain in the reduction of poverty by half in 1999, it has assumed to be the "G20 Presidency "and encouraged all the nations to work together and achieve more sustainable recovery from the impact of the pandemic (worldbank.org, 2022). In the financial year 2021, the value of GDP was 96.1 trillion US dollars (data.worldbank.org, 2022).

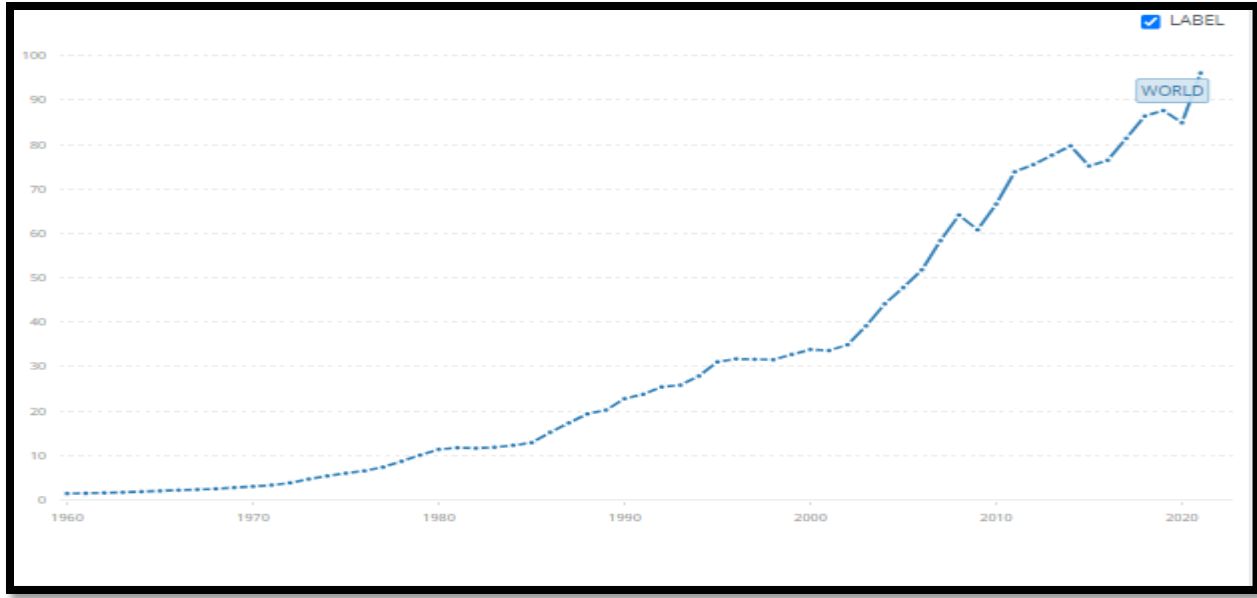


Figure 1: Annual GDP of Indonesia in the year 2021

(Source: data.worldbank.org, 2022)

Application of theories of international and intercultural communication to the selected context/country

Hofstede's Cultural Dimensions Theory

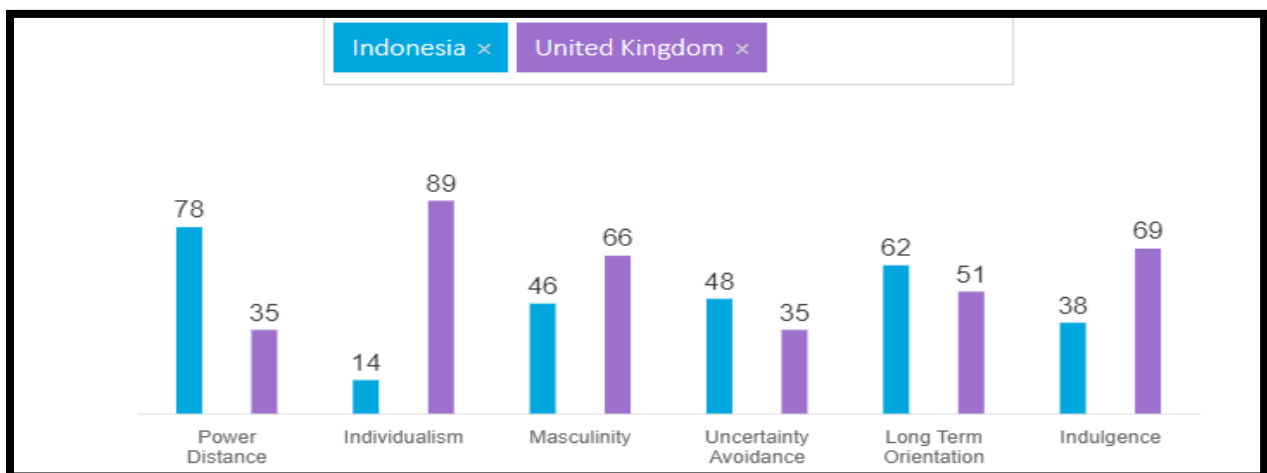


Figure 2: Country implication

(Source: hofstede-insights.com, 2022)

The Hofstede cultural theory is a framework that is used to identify the difference in cultures across countries, it is used in business to analyse the culture across the national boundaries that affect the impact of setting (corporatefinanceinstitute.com, 2022). It is based on six categories, they are:

- **Power Distance Index:** The power distance index is associated with the extent of power and inequality that are tolerated within the culture. A **high power index** refers to the index that indicates the acceptance of culture in power differences and inequity, it encourages bureaucracy and in this type of organisation high respect is shown to the higher authority. On the other hand, a **low power index** refers to a culture that encourages a flat structure in an organisation and this allows participative management culture which exerts more pressure on power distribution. The power distance index in **the UK is 35 and in Indonesia, it is 78**, hence it indicates that the new location which is Indonesia where Glencore Energy will expand the distribution has a high degree of accepting the power and they show more respect to their managers. Hence, Glencore Energy needs to consider this difference in power distance otherwise it will affect the employer's motivation and the overall organisation structure.
- **Collectivism vs Individualism:** It refers to the dimension of integration of a group within the society based on their dependence on the group and perceived obligation. **Individualism** refers to the greater importance of achieving personal goal and it indicates the person's greater importance on self-image. **Collectivism** refers to a greater emphasis on attaining team goal and it promotes team well-being within the culture. According to the analysis, the index of individualism in Indonesia is 14 and in the UK it is 89 (hofstede-insights.com, 2022). Hence it indicates that the organisational culture in the UK is more focused on attaining personal goals, in the organisational culture in Indonesia is more focused on the well-being of the team members. If Glencore Energy will enter this country they have to work on building team engagement, otherwise, it will develop a negative impact on the employer's teamwork and organisational growth.
- **Uncertainty avoidance index:** It consists of the extent to which ambiguity and uncertainty are tolerated, and it is situations that are unknown and they are unexpected in

the business environment. **High uncertainty avoidance** indicates a high tolerance for ambiguity, uncertainty and risk, on this culture, strict rules and regulations are used and adopted by the organisation to minimise the impact of risk and uncertainty. **Low uncertainty avoidance** refers to a culture that has a high tolerance for taking risks and ambiguity, they openly accept the risk to have minimum rules and regulations. The index of uncertainty avoidance index in the UK is 35 and in Indonesia, it is 48 (hofstede-insights.com, 2022). The countries have a low tolerance for risk therefore, they have strict rules and regulations in their organisation to minimise the impact of risk. However, the extent of tolerance is slightly high in Indonesia.

- **Femininity vs. Masculinity:** This dimension refers to the “tender vs tough”, it is associated with the preferences of the society for accomplishment, attitude towards the genders and behaviour. **Masculinity** belongs to the category where the features include assertive, roles and highly concentrated on achievements and focused on wealth building. On the other hand, **Femininity** refers to the features of gender roles, modest culture, and nurturing the quality of life. According to the analysis, the index of masculinity is 46 in Indonesia and 66 in the UK. Thus the new market where that Glencore Energy will enter is more focused on the quality of nurturing the employees and they are concerned with the well-being of the employees. On the other hand, the UK is more focused on wealth and material achievement and they are assertive. Hence, the employees will be affected in context to the quality of the working environment, and there, might be conflict based on achieving the goal pattern.
- **Short-term vs. Long-term orientations:** It refers to the time dimensions that are based on short-term and long-term orientation; it is associated with the time horizon. The **Long term horizon** is focused on the gratification of achieving the long-term goal and its delay in focusing on the current goals or the short-term goal. On the other hand, **short-term goal** is oriented toward delivering the short term or current goal, this culture faces more gratification on the quick results. The data says that in the UK the index of long-term orientations is 51 and in Indonesia, it is 62, both cultures are focused on attending to long-term goal, but in Indonesia is slightly high.
- **Restraints vs. Indulgence:** It is the dimension that refers to the restraints and dimensions and it considers the "extent of tendency" for the organisation to fulfil the desire of the

target audience. In other words, this dimension controls the desire and the impulses. It is associated. **Indulgence** indicates that society allows "free gratifications" which is connected with having fun and enjoying life. **Restraints** refer to a society that does not allow gratification of desires it suppressed fun activities and regulates disciplines with the help of adopting social norms. The index of indulgence is high in the UK which is 69 but in Indonesia, it is only 38. Hence, the high difference between both cultures, indicates that the organisational culture of the UK is more flexible and they allow free gratification if they enter this country; their employers will be not free in the new working place because it suppresses the gratification of desires and needs. It will create a negative impact on the working culture and team building hence a negative impact on the overall growth of the organisation.

Samovar Intercultural communication

Samovar defines international communication as the "interaction between two cultural perceptions" and it is the symbol of methods that alters the events of communication at a different level and makes them distinct. From the definition it is clear that the process of intercultural communication is conducted between two people, who belong to different cultural backgrounds, the main aim is to make negotiate the shared meaning which influences the method by which the other behaves. Due to differences in culture, it tends to develop misunderstandings among the members who belong to different cultural backgrounds and which results in disagreement in negotiation. Therefore, to reduce disagreement, it is very important to identify communication at the intercultural level. Hence, the "awareness and understanding" of different variables in culture will enable us to identify the methods on how to express and interpret the other variables.

Factors that influence the intercultural communication

- **Factors that are related to context:** Intercultural communication is affected the context factors mainly among the employers within the workplace, it consists if team dynamics and the organisational culture. The organisational culture refers to the system where the members are distinguishing themselves from the other organisation (linkedin.com, 2022). In context to the multinational culture, it is essential to identify the religion, geography

and culture and adapt the management style according to the differences in management. Hence, if Glencore Energy is willing to have an entry in Indonesia, they have to adapt the differences in the management style to avoid disagreement. Intercultural communication within the organisation also affects the employee's expectations and the success of the organisation (linkedin.com, 2022).

- **Factors relating to the communicator:** In verbal or non-verbal communication, the receiver or the sender in intercultural communication influence the related communicator, the related areas are behaviour, language, communication and competency at the intercultural level (linkedin.com, 2022). Regarding intercultural competencies, the interaction between different nations of different cultures must extend the knowledge of gaining competencies it is required to identify the interest of different other cultures. According to figure.2, the cultural index in power distance, uncertainty avoidance index and long-term orientations of Indonesia are high than UK (hofstede-insights.com, 2022). Hence, it is essential to translate the skills according to culture.

Critical evaluation of cultural sensitivity

In international business, culture is one of the factors that are sensitive, flexible and open to the consumer when doing business in the other country that has a different culture. The main aim of global; business is to lead better communication with the other business in another country and make less disagreement while negotiating and this can lead to more success in the organisation. According to the data, the acceptance of the power index is high in Indonesia than in the UK and this country is more focused on team goal achievements, also they have less gratification in indulgence (hofstede-insights.com, 2022). Thus, Glencore Energy has to consider these key differences while expanding its operation across the nation with different cultures, otherwise it will not promote teamwork efficiently and employers will lose their confidence and it will impact the overall operation of the company.

Importance of networking (language)

In international business, the importance of network is essential as it is the "gateway of the supply chain" of goods where the firm can know about the other business in other countries. According to Karami and Tang (2019), the networking capability in international performance

has a direct impact and it has continued to increase the globalisation in the market. In Indonesia, the official language is Bahasa including a variety of regional languages (holidayify.com, 2022). In international networking, targeting new segments includes a variety of languages in context to buyers. Better receptiveness can be received by enabling translation. In context to, buyers' language, while operating in the chosen country the company must use their official language. The benefits of using buyer's language in the chosen country are:

- It will help to gain the competitive advantages
- Will help to expand the business in the new location.
- Boosts efficiency

The demerits of using buyer language in the chosen country are:

- Lack of innovations
- The growth of international languages will stop

Different communication barriers experienced by foreign businesses in the selected country

Different barriers in intercultural communication are based on language, fundamental differences, interpersonal skills and discourse differences. In cultural orientations, natural entities and other philosophical issues are the barriers (linkedin.com, 2022). At the same time, people holding different cultures had different ideas, perceptions and values. The cultural differences between Indonesia and UK will foster complexity as the differences in power index, individualism and indulgences are high (hofstede-insights.com, 2022). For example, while doing business in Indonesia they are dealing with permits for construction in regional offices. Secondly, lack of transparency has resulted from widespread corruption and crime in Indonesia including issues with investor protectors and paying taxes (tmf-group.com, 2022).

Appropriate communication strategies (recommendations)

Drastic changes take place over the world, the communication skills fulfil the orders of the consumers at the local level (Rao, 2019). The best strategies that the company can use while doing business in a developing country are:

- Hiring multilingual staff from the global market will enable to foster of intercultural communication.
- Development of different regional languages that are used in the chosen country.
- Creating continuous meetings to make an effective flow of data.
- Developing an effective way of communication to attract more customers by making continuous analyses of cultural differences.
- Having "real-time communication" will help to identify the needs of the customers in the new country. It will also help the business to identify the difference in the ethnic, and gender culture and other differences that are associated with the culture across the other nation.

Conclusion

Glencore Energy will expand its operation in Indonesia; Hofstede's cultural insight had been used to identify the cultural comparison between the two countries. Samovar intercultural communication is used to identify the needs of communication when it is conducted between two different countries. Networking is essential to expand business operations in the global market, and different barriers that exit the communication at intercultural level had been identified. Different issues had been identified that foreign business has faced while operating business in Indonesia. At the same time, different strategies are recommended to make appropriate business while operating in the chosen developed country.

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