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Executive Summary

International communication is important for business expansion. In this study, a discussion of the cultural dimension of China has been given through Hofstede and Trepanners' models. A critical evaluation of the cultural sensitivity of China along with the importance of networking language with advantages and disadvantages of including the buyer's preferred language has been given as well. The study has also examined various barriers to communication faced by foreign organisations in China along with relevant examples. Furthermore, recommendations have been given to the organisation concerning communication and other strategies to be implemented to succeed in conducting their business in China.

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INTRODUCTION TO THE CONTEXT OF INTERNATIONAL BUSINESS AND COMMUNICATIONS

Business communication is essential for international expansion and capturing newer regions for more sales. In recent years business sectors have identified the need to redefine their relationship with society and social structure through communication (Miotto *et al.*, 2019). International business communication is largely dependent on the culture and behaviour of the country. Language and the mindsets of a country is essential to understand for expansion. In this study, China is chosen as a developing country in which Bright Star Financial intends to expand its business. A range of models including Hofstede will be used to analyse the cultural aspect of China. A discussion on the cultural sensitivity prevailing in China along with the importance of language for networking will be given. Communication barriers will be discussed as well. Suitable recommendations and communication strategies will also be provided to improve the international expansion of the firm in China.

A BRIEF INTRODUCTION TO THE SELECTED DEVELOPING COUNTRY : CHINA

In the year 2021, China is reported to have gross domestic product (GDP) valued at 17734.06 billion US dollars (Tradingeconomics, 2022). China is socially and economically divided into multiple regions which contribute differently to the economy (Hedley, 2022). Education level, literacy rate, culture, accents, and other factors vary from region to region. For example, the IT, communication and electronics industry are widespread in the Beijing and Shenzhen province of China. There are many government policies and regulations which restrict the entry of foreign businesses into the market. Foreign businesses penetrating the market have to abide by these laws and regulations to avoid legal consequences.

Furthermore, these government regulations may impact the cost of these foreign businesses entering the market. The population growth rate of China was 0.1% in the year 2021 (Worldbank, 2022). The businesses operating in the market need to increase their customer base from the existing population as the population growth rate is very low. There are 56 minority groups in China such as Han Chinese, Tibetans, Mongols, the Naxi, Manchus, and so on (Zimmermann, 2022). Each of these communities has its own culture, customs and traditions.

APPLICATION OF THEORIES OF INTERNATIONAL AND INTERCULTURAL COMMUNICATION TO THE SELECTED CONTEXT/COUNTRY

Hofstede model

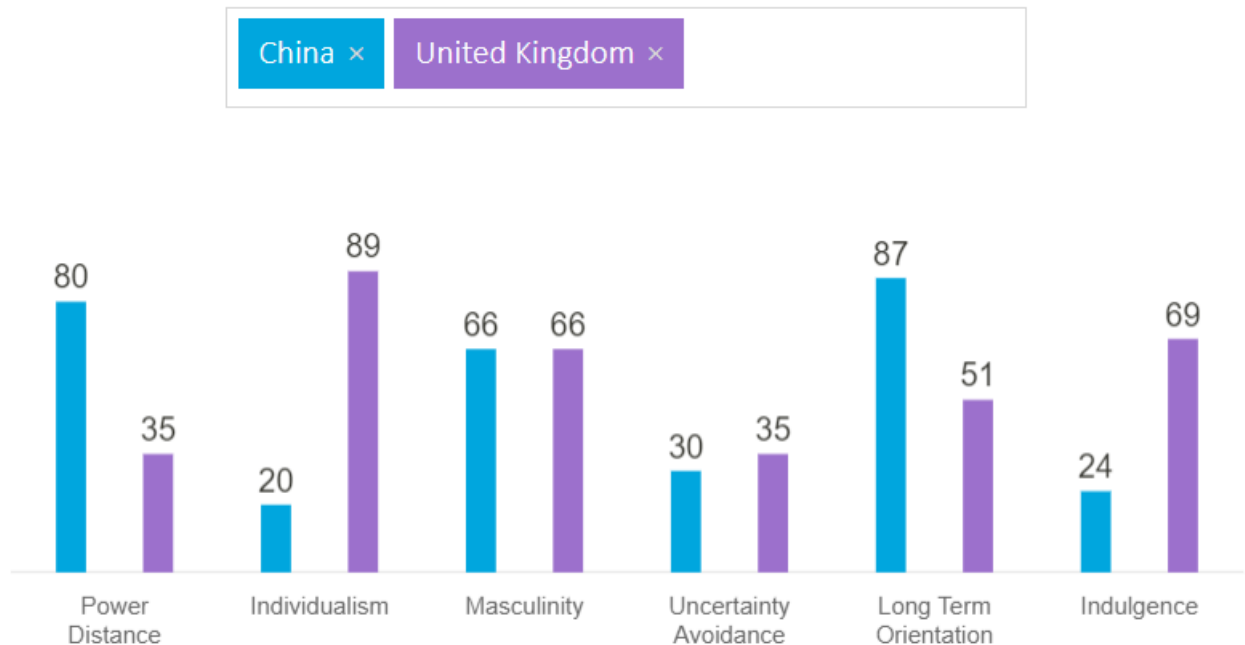


Figure 1: Cultural dimensions of China and the UK

(Source: Hofstedeinsights, 2022)

As per the Hofstede cultural dimension analysis, individualism is one of the most significant areas as it forms the major difference between Chinese and UK cultures. China has a low score of 20 while the UK has a high score of 89 in individualism (Hofstedeinsights, 2022). It implies that in China people are more driven by societal norms, ethics and values, while on the other hand, the UK culture is more liberal. Thus, there is a huge cultural difference that Bright star Financial needs to cater to so that they can operate efficiently in China. However, a good aspect of the Chinese culture that the firm can utilise is the long-term orientation score of China being 87 which implies that the country has a pragmatic culture. It is a positive aspect as the country looks forward to thinking about the present and future and is not entirely dependent on the past. It provides an opportunity for Bright Star Financial to connect with the Chinese population by utilising its futuristic vision and mindset. Although, the power distance is also a challenging area for the firm to deal with as China is more masculine-driven while the UK is more equal. Thus, ensuring that gender equality continues to prevail in the firm while operating in China would be challenging.

Trompenaars model

As per this model, there are 7 dimensions among which, China's cultural placement has been analysed.

Universalism versus Particularism

Universalism refers to the idea of following a universal or global norm, while particularism believes that actions and ideas should be situational. China is considered a *particularism*-based country since

it believes in taking situational decisions which is a beneficial aspect for the firm to expand in the state.

Individualism versus Communitarianism

Communitarianism has emerged in China gradually which is relevant as people are more dependent on community (Qiu, 2022). Thus, it is a challenging area for bright Star Financial to combat with.

Neutral versus Emotional

The Chinese population is extremely inclusive which means that the people are emotionally driven. Hence it is more on the **emotional** side which can be both positive and negative implications for Bright star Financial to expand in the state.

Specific versus Diffuse

Specific means a society where an individual's public life is way wider and more lavish than their private life. However, considering the inclusivity of Chinese culture, it is evident that the country has a **diffuse** nature where private and public spaces are almost of the same size and are protected.

Achievement versus Ascription

Ascription society means where people are given respect, promotion and titles based on seniority. Unlike ascriptions, the achievement society prevailing in the UK gives rewards based on individual skills irrespective of seniority. Showing respect for the elder and senior persons has been a key cultural aspect of China (Chinahighlights, 2022). Thus, it has an **ascription** culture which the firm needs to consider by giving respect to seniors while operating business in China.

Sequential versus Synchronous time

Sequential is a chronological order to doing tasks while synchronous refers to doing tasks as deadlines. In China, the people dedicated towards societal norms which makes them act punctually and is a good point for the firm to expand a business. Thus, **synchronous** is relevant for China.

Internal direction versus External direction

The Chinese culture is known for its controlling nature which reflects on the **internal** cultural aspect of the country. China tries to control its environment unlike in external culture where people are more flexible. It would be necessary for the firm to be careful while operating in a controlling culture.

CRITICAL EVALUATION OF CULTURAL SENSITIVITY WHEN DOING BUSINESS IN CHINA

Chinese cultural practices are known to be strict and conservative. As one of the oldest civilisations on earth, China has been developing its culture for years which has led to the country formulating an exclusive and unique culture in today's time. In the view of Hu *et al.* (2021), the way one addresses someone is an important part of communication. Greetings are one of the most important cultural practices in China which are important for Bright Star Financial to keep in mind while expanding in the country. Specifically, addressing seniority in China through greetings is necessary (Chinahighlights, 2022). For *instance*, it is essential to address a senior person with an honorific title which is almost similar to the respect one gives to a senior or elderly family member. In China, it is expected of professionals to be very certain and careful about their greeting gestures and words to address seniors and old people. An *instance* can be drawn from the way the Chinese culture is so inclusive that internet accessibility is partially and fully limited in various areas of the state.

It implies that the firm needs to cater to such restrictions and operate a business within these limitations. The culture of China is sensitive as the people are traditional and not easily open to new modern ideas. Thus, the firm would require to adopt a conservative and traditional way of lifestyle and body language to ensure that Chinese culture is not disrespected in the country. However, according to Wu *et al.* (2021), since people form an impression of a person very quickly, the role of voice is important during first interactions. In China, the voice needs to be at a balanced decimal which is audible but not loud. For *instance*, during a handshake in China, individuals need to be moderate with the pressure exerted for the handshake along with a moderate audible voice. Being too loud or firm with handshakes can become major sensitivity in the Chinese culture which the firm needs to ensure to abide by.

Avoiding tapping on the table with chopsticks and making sure to arrange the dishes after finishing food are some of the traditional Chinese table manners to which people are sensitive. Hence, ensuring to practice of every little to big cultural nuance would be necessary for the company to grow business in China. Bright Star Financial also needs to consider the social gathering-related cultural practices that are relevant in China and would be necessary for the company to practice when operating a business in the state. As per the opinions of Svyrydenko and Stovpets (2020), the mobility of individuals and changes in social structure has been modern traditions of the Chinese culture due to globalisation.

Although, the country has surpassed many other civilisations for years and become superior in terms of population growth, literacy rate and GDP growth. Despite doing well in terms of economy, the social structure of the country is very close nit which reflects its traditional, conservative and inclusive practices. The UK is a democracy while China is a communist nation, which reflects the major differences in ideology. It would be challenging for the Bright Star Financial company to get mixed and adjusted to the Chinese culture but it can be possible if the firm is adamant and economically well placed.

IMPORTANCE OF NETWORKING (ADVANTAGES AND DISADVANTAGES)

Networking refers to increasing contacts and resources through communication in a business. In China, the Chinese language is highly practised by the people it is one of the most used languages in the state. For Bright Star Financial it would be necessary to integrate the availability of Chinese language in its services of network communication. The goal of good networking practice is to ensure that understandable communication is conducted between two or more people (Reinhardt, 2019). It is necessary for the firm to include both Chinese and English languages. Bilingual language skills offer enhancement to cognitive understanding which is a useful way of enhancing business communication as well (Nichols *et al.*, 2020). In order to ensure that a speaker who may not speak Chinese can network with English needs to be included but the prime focus needs to be given to the Chinese official language.

Advantages

Connecting to the buyer's comfortable language is highly beneficial as it would immediately build a strong connection with the buyer. In China, 1.1 billion people speak Chinese Mandarin language as of 2022 (Statista, 2022). It implies that the country has its majority speaking and networking in the national language. Thus, meeting the buyer's preferred language would bring in more familiarity regarding Bright Star Financial. The brand image would start to resonate with the Chinese population and the company can easily network with not just buyers but also national investors in China. Although it needs to ensure that the buyer's language is used to a balanced extent and there needs to be availability of other international languages like English to ensure that the firm does not lose out on its original identity of being a UK-based firm.

Disadvantages

Businesses can flourish when not just focused on national but also local languages (Hanggraeni *et al.*, 2019). However, it may not be possible to provide local languages of China at an early stage of the business, the company needs to definitely provide availability of Chinese language. One major disadvantage of not catering to the buyer's preferred language is that connection and familiarity would not be formed. Without familiarity, people would not relate with the company and thereby sales would fail to generate. It would be a business loss for the firm not to provide the Chinese language in communication services.

COMMUNICATION BARRIERS

There are multiple communication barriers that foreign businesses face when expanding their operations to China. These communication barriers can be categorised into physical, emotional, cultural, linguistic, physiological, and so on (Impactfactory, 2022). Language and cultural barriers are the major common issues faced by foreign organisations in successfully penetrating a market. **The language barrier** is considered one of the major challenges faced in international communication (Gherasim, 2018). The customer base in China may be unfamiliar with the terms used by Bright Star Financial. The languages used internationally, such as English, may not attract customers as the consumers may prefer the local language (Midha, 2020). Foreign businesses face difficulty in translating into the local language every time they are communicating with consumers as the translations may not always be accurate. Consumers may have a different or negative perception of foreign businesses due to inaccurate translation of language. It is essential for them to have a proper understanding of what and how to translate their language. Additionally, the language barrier hinders effective communication between employees in the business. There is a lack of communication between local and international employees which may lead to inefficient performance.

Cultural differences determine whether foreign businesses will be successful in the market or not (Abd Aziz *et al.*, 2020). It is challenging for businesses to overcome the **cultural barriers** between them and their customers in China. The products and services offered by foreign businesses in the international market might not be acceptable to all consumers. They are required to adapt to consumer behaviour in China to be successful in the market. There is a vast number of cultures, customs, rituals, and so on, varying from region to region in China. They are required to form different communication and marketing strategies depending on the region. Furthermore, the culture of the employees may be different from that of the organisation which leads to conflicts, loss of productivity and so on.

SUGGESTIONS AND RECOMMENDATIONS

- It is essential for Bright Star Financial to learn the important phrases and terms in the **local language** in China for effective marketing of their products and services. Firms are required to build social relationships in accordance with the culture prevailing in the country (Paul, 2019). Creating a marketing campaign in the local language will attract customers in China as it will create a sense of ownness towards the business. Furthermore, the business will be able to communicate and understand the demand in the market though. Bright Star Financial will have a competitive advantage in the market as it will be valued and preferred over other companies due to customer interaction in the local language.
- Bright Star Financial is recommended to formulate its **transnational communication strategy** to enhance the chances of success in China. Transnational strategy can be explained as the strategy of international business to serve the interests of locals and integrate it with their global objectives (Indeed, 2021). The business needs to constantly monitor how the customers are reacting to the products and services offered by them in the market. Furthermore, Bright Star Financial is required to manage the balance between the usage of the local language and internationally accepted language within the organisation.
- The company is recommended to conduct **detailed research and analyse** the demand and cultures of customers in the market. This will enable Bright Star Financial to understand the expectations of customers for various products and services. It is necessary for the company to understand the customs and rituals of consumers in different regions of China. This will help Bright Star Financial to efficiently reach customers in different regions in China. Since there are different cultures in different regions in China, the company can establish their physical presence in the regions to understand the local consumer behaviour and customers.
- Bright Star Financial should **restructure its organisational culture** to par with the culture prevailing in China. The local employees will be able to coordinate with international employees to strategize plans to effectively communicate with the customers in the market. The company needs to prove to the customers through their services that they are trustworthy as it is hard to trust foreign businesses initially. Bright Star Financial is required to take feedback from customers and increase engagement with them about their services. The two-way communication process helps in understanding the cultural difference between consumers and organisations to formulate plans to close the gap.

CONCLUSION

The report has elaborate upon international business and communication in the context of Bright Star Financial and its production expansion in China. The economic, social and cultural aspects of the market have been explained. Hofstede model and Trompenaars model have been used to understand different cultural aspects in China. The rules and regulations in the market are very strict as the government gives a lot of importance to cultural sensitivity. The advantages and disadvantages of networking and the usage of language have been identified in the report. Furthermore, two communication barriers have been explained and recommendations have been given for Bright Star Financial to succeed in China.

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