

International Business Communications

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Assignment 2



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Introduction

- The impacts of globalization have brought cultures closer than ever before.
- People and companies have greater access to global markets than before, which is one of the greatest benefits of globalization for multinational corporations (MNCs).
- However, cultural differences remain, and businesses have to cope with these when they venture into new markets (Irwin, 2020).

Language Differences

- International language barriers can pose significant challenge for companies that seek to expand to new markets.
- Regardless of how successful or experienced a company has been in its local market, language differences pose a significant challenge when handling supplier and partner relations in the new markets.
- Language differences are significant for international business because of the extent of damage that can be caused by miscommunication.
- Language is also a core part of a people's culture; hence inappropriate use of language can have far reaching consequences with regards to customer relations (Irwin, 2020).

Business Culture

- The culture of business in China is largely influenced by Confucianism.
- The core business culture is based on the values of solidarity, modesty, loyalty, and courtesy.
- A major difference for a British company in China would be the hierarchy as in China, it is purely vertical both in business and in private life. It is also highly respected.
- The concept of saving face is critical in the Chinese culture, hence individual reputations, dignity, and influence are carefully protected (Santander, n.d.).

Consumer Preferences

- There is a significant correlation between consumer preferences and consumer demand curves.
- Consumer behavior determines whether a business succeeds or fails in the market, and also demands specific approaches by the company in the market.
- Over the last decades, class shifts in China have been sizeable and as a result, the consumer environment in the country has become more diverse.
- However, the consumer environment in China remains detached from others in the world and this has been a reason for many businesses failing.

Bureaucracy

- For most of the companies that have attempted to expand to the Chinese market and failed, bureaucracy has been one of the causal factors.
- Most common complaints about this have been around the issue of licensing and permits.
- It is worth noting that the process of obtaining the permits and licenses in the Chinese economy is more laborious than it is in the United Kingdom (Froese et al., 2019).

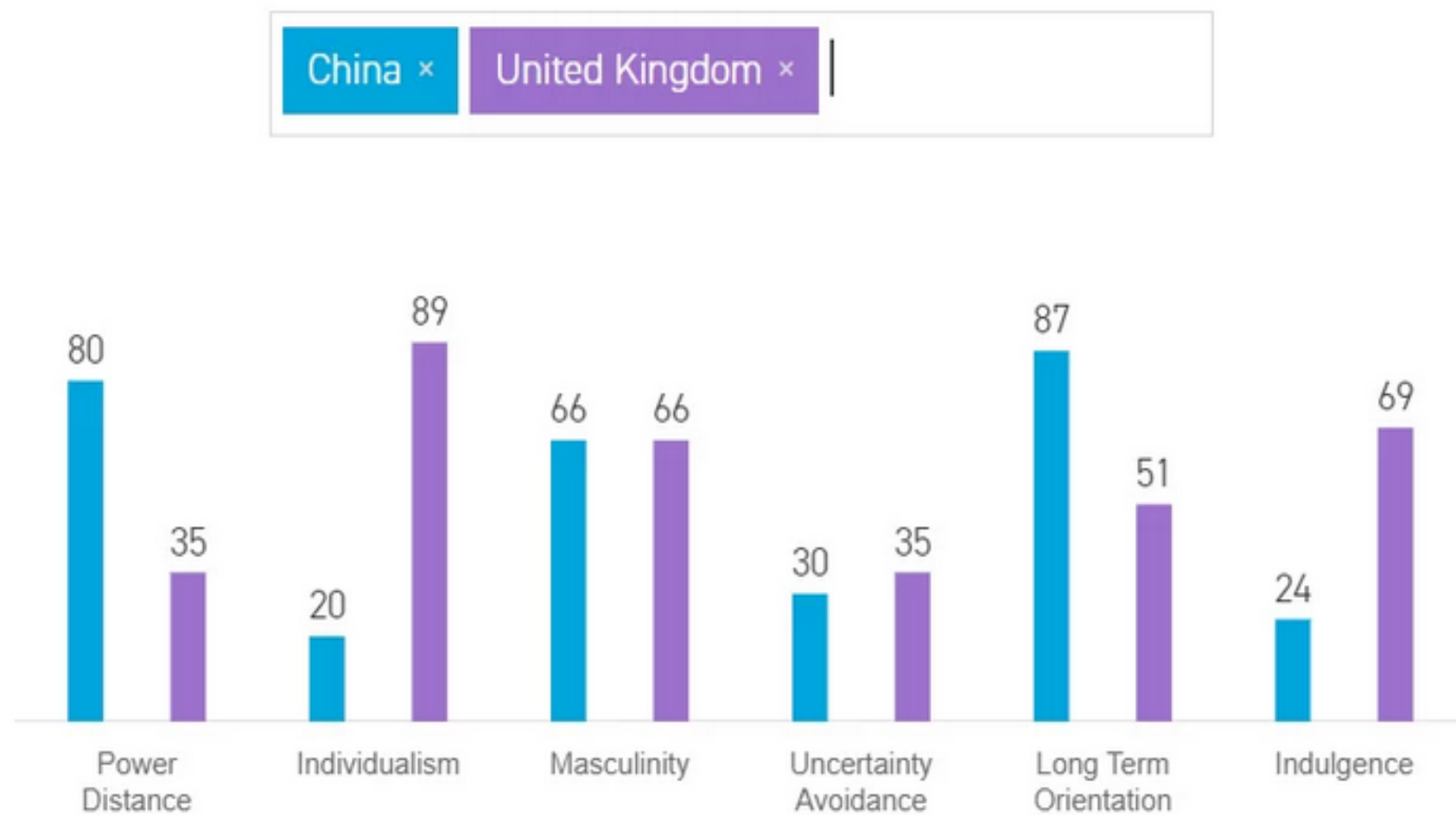
Slower Pace of Business

- Doing business in China often takes longer than it would in the United Kingdom and most other Western countries.
- Most Western companies find it difficult to have a foothold in the Chinese market because of their eagerness to move ahead and expand as rapidly as they would in their home markets.
- Typically, the Chinese culture values the establishment of strong relationships before deals can be closed, and this translates to a slower pace of business than in Western countries (Froese et al., 2019).

General Cultural Differences

- In order to understand how different the cultures of the Chinese and the English people are, a theoretical approach is necessary.
- Hofstede's cultural dimensions theory provides a framework that can be used to understand the differences and, therefore, prepare the business executives on the culture they would expect to adapt to when they move into the Chinese market (Anglès, 2019).
- Hofstede's cultural dimensions theory entails six dimensions which include power distance, uncertainty avoidance, individualism-collectivism, long-term orientation, indulgence, and masculinity-femininity.

UK vs China, a comparison



* estimated

Power Distance

- Power distance refers to the degree to which the society accepts or rejects the equal distribution of power in the society and in organizations (Hofstede, 2009).
- High power distance cultures typically have more respect for such factors as age, status, titles, and hierarchy: Lower power distance cultures have lower regard for such factors.
- The UK has a power distance score of 35 compared to China's 35 (Hofstede Insights, n.d.).

Individualism-Collectivism

- This dimension refers to the degree to which the society places an emphasis on the accomplishments of an individual against those of a group (Hofstede, 2009).
- Cultures that score highly in this dimension have more emphasis on individual achievements and self-interest.
- The Chinese culture scores very low at 20 compared to the UK's score of 89 (Hofstede Insights, n.d.).

Masculinity-Femininity

- This dimension regards the degree to which a society values materialism and assertiveness when compared to quality of life, relationships, and feelings.
- Cultures that score highly in this dimension have more emphasis on work and achievements in the place of family and friendships, leisure activities, and other such non-material achievements (Hofstede, 2009).
- Both cultures have a score of 66 in this dimension, meaning that their approach to work and what drives individuals to success are similar in the UK and China (Hofstede Insights, n.d.).

Uncertainty Avoidance

- Uncertainty avoidance is the degree to which the society tolerates risk, change and situational uncertainty (Hofstede, 2009).
- Cultures that score highly in this dimension have a greater preference for order, structure, and predictability.
- At 35 and 30 respectively for the UK and Chinese cultures, both societies score low in uncertainty avoidance (Hofstede Insights, n.d.).

Long-Term Orientation

- Long-term orientation is a degree to which the society emphasizes long-term or short-term goals (Hofstede, 2009).
- Most Western cultures would be classified as ones that want to get things done quickly while most Asian cultures are the opposite of that.
- The UK has a score of 51 in this dimension compared to China's 87, which crucially supports the previous point, although the UK has an average score meaning it values its past while dealing with the future (Hofstede Insights, n.d.).

Indulgence vs Restraint

- This dimension is a measure of the society's degree to which it allows free gratification of basic and natural human needs (Hofstede, 2009).
- An indulgent society values the satisfaction of human needs and desires while a restrained society values curbing such desires and pleasures to remain aligned with societal norms.
- At a score of 69, the UK has a more indulgent culture than China whose score of 24 indicates a restrained culture (Hofstede Insights, n.d.).

Conclusion

- ▶ The significance in cultures between the UK and China cannot be overstated due to the impact they would have on the business moving from the UK to China.
- ▶ This presentation has covered cultural differences in business as well as in the Chinese society's ways of life since consumer culture is primary to their behavior and relationships with businesses.
- ▶ The company has to understand these and other differences so that it can approach the Chinese market in the most appropriate ways and improve its chances of success

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