



Assessment 1

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1. Introduction

The constantly changing political and economic conditions mean that enterprises are constantly looking for solutions that will guarantee success in competitive markets. Some companies participating in international exchange achieve visible and lasting successes. Others remain market leaders only in the short term. There are many reasons for this, and one of them is undoubtedly the understanding of cultural differences in the field of international business.

As with international business relations, factors such as politics and economics affect the area of trade. The social aspect relates to cultural import and export - cultural differences distinguish individual foreign markets from each other. Understanding these cultural differences means that the foreign trade opportunity will or may not be successful.

The purpose of this report is to identify and understand how culture influences business in the global area in terms of communication and etiquette in a selected developing country, such as Colombia. It will help to avoid disagreement with English colleagues and clients and achieve success in international business.

2. Colombia as a developing country

Colombia (official name: Republic of Colombia, Spanish República de Colombia) is located in the northwest of South America and is the only country on the continent with access to both oceans: the Atlantic (via the Caribbean Sea) and the Pacific. It is bordered to the south by Ecuador and Peru, to the east by Brazil and Venezuela, and to the north by Panama.(O'Neil & A., 2021)

Currently, over 51 million people live in Colombia. In terms of population, Colombia ranks third in Latin America after Brazil and Mexico. The most recent census of Colombia (2018) shows that 86.2% of the population is white and mestizo, 4.4% is Indian and 9.34% is Afro-Colombian. Whites, mainly descendants of the Spaniards, constitute about 20% of the population. In addition, there are 735 reserves in Colombia, covering about 30% of the country's area, inhabited by over a million Indians.(StatzNZ, 2018)

The capital of Colombia is Bogota (former name - Santa Fé de Bogota) located in the center of the country, in the Eastern Andes Mountains, inhabited by approx. 7.8 million people. The official language is Spanish, which is spoken by the vast majority of the country's inhabitants.(O'Neil & A., 2021)

The main sectors of the economy are: services (59.5%), wholesale and retail (29.9%) - including activities related to the hotel and catering services, manufacturing and agriculture (7.7%). (O'Neil & A., 2021) Due to the long distances, difficult terrain and not the best condition of roads, air transport is the most convenient way to travel. There is no railroad passenger communication in Colombia.

The Colombian constitution guarantees freedom of religion and worship to citizens. The dominant religion in Colombia, however, is Christianity - about 95% of the population, of which about 70% of believers define themselves as Catholics. (Romero & T., 2022)

After a decline in GDP in 2020, the Colombian economy grew by 7.7% in 2021, significantly exceeding analysts' forecasts and ranking among the most dynamic in the region. (WorldBank, 2022) The economic recovery was mainly driven by an increase in domestic demand driven by consumption. This was also reflected in the positive change in the situation on the labor market. Despite this, the unemployment rate has not yet returned to its pre-pandemic level - the rate was 14.3% in 2021. (O'Neil & A., 2022) Data obtained from the World Bank website assume a further increase in GDP per capita. Currently, it is at 9.7% and does not rule out an upward revision. (WorldBank, 2022)

Colombian exports in 2021 totaled \$ 51.27 trillion . (WorldBank-Export, 2022) Colombia's main exports are mining, agri-food and beverage products, and industrial products. The most important recipients of Colombian exports are primarily the United States. China is in second place. (BBVAResearch, 2022) In 2021, the value of Colombian imports amounted to USD 76.28 trillion , an increase of 40.5% compared to 2020. (WorldBank-Import, 2022) China is Colombia's largest exporter in this case. The United States is in second place. (BBVAResearch, 2022)

The Colombian economy, despite the uncertain and volatile external situation, shows macroeconomic stability. In recent years, it has been considered one of the most attractive countries in Latin America for foreign investment.

Colombia belongs to the specialized agencies of the United Nations, including to the World Bank, the International Agricultural Development Fund, the International Monetary Fund, the United Nations Industrial Development Organization UNIDO and the World Trade Organization . (BBVAResearch, 2022) The accession to the Organization for Economic Cooperation and Development in 2020 was also a symbolic end to the era of a country plunged into civil war and controlled by drug cartels. This membership is aimed at increasing the level of foreign investment. It is also a signal for investors that they can expect a relatively stable political and economic situation. (OECD, 2022)

3. Cultural differences between United Kingdom and Colombia

Culture is a set of common and accepted norms shared by a given society. What is common and accepted for a specialist from one country may be completely different for a partner from abroad. As Gert Hofstede has shown in his works, national culture has a very strong influence on the mainstream of business activity. (Hofstede, 2011) Numerous studies also confirm that investors from different geographic regions and cultures make different investment decisions and approach issues such as risk differently.

The differences related to the national culture are also visible in the way of doing business, communication, business etiquette and organizational hierarchy. (Mba, 2015)

The model proposed by Gert Hofstede distinguishes 6 dimensions of culture (Hofstede, 2022) that can be presented in the form of appropriate behavior patterns and indicators. It is shown in the diagram below:

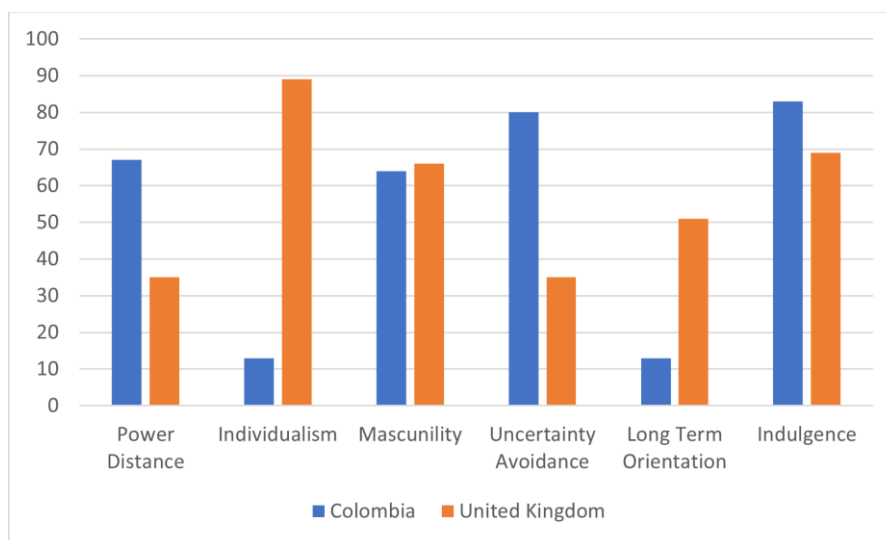


FIGURE 1. HOFSTED E DIMENSIONS: UNITED KINGDOM VS COLOMBIA

- power distance indicator , i.e. acceptance of unequal distribution of power by weaker members of societies. (Hofstede, 2022) Colombia, having 67 points on the PDI scale, proves the great acceptance by society of inequality between people and fully accepts the hierarchy of power at all levels of society. This is mainly due to the political and economic situation that has prevailed in the country for decades. The patriarchy of higher authority is observed in both government and company management. (Ogliastri, 1998) It is also worth emphasizing that Colombian and most Latin American cultures are marked by family values and they have a strong relationship between the relationships of the individual in the group. The British 35

community is more focused on minimizing inequalities in society. It is more open to public consultation and more democratic.

- the uncertainty avoidance index is an indicator with which members of society feel threatened by new, uncertain and unknown situations and how they are trying to change them. (Hofstede, 2022) Colombia's high score of 80 points to expressing emotions and fears openly, avoiding ambiguities. It is also caused by the result of institutional changes over the last few decades. The influx of new Western capital, drug wars, crime, and the weakness of government have caused many changes that have increased the insecurity of life. (Ogliastri, 1998) The British - 35, in turn, are more likely to change their life goals in terms of changing external factors. They are goal oriented, of course. However, they do not focus on the details. They prioritize and adjust the factors that are relevant at the moment to achieve the goal.

- index of individualism / collectivism, i.e. the relationship of an individual with a social group, how he identifies himself with the group in which he functions. (Hofstede, 2022) Belonging to a social group among Colombians is very important. Society avoids conflicts and tries to maintain harmony. Colombians are part of extended families who give them protection and a sense of security in exchange for loyalty. Consumption patterns also show dependence on others. (Ardila, et al., 2012) It looks completely different among the British. They become individualists from an early age. These are beliefs and values instilled by both family and society. The wealth of Great Britain and increasing consumerism make the individual act independently in his actions.

- masculinity / femininity index, defining the degree of dominance of confidence / modesty in interpersonal relations. (Hofstede, 2022) The results of both social groups are similar to each other. It proves that they try to be more competitive in relation to others and have ambitions to achieve results on their own. Both for the Colombians and the British, challenges and improving the quality of life are important, but slightly at the expense of private and family relationships. However, these are not diametrical differences. The value of the individual in social life and work is assessed mainly in terms of productivity. Although awards or promotions in Colombia's culture are additionally more related to social status and family connections. (Ogliastri, 1998)

- indicator of long-term orientation, denoting the links between the past and the future, i.e. how important these relationships are for society in meeting challenges. (Hofstede, 2022). Colombia's low score of 13 classifies the culture as normative. Respect for traditional thought patterns, such as saving face, displaces a low propensity to save. This is due to the high pressure on consumption and focus on quick results of own labor. (Arechavala-Vargas &

Donado, 2016)The British, on the other hand, are more systematic and persistent in achieving their goals by being careful and using their goods more economically.

- forbearance as the value of an individual's socialization, i.e. to what extent he is able to control his restraint towards others. (Hofstede, 2022)Colombia's high score of 83 in this dimension is evidence of a high ratio of enjoying life. Colombians are naturally impulsive and spontaneous people, more oriented towards the present. This pattern is passed down from generation to generation. (Ogliastri, 1998)The British also have a fairly open attitude to life, although due to their focus on long-term goals, the result is slightly lower.

4. Cultural sensitivity of Colombia

Although cultural differences require a lot of work and attention from managers running international business, they should not be treated as a barrier excluding expansion into a given market. From the point of view of international business, the most important thing is to realize their impact and to prepare a business model adjusted to local conditions. Perhaps it will turn out that thanks to them we will be able to take advantage of our competitive advantages.

Colombia is a country that is diverse in terms of demographics and culture. For this reason, there are significant differences in the customs and lifestyles applicable in individual regions of the country. The region where a Colombian comes from determines to a large extent the way he approaches doing business. For example, people living in regions on the Caribbean coast tend to have a less formal approach, are more open and risk-prone than those in the center of the country. Clear differences between Colombians coming from different regions concern not only their accent, but also gestures and the so-called body language. However, a feature common to all Colombians is that they place more importance on the ability to improvise than on solid preparation before a business meeting. (Evason, 2018)

It should be emphasized that the working day in Colombia, especially in cities with a cooler climate (such as Bogota), starts very early. It is therefore not unusual to arrange business meetings for hours. 8.00 or even 7.30 am.

A significant factor inhibiting the development of economic activity are numerous bureaucratic barriers. In many cases, settling an official matter or obtaining a relevant permit or certificate requires several days and waiting before the next windows. In the event of such situations, however, it is recommended to refrain from showing impatience or raising your voice, because such reactions may cause the serving official to have a counterproductive effect.(IOE, 2015)

As a rule, Colombians like to negotiate in a cordial atmosphere. It is not in their habit to go straight to the business conversation without an introduction, which allows the parties to build

a sense of trust and establish friendly contact. A sincere smile is the gateway to successful negotiations. After completing the initial informal phase of the conversation, you can move on to the merits of the negotiations. (Evason, 2018)

For many Colombians, punctuality is a relative term, and they will always find an excuse to justify their being late. In large cities, such as Bogota, such an excuse is usually traffic jams and difficulties in transport.

In the opinion of entrepreneurs with experience in this field, one of the elements hindering negotiations with Colombian partners is their cautious and balanced response to the presented proposals, which by some may be considered a slowness in reaction. In the event of this type of situation, it is important not to show impatience and maintain a friendly atmosphere of conversation. (IOE, 2015)

It is also not always easy to get direct contact with the person who actually makes decisions in the company regarding, for example, concluding contracts or making purchases. Therefore, after establishing contact with a decision-making person, such relationships should be nurtured.

After presenting the offer to the Colombian contractor, you can often meet with a reaction of waiting for better purchase conditions or discounts. In such situations, it may be a recommended practice to maintain a certain margin of maneuver when presenting the initial offer, which will allow for finding a compromise in the negotiations, in line with the expectations of the other party. (IOE, 2015)

The dominant tendency in business attire is the wearing of casual, less formal clothing, which is increasingly replacing the traditional three-piece suit and tie.

In business contacts, giving small gifts is a widespread and accepted practice. Gifts in the form of handicrafts, food or alcohol, original and specific to the country they come from, are especially appreciated. In the case of more official or higher level meetings, it is recommended that you agree on the issue of the exchange of gifts informally before the meeting. (Evason, 2018)

5. Communication barriers and challenges

Effective communication is the basis of success for any business venture. Intercultural communication can be described as an interpersonal exchange of information and an interactive exchange of meanings manifested in the form of, inter alia, words, gestures, looks, facial expressions. (Jureddi & Brahmaiah, 2016)

Large cultural differences in communication increase the costs of doing business abroad. The reasons for this are barriers that hinder the transfer of resources and competences. Differences

also affect the context of economic decision-making by entrepreneurs, may make it difficult to identify and interpret signals from the market and, especially when determining customer preferences or strategic moves by competitors, may lead to the failure of the internationalization of the product or service.(Mba, 2015)

The most important communication barrier is determined by language differences. (Jureddi & Brahmaiah, 2016)The language barrier has many levels, from the use of different languages to differences in the level of speech and syntax. Even people who know the language of another cultural group well and speak it fluently face such difficulties in interpretation as accent, intonation or the presence of dialects. In many international companies, English is the language of business. In Colombia, the official language is Spanish. Not everyone knows English, especially outside large urban centers. Although this trend is changing. (Sará, 2017)Research conducted in 2016 highlights the significant role of the value of learning English among Colombian start- up owners . It is 98.5% compared to other foreign languages.(Romero, 2021a)

The second barrier is created by different ways of interpreting gestures and behavior. Gestures acquire a special meaning in direct interpersonal contact, read and interpreted not necessarily with the intention of their author. (Mba, 2015)Colombian culture as Latin American is described as a low-context culture. Communication depends primarily on words, it is more direct and precise. Latin Americans also use gesticulation during conversations. An example is the gesture "OK", which in most European countries means "good". In Latin America, however, it is considered an offensive sexual gesture.

The third barrier is prejudices and stereotypes. On the one hand, stereotypes organize and simplify the understanding of other people's behavior, but on the other hand, they impose rigid cognitive categories that are binding on the participants. A significant obstacle is a negative cultural stereotype that blocks more serious attempts and efforts to establish closer contact. (Raman & Delecta, 2015)An example is the thesis that all Latinos have a homogeneous origin, that they take jobs from citizens of a given country, and that Latin American culture is mainly associated with domination and violence. Negative information about society, fueled by the media, increases the social distance to this culture and leads to many misunderstandings. (Baretto, et al., 2012)

Another barrier is self-centeredness and the belief in the superiority of one culture over another. There is an expectation from other people from different cultures that they will adapt

at least partially to the requirements and interpretations of words, gestures or behavior adopted in a different culture.(Raman & Delecta, 2015) The meeting, or rather the clash of two cultures, the representatives of which maintain cultural egocentrism , results in a conflict. The conviction that even if people in other countries think differently, they still have to adapt to Western business standards. After all, it is the Western world that sets the pace for economic exchange. Although this kind of judgment is no longer confirmed in reality, it gives the impression that the broadly understood West with its point of view and standards of operation is a perspective generally accepted and shared by aliens from outside the circle of this civilization. It is important to pay attention to what culture our interlocutor is representing and to prepare for the conversation accordingly.

An additional barrier, from a psychological point of view, is a high degree of uncertainty or stress associated with interacting with a human coming from a different culture. Overcoming this barrier is a relatively long and difficult process.

6. Communication strategies and recommendations

Communication disruptions, when conducting international business, lead to a lack of mutual understanding. (Jureddi & Brahmaiah, 2016) Understanding another culture is not easy. It is necessary to let go of our own habits in order to be able to accept other, previously unknown behavior of others. Failure to understand the content of verbal or non-verbal information, usually resulting from a low level of cultural competence (including communication), leads to information noise. They can be perceived as disrespect for a given ethnic group and its culture. This, in turn, leads to difficulties in interpersonal communication and causes misunderstandings.

Various trainings in effective interpersonal communication and improving the quality of both English and Spanish can be helpful in developing intercultural competences . This strengthens relationships between people of other races or cultures. These are trainings aimed at increasing the quality and increasing the effectiveness of professional interactions between representatives of different cultures. Organizations that accept and promote multiculturalism in their teams will usually benefit from using it higher than the costs incurred.(Raman & Delecta, 2015)

Managers today are required to deal with the challenges and misunderstandings arising from differences in intercultural communication. To get the most out of any multicultural team, leading such a team requires a very clear skill set. Therefore, the awareness and appropriate modification of the leadership style is the key to success.(Brannen, 2015) Managers managing multicultural teams should also define what the cultural differences between employees refer to and how they can affect the relationships in the team. It is important that they encourage employees to define the rules of the group, which can help avoid conflicts. The employer's care to adjust working conditions to the needs of each employee is an indispensable value.

Another consideration is the possibility of transferring abroad. Such a departure as part of work no longer serves mainly a temporary increase in income, but rather raising qualifications and opportunities for promotion. A foreign contract is a great opportunity to gain valuable experience in a culturally diverse environment and expand your network of contacts.(Mba, 2015)

Many entrepreneurs choose markets that are culturally close to their home market for the direction of their business. This allows you to eliminate many risk factors. In many distant markets, such as Colombia in our case, finding a person who will give credibility to the English entrepreneur in a given business environment may be a key element of future success . In some cases, the best solution will be to establish a partnership with people working in the area of your target market. As they understand local conditions and the specificity of running a business, it is easier for them to navigate in the local business environment.

7. Conclusion

In effective intercultural communication, it is necessary to understand, and therefore, first of all, to become familiar with the typical style of communication in a given country and the rules prevailing there. It is worth paying attention to the openness of a given culture and respect the distance built by the other party. Check the position of men and women in business negotiations and learn about non-verbal messages typical and forbidden in a given culture. Thanks to this knowledge, it will be possible to establish effective communication with entrepreneurs in different countries, understanding their needs and activities. It is worth remembering that taking into account cultural differences is important from the very beginning of entering into cooperation with a foreign company. Therefore, the differences resulting from belonging to a different cultural circle should not be underestimated. This will definitely facilitate the process of establishing contact and building valuable business relationships. Thanks to this knowledge, it is also possible to develop a strong position on the foreign market.

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