Reneta Sevdalinova Chomezova

Student Number: 1914973

International Business Communication

LCBB6001

Assignment 1

The importance of studying culture in an international business

UK Colourways textiles production in China

Introduction

Culture is a set of shared values, assumptions, and understandings that are learned by people from their ancestors or imposed by society and which will be passed on to the coming generations (Week 3 Lecture). It is amongst the most important factors in international business communication as multinational companies not only cross borders but also cultures. The ways people of a country communicate, think and behave are influenced by cultures. In addition to these, the openness of people towards people of other cultures and the ways to negotiate with them are also influenced significantly by the cultures (Alam, 2017). Hence, for companies expanding into an international arena, it is critical to study the culture of a country to anticipate the reception they might get.

Starting a production facility in a different country is a risky effort taking the job. Setting up a production facility, especially in a developing country is highly challenging as functions can be outsourced but responsibility and accountability cannot. Issues relating to data protection, trust and privacy prevail in these risky environments (Dadush, 2021). Apart from these, issues with quality assurance and logistical costs add up to these risks. China is a developing country that is also known as “The world’s factory” due to its huge manufacturing output. This is because of the abundance of labour supply. However, culturally the country stands out from the Western world as its culture is very distinct (Lu, 2019). A well-known manufacturing company from UK Colourways textiles is planning to start its production in China. The company deals in the production of

Sweatshirts, hoodies, polo shirts and T-shirts etc (Colourways Textiles, 2022). Therefore, the following report will analyse the cultural sensitivity of China and the communication barriers that may be experienced. It will also highlight several strategies to overcome these barriers.

Selected developing country

China is a global superpower when its manufacturing output is considered. In 2019 the country alone accounted for about 29% of the global manufacturing output (Richter, 2021). This huge manufacturing output is supported by the country's abundant labour supply and large domestic market. Both these factors are a result of the country's huge population. China is the most populated country in the world with more than 1.4 billion people (Worldometers.info, 2022). As per the World Bank China is a strong and self-sufficient country which has witnessed a GDP growth rate of 10% a year since 1978. However, the growing normalization of the country has been disrupted after the inception of the pandemic (The World Bank, 2022). China is amongst the most technologically advanced countries in the world with modern logistics, a high level of machinery and construction infrastructure, and electronics and digital infrastructure. The presence of high-speed 5G networks and high-speed rail etc. are also examples of strong technological infrastructure. All these factors mentioned make the country highly favourable for businesses to operate. However, owing to its distinct cultures there may be several difficulties which an international business might face.

China is regarded to be a multi-religious country with the believers of Buddhism, Taoism, Protestantism, Catholicism, and Islam living in

peace and harmony. In addition to these, the ethnic diversity of the country contributed to the existence of more than 56 ethnic groups in country which include the Tibetans, the Han Chines, the Machus and the Mongols etc in the majority (Ge, 2018). Apart from these, the Chines maintain distinct regional and linguistic cultural traditions. In addition to the ethnic diversity that prevails in China the food culture of the country is also quite different from the rest of the world. Most social values in the country are the derivations and amalgamation of principles from Taoism and Confucianism.

The countries entering China for expansion are posed with complexities to deal with the diversified people and cultures of the country. Another thing that adds up to these complexities is the prevalence of a highly distinct language than English. The official language spoken in the country is Mandarin spoken by 70% of the population. Apart from this, there are other dialects like Yue, Min dialect, Gan dialect and Keija etc which are spoken by the remaining population (Lin, 2022); this can pose communication difficulties.

Application of theories

Hofstede's cultural dimensions theory is a framework that is used to understand the differences across countries and cultures. This theory was developed by Geert Hofstede in the year 1980. This theory is used by businesses to understand different national cultures and their dimensions to analyse the impacts on business practices. The theory consists of six stages through which the analysis is made (Jackson, 2020).

The first stage of the theory is the "power distance index" which considers the extent to which inequality in power distance prevails in the culture. According to the week 3 lecture, it is the degree of acceptance of unequal distribution of power in institutions of a society (Beugelsdijk and Welzel, 2018). The power index is further divided into

two: A high power index indicates that a culture accepts inequality and power differences and patronizes bureaucracy and a low power index that a culture favours institutional structures that are decentralized and participative which make an emphasis on equal power distribution.

According to Hofstede Insights China acquires a higher rank of 80 in the power distance index. This means that the Chinese culture accepts inequalities amongst people (Hofstede Insights, 2022). This is contradictory to the fact that the political party ruling in the country is the Chinese Communist Party which operates with Marxist-Leninist philosophy. The subordinate-supervisor relationship in the country is polarized and thus there is no defence mechanism against power exploitation by the people with power (Hofstede Insights, 2022). On the other hand, the power distance index of the UK shows the opposite picture. UK sits at a lower ranking of 35 in PDI. This means that society believes that power must be equally distributed (Hofstede Insights, 2022).

Source: Hofstede Insights, 2022

The next stage of the theory is individualism vs collectivism. An individualist culture indicates that individuals live in social work for the

attainment of personal gains. On the other, a collectivist culture indicates that greater importance is levied on the well-being and welfare of groups or communities. With a score of 20, China is observed to be a highly collectivist culture with an increased focus on “We”. Individuals in Chinese societies are taught to live in joint families and groups (Hofstede Insights, 2022). Thus, individuals are focused on the well-being of groups. On the other hand, with a score of 89, the UK has a highly individualistic culture. The people in the country are private people and children are taught to think about themselves from an early age (Hofstede Insights, 2022).

The uncertainty avoidance index is the next stage of the Hofstede model. This index determines the extent to which a culture tolerates ambiguity and uncertainty. A high uncertainty avoidance index shows that there is low tolerance and a culture with a low-uncertainty index shows a high tolerance for uncertainty. The UK has a lower score of 35 on this index which demonstrates that the people of the country are happy whatsoever a situation brings in they have a lower tendency of avoiding uncertainties. China has an even lower score on this index of 30. Therefore, both the countries perform similarly on this index. However, the Chinese culture performs better than its western counterparts. According to a study conducted by Roll et al. (2015) in comparison between German and Chinese employees, there was no impact of job insecurity on the performance of Chinese employees on the other the performance of German employees was highly impacted.

The next stage of the mode is Masculinity vs. Femininity where the people of both countries are growth-oriented, and success is driven. Long-Term Orientation vs. Short-Term Orientation is another stage of the model. This Chinese culture with a score of 87 is highly pragmatic. Chinese people are driven toward the achievement of longer-term goals than short-term ones. The last stage of the model is Indulgence vs. Restraint which shows the level to which society controls its desires

and impulses (Hur, Kang, and Kim, 2015). Most East Asian countries have lower scores on the indulgence dimension. China is also a restrained country which restrains individuals in various aspects.

Cultural sensitivity

Cultural sensitivity which is also known as cross-cultural sensitivity is the openness, awareness, and acceptance of individuals towards that person of other cultures and nations. It is the cultural competence in individuals that acts as a skill for effective communication with people of other cultures. As China is ethnically and linguistically quite different from Western or other European countries, the company officials need to act in a culturally intelligent way. (Martin and Chaney 2012) in the evaluation of the business etiquette in China stated that Chinese people are reserved, unlike their Western counterparts. People in western countries see personal relationships as distinct from business and thus business relations are short-lived. On the other hand, business relationships in China are treated to be a long-term or lifetime commitment.

Apart from the Chinese business culture is influenced by “Mianzi” of the concept of face. Mianzi refers to the amount of prestige or dignity associated with an individual. Western people are more direct or blunt when communication is concerned. On the other hand, the Chinese rely on “giving face.” Giving face in the Chinese culture is showing respect to the people interacting with them (Defu, 2022). The rules of business etiquette in China are determined by face giving and taking. For example, introducing the surname comes first (Okoro, 2012). In addition to introduction is initiated with a bow which is uncommon in various cultures. The point is that Chinese people demand mutual and more pronounced displays of respect.

In addition to this, another prevalent concept of Chinese culture is “Guanxi” which refers to demonstrating strong personal trust and

strong relationships with others. The Chinese culture is a high-context culture for the most part where the people are more concerned with the trustworthiness of foreign businesspeople than about legal contracts. To ensure that they are acting the most respectful, they use indirect questions (Bian, Y., 2019).

Networking

China is a country with several regional languages which are innately related but are equally distinctive. According to the language of atlas of China, Chinese languages can be divided into 10 dialect groups based on their grammatical and phonological variations. Therefore, it becomes increasingly important for businesses to facilitate networking based on these linguistic differences. Networking in the country will help in promoting transactions by facilitating network membership via gaining the trust of the residents. Mutual trust due to network facilitation will also reduce the participant's perception of hazards in the market due to the entry of the overseas business.

In addition to these advantages, better networking is highly beneficial for obtaining essential resources for business. Resource acquisition is one of the most important dimensions of an international business. According to the language expectancy theory the better the language skills, the better the chances for a business to establish cooperative

relationships with future employees in the labour market and better the chances to establish cooperative relationships with the suppliers of raw materials (Wei, Jiao and Growe, 2019). Another major advantage that accompanies an effective network is the ability of opportunity identification. People often explore new opportunities through conversations with their local network contacts. Social contact networks can offer business individuals the knowledge of utilizing business opportunities (Wei, Jiao and Growe, 2019).

Communication barriers

When expanding into a country where the official language is different from the home language, there will be communication barriers and language-instigated hindrances to business activities. However, these issues may amplify in the case of China as there are as many as 200 dialects that the locals speak. This is one of the greatest communication barriers that a business expanding in China may face. Apart from these factors about 30% of people from Ethnic minorities are illiterate and do not speak mandarin (Borgenproject.org, 2019). Due to the presence of various languages, it becomes difficult for businesses to efficiently localize the product and the company. To establish an emotional connection with potential customers businesses must speak to the customer in their way. However, China is home to various languages with Mandarin being the one spoken by the most the company may face issues with proper localizing of the products. Since there are consumers who speak different languages, it becomes necessary for the company to communicate with every

group in a specific way. However, due to the presence of the above-stated factors, it is hard for the company to communicate its content to many Chinese people.

The use of an ethnocentric approach can act as a hindrance to cross-cultural communication in China. An ethnocentric approach is the evaluation of other cultures based on the preconceptions formed from one's own culture. It acts as a stumbling block in cross-cultural communication as it gives rise to a defensive and narrow-minded cultural identity that adversely impacts cultural exchange (Ilie, 2019). Even though many Chinese people have learned, it has to be observed that still a vast majority of educated Chinese do not speak English. In addition, this language makes it even harder for people to understand cultural nuances.

Communication strategies

As stated above product localization is one of the biggest challenges for the company which poses the challenges of communicating about the product. A strong localization strategy is to be followed by the company. This could be done by the company by launching a dedicated website for the Chinese audience. This website will integrate various Chinese languages and dialects and will allow the users to toggle between them to choose their desired language (Li et

al., 2020). Another challenge that was highlighted was the use of an ethnocentric approach by the business officials. The company must educate its officials to avoid the use of an ethnocentric approach. They must be trained to be self-aware and acknowledge the differences between languages.

Conclusion

The present report discussed the importance of studying culture in an international business. The report discusses a company that is expanding itself in China. The essay then gave an overview of China. It also discussed the culture and languages of the country. The report then applied the theory of cultural dimension in the Chinese context. The report evaluated the cultural sensitivity of doing business in China. It also discussed the importance of networking and discussed the communication barriers faced by foreign companies and the strategies that can be used.

References

Alam, M.M., 2017. The impact of national culture on the organizational culture: Multinational companies doing businesses in developing countries.

Beugelsdijk, S. and Welzel, C., 2018. Dimensions and dynamics of national culture: Synthesizing Hofstede with

Inglehart. *Journal of cross-cultural psychology*, *49*(10), pp.1469-1505.

Bian, Y., 2019. *Guanxi, how China works*. John Wiley & Sons.

Borgenproject.org, 2019. *HOW LANGUAGE AFFECTS POVERTY IN CHINA*. [online] Borgenproject.org. Available at: <https://borgenproject.org/tag/language-barriers-in-china/4> [Accessed 25 August 2022].

Colourways Textiles, 2022. *Colourways Textiles | Made in England T-Shirts, Hoodies, Sweatshirts*. [online] Colourways Textiles. Available at: <https://colourwaystextiles.com/> [Accessed 26 August 2022].

Dadush, U., 2021. *Is China a Developing Country?* (No. 1940). Policy Center for the New South.

Defu, W., 2022. Regional difference in Mianzi and Mianzi competition in China's rural society. In *Northern and Southern China* (pp. 137-157). Routledge.

Ge, Z., 2018. *What Is China?: Territory, ethnicity, culture, and history*. Harvard University Press.

Hofstede Insights, 2022. *China - Hofstede Insights*. [online] Hofstede Insights. Available at: <https://www.hofstede-insights.com/country/china/> [Accessed 25 August 2022].

Hofstede Insights, 2022. *United Kingdom - Hofstede Insights*. [online] Hofstede Insights. Available at: <https://www.hofstede-insights.com/country/the-uk/#:~:text=Power%20Distance%20is%20defined%20as,amongst%20people%20should%20be%20minimized.> [Accessed 25 August 2022].

Hur, W.M., Kang, S. and Kim, M., 2015. The moderating role of Hofstede's cultural dimensions in the customer-brand relationship in China and India. *Cross Cultural Management*.

Ilie, O.A., 2019, June. Intercultural communication barriers. china and the USA, the difficulties of a dialogue. In *International Conference Knowledge-Based Organization* (Vol. 25, No. 2, pp. 258-263).

Jackson, T., 2020. The legacy of Geert Hofstede. *International Journal of Cross Cultural Management*, *20*(1), pp.3-6.

Li, D., Kreuzbauer, R., Chiu, C.Y. and Keh, H.T., 2020. Culturally polite communication: enhancing the effectiveness of the localization strategy. *Journal of Cross-Cultural Psychology*, *51*(1), pp.49-69.

Lin, K., 2022. *Chinese Language - EthnoMed*. [online] EthnoMed. Available at: <https://ethnomed.org/resource/chinese-language/#:~:text=The%20official%20dialect%20of%20China,and%20Kejia%20or%20Hakka%20dialect.> [Accessed 28 August 2022].

Lu, D., 2019. Everyday Modernity in China: From Danwei to the "World Factory". *Fudan Journal of the Humanities and Social Sciences*, *12*(1), pp.79-91.

Martin, J.S. and Chaney, L.H., 2012. *Global business etiquette: A guide to international communication and customs*. ABC-CLIO.

Okoro, E., 2012. Cross-cultural etiquette and communication in global business: Toward a strategic framework for managing corporate expansion. *International journal of business and management*, *7*(16), p.130.

Richter, F., 2021. *Infographic: China Is the World's Manufacturing Superpower*. [online] Statista Infographics. Available at: <https://www.statista.com/chart/20858/top-10-countries-by-share-of-global-manufacturing-output/#:~:text=According%20to%20data%20published%20by,China%20overtook%20it%20in%202010.> [Accessed 28 August 2022].

Roll, L.C., Siu, O.L. and Li, S.Y., 2015. The job insecurity-performance relationship in Germany and China: The buffering effect of uncertainty avoidance. *Psihologia Resurselor Umane*, *13*(2), pp.165-178.

The World Bank, 2022. *The World Bank In China*. [online] The World Bank. Available at: <https://www.worldbank.org/en/country/china/overview> [Accessed 28 August 2022].

Wei, X., Jiao, Y. and Growe, G., 2019. Language skills and migrant entrepreneurship: evidence from China. *Small business economics*, *53*(4), pp.981-999.

Worldometers.info, 2022. *Population by Country (2022) - Worldometer*. [online] Worldometers.info. Available at: <https://www.worldometers.info/world-population/population-by-country/> [Accessed 28 August 2022].