

On inter-cultural business

When it comes to inter-cultural or cross-cultural business the question of relevance of the subject is often asked. There are those who believe that culture is no subject in the hard business world or if so it is a negligible not to say irrelevant element in business, especially as the world is moving to conversion, standardization and closer integration. Inter-cultural business would then become like international HR management or international marketing a fancy branding but at the end a mere side subject of HR management or marketing that requires no special elaboration.



To answer the question of relevance up front, I do believe in the relevance of inter-cultural business – both out of research and practical experience.

However, to explain my position few questions need to be tackled up front.

1. **What is culture?** Hofstede, in his famous study at IBM, explained that culture is the collective programming of the mind which distinguishes the members of one category of people from another. Culture hence, can be seen as consisting of norms, values and symbols that define human behavior and the way in which each individual is socialized. Without further elaborations on sub-sets of national culture, business culture and corporate culture, I would like to focus on what I see as the main shapers of cultural identity: religion and language. Whereas language is a main characteristic of culture, as it represents the medium through which culture is learned and communicated, religion is seen as the most powerful determinant of values, norms and attitudes. Hence, both are highly relevant for one's socialization.

- 2. Is culture affecting business practice?** The effect of culture on business practice can be seen on various levels. It is present when companies decide to expand abroad. International expansion generally means managing uncertainty and risk. Hence, the initial expansion may often be limited to regions with cultural proximity. The role of culture is even more pronounced in merger and acquisitions which sometime tend to fail due to miscommunication based on different socializations. Imagine the traps of communication in your own culture multiplied. Last but not least culture plays a role in individual business discussions and decisions. More often than not cultural similarity is a key factor for successful business. This logic is recognized by most large organizations which tend to hire business people from a similar cultural background to expand in foreign markets.

With looking at above two questions the prime shapers of culture were identified and the, sometimes subtle, effect of culture on business was outlined.

What follows out of this is a two-fold conclusion:

Firstly, inter-cultural business is a meaningful category and should be considered in business. My simple equation is: Similarity (through culture) creates sympathy. Sympathy creates trust and trust is essential for business. A recent article by Bryan Kramer stated that we are no longer in B2B or B2C business world but in an H2H business world meaning human to human business. With this viewpoint the importance of inter-cultural business and inter-cultural understanding is even more pronounced as the role of the individual as a decision-maker is stressed.

Secondly, if similarity is not given by cultural bonds, then sensitivity to inter-cultural phenomena is crucial. Big business blunders can sometimes be avoided by being a bit more sensitive to the other side of the business deal. Being aware of one's own socialization, norms and values is then essential to fine-tune communication and adjust routine behavioral patterns. As the saying goes: When in Rome do as the Romans do.

My equation for successful inter-cultural business hence is:

Similarity = Sympathy = Trust = Business

Written and published by Nader Kashgari. All rights reserved.