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Various Approaches for Managing Intercultural Communication in Business Industry

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ABSTRACT

The information and communications revolution has hastened the process of globalization in today's world of business. Consequently, businesses, even small and mid-sized companies, are confronted with cultural diversity when these companies become internationally active. Yet only few businesses are well prepared for a culturally diverse global market. Indeed, many business ventures fail not for a want of superior products and/or services, but due to a lack of intercultural competence. Disregarding the cultural component in a business transaction can and will lead to mistakes due to cultural misunderstandings which are the result of miscommunication. Because not much intercultural research exists for German American business ventures, this paper focuses on two German corporations, Buderus and Bayer, who are actively engaged on the American market to determine how they are coping with the cultural differences and measures they have adopted to surmount the cultural gap.

Key words: Intercultural Communication, Globalization, Business Ventures

INTRODUCTION

Why do businesses seek to expand their activities to international markets? Often, the motives are financially based when a business considers entering a new market. The business is probably seeking to increase its turnover and, thus, hopes to earn higher profits. Once it has been demonstrated that international expansion could be beneficial to the company, it would be necessary to carefully analyze the sales potential of the company's products in the intended market. The company would need to study and consider all the necessary legal and technical requirements as well as the environmental regulations of the target market in order to determine if the product needs to be adapted to the new market. Then, the company would need to consider the logistics and distribution in order to be able to ship the product in the desired quantity and time to the new market. However, one vital factor is often ignored altogether in the preparation phase: The cultural factor. Failure to consider the cultural factor can lead to failure of the planned international business venture since culture influences consumer behavior (Samovar et al 177ff). But this is not just a problem for first timers or companies lacking international experience.

This paper examines how two German firms, Buderus and Bayer, adapted their products to the American market. Buderus sells water boilers and Bayer aspirin. Both companies had to adjust their products specifically for the American market. Since boilers and aspirin are unrelated products, this paper attempts, nonetheless, to determine whether these product changes were due to cultural differences and not mere technical differences. This analysis also attempts to determine how the cultural adaptations, or lack thereof, influenced the success of the product in the target market. Thus, shedding some light on general intercultural marketing principles which could be useful for other German firms seeking to enter the American market. But in order to reach those conclusions, it will be necessary to first outline some fundamental principles of intercultural communication. With those principles, the interested reader will glean an understanding of how cultural factors influence international business transactions in today's globalized economy.

The Global Economy and Global Markets

The global economy is a fact. According to Brake et al, "we are in an era of global business – a one-world market. The traditional orientation of companies working just within national boundaries is declining worldwide" (2). The advent of e-commerce is going to further accelerate the breakdown of national barriers. So, in the words of Marshal Mc Luhan, we are indeed all living in a "global village" (Gudykunst and Kim 3).

But what is meant by "global village" and how does it relate to the economy? This expression essentially refers to the fact that today it is possible to communicate almost instantaneously with any part of the planet. And with airplanes and other modes of transport, it is possible for a person to physically reach any point on earth within one day or less (Gudykunst and Kim 3). Such communication and transportation opportunities have never existed before in human history; and with this communication and transportation revolution, new business possibilities have been created, too. It is, thus, now possible to conduct business on a global scale with relatively inexpensive tools and services such as the internet and global next day delivery services.

MULTINATIONAL CONTEXT OF MANAGEMENT

Management and communication scholars (Chaney & Martin 2011; Harris & Moran, 2000) agree that international management skills are needed for the increasing scope of global trades and investments over the past decade. A number of the major multinational corporations have expanded their operations throughout developed and developing nations. Some of the businesses are direct investments and others are partnership arrangements and strategic alliances with domestic operations. Studies indicate that independent entrepreneurs and small businesses have started investing and competing in global marketplaces. Therefore, the current global trend of business competitiveness strongly indicates a need for the development of strategic framework for managing, negotiating, and communicating across cultures in order to achieve the investment objectives of corporations. Indeed, as Chaney & Martin (2011) pointed out, awareness and cultural differences is increasingly significant to the success of multinational corporations.

A good understanding and appreciation of the culture in which business is conducted can make international managers both effective and productive. Hodgetss and Luthans (1997) noted the concerns of some organizations when internationalization began in the 1970s that it would be exceedingly difficult to conduct business in the same fashion around the world as a result of cultural variations and differences. Indeed, the attempt to manage people the same way across cultures presented serious challenges to many global businesses. Studies conducted over the past decade stressed the importance of training managers on cross-cultural negotiation skills as well as cross-cultural communication competence. Globalization has become a megatrend in the present business environment, making it extremely critical that management teams be equipped with the appropriate global mindset and cross-cultural values in order to effectively lead a diverse workforce. Deresky (2006) stressed the concept of cultural convergence, the shifting of individual management styles to accommodate the styles used in other environments and total elimination of parochialism, stereotyping, and ethnocentrism in managing multinational operations.

An analysis of the growth of multinational corporations in the wake of globalization (Chaney & Martin, 2011) identified several factors that have been instrumental to the inability of managers to succeed in a global context. Chief among these factors are ethnocentric predisposition, cultural imperialism, and parochialism in managing a diverse or multicultural workforce. Essentially, it is counter-productive to lead international organizations with a mindset characterized by these types of negative values. Recent developments show that many businesses are cultivating a global focus by sourcing, producing, importing, or exporting their goods and services around the globe, which makes intercultural communication and negotiation gain substantial prominence in the international business management. Further, international business etiquette (the expected rules of behaviour for intercultural communication and management) has become increasingly important because of the mobility of people. Authors Bovee and Thill (2010) stressed that learning the skills of proper etiquette in preparation for international assignment is one of the critical requirements for business success in a competitive context.

As the authors stated, some behavioural rules are formal and specifically articulated and others are informal and learned over time which influences the overall behaviour of majority of people in a society most of the time. It is noted that as managers appreciate, value, and respect cultural differences, they develop a better understanding of people's behavioural patterns which gives them a much better understanding of how to properly interact while conducting business. Similarly, O'Rourke (2010) identified the most common factors contributing to managers' failure to perform effectively in international business assignments as the inability to understand and adapt to foreign ways of thinking and acting as opposed to technical or professional incompetence. As interest in participation in the global marketplace increases, managers are required to adapt to new cultures and to become sensitive to differences among people. Bovee and Thill (2011) added that supervisors face the challenge of acknowledging the expected behaviours of diverse employees, multinational teams face the problem of working together closely, and businesses have the difficult task of peacefully negotiating with international business counterparts. Thus, the suggested strategic globalization imperative for international business undertaking requires a practical analysis and application.

THE COMMUNICATION MODEL

Communication can be defined as the process of transmitting meanings (Blom and Meier, 2002, p. 73). Gibson (2002, p. 9) also states that communication is the exchange of meaning, involving the sending and receiving of information between a sender and a receiver. This happens not only through words, but also non-verbal factors are involved. The problem is that the message received can be very different from the message that was sent. Adler (1991, p. 64) even states that “(…) the sent message is never identical to the received message”. A common model for communication is as follows (figure 1):

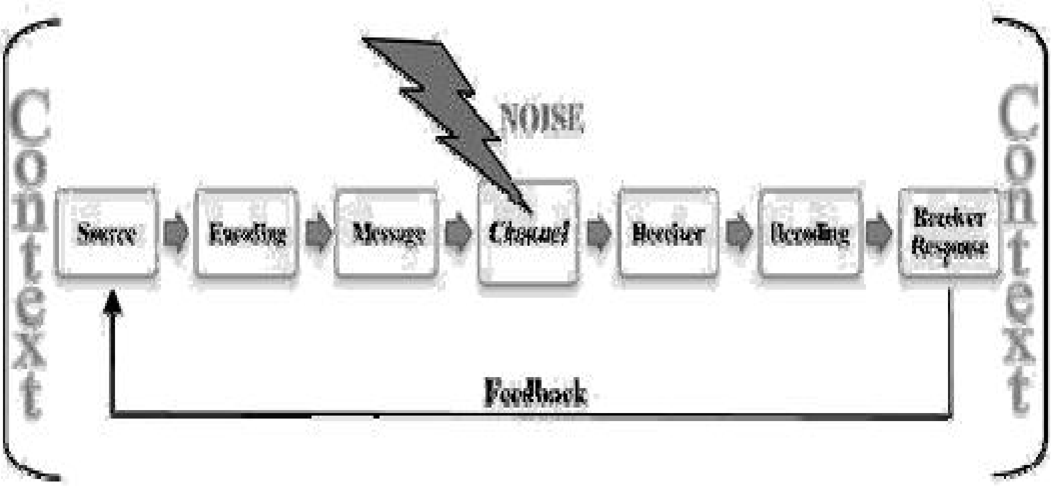

Figure 1. A common model for communication

The idea or feeling is sent by the source by putting it into symbols. Several conditions influence the communication capacity, for example his/her communicative capabilities and his/her socio-cultural system, which disposes of implicit norms and values that influence the message (Blom and Meier, 2002, p. 75). The message is transmitted through a channel. A channel is a medium used for communication, for instance emails, letters, telephone calls or face-to-face conversations. Then, the message is interpreted (decoded) by the receiver, who responds. To see if the message has been understood, one has to measure the reaction and the feedback of the receiver. The context is seen as the general environment, also called extra-verbal communication level (Hasenstab, 1999, p.154), in which the communication takes place. Noise means anything that distorts the message. To see if the communication has been effective one has measure.“ (…) the degree to which a message is received and understood, and if the receiver’s reaction to the message correspond to the sender’s purpose in sending it ” (Tosi et al. 1990, pp. 450f).

Intercultural communication takes place when the sender and the receiver are from different cultures, meaning:“ (…) the process of communication between individuals from different cultures” (Jacob, 2003, p. 72).Communication can be very difficult if there is a big difference between the two cultures. Hence, if there is too much “cultural noise”, communication can fail (Gibson, 2002, p. 9). Intercultural communication generally involves face-to-face communication between people from different national cultures. The main personal traits that affect intercultural communication are:

- self-concept (refers to the way in which a person views his- or herself);

- self-disclosure (refers to the willingness of individuals to openly and appropriately reveal information about themselves to their counterparts);
- self-monitoring (refers to the use of social comparison information to control and modify one's self-presentation and expressive behavior);
- social relaxation (the ability to reveal only little anxiety in communication).

Effective communicators must know themselves well and, with the help of their selfawareness, initiate positive attitudes. Individuals must express a friendly personality to be competent in intercultural communication. (Jandt, 2013, pp. 35f). Nowadays, the telecommunication revolution permits rapid correspondence with business partners around the world. Communication via fax, telex, e-mail, cell phone and video conferencing enables us to constantly stay in touch with our international counterparts. Nevertheless, these technological marvels have not eliminated the need for face-to-face contact with our relationship-focused customers and partners. Relationship-focused people are less comfortable to discuss important issues in writing or by phone. They expect to see their suppliers and partners in person more often than is considered necessary in "deal-focused" markets. (Gesteland, 2002, p. 29)

CULTURE, COMMUNICATION, AND INTERNATIONAL MARKETING

Marketing attempts to communicate successfully with a target group in the hope that this target group can be persuaded to purchase the product in question. Marketing and sales, therefore, have to utilize the tools of communication as Hiebing and Cooper point out (204ff). Since culture and communication are inseparable, international marketing needs to also consider culture in its attempt to communicate effectively and successfully with its target group in a specific target market. Otherwise, the communication attempt with the prospective customer will not be successful. "When communicating with people from our own culture . . . we usually are safe in assuming the structure we impose is roughly the same as the one they impose. When communicating with people from another culture, however, we must determine how they impose structure on the process of communication if we are to interpret and predict their behavior accurately" (Gudykunst and Kim 9). Clearly, international business ventures need to consider intercultural communication. Consequently, the role of intercultural communication in business transactions has been the focus of past research projects.

These studies have uncovered that a disregard of the cultural component in communication can, in fact, result in business losses. "The failure of many of these [i.e. international] ventures is not usually due to a lack of money or technology, but rather to the cultural difference and misunderstanding of the values of the person, company, or culture" (Elashmawi and Harris 48). Care has to be taken, however, so that the marketing message is successful as pointed out in the Wise example above. Just as communication attempts between two individuals from the same culture can be unsuccessful, so can more awareness that other cultures are different be insufficient. "To say that two people are engaged in intercultural communication is not to say that they understand each other" (Gudykunst and Kim 14). As Hiebing and Cooper point out, awareness has to also result in positive action (204ff). And positive action is only achieved through proper encoding and decoding, not just any communication attempt. Shifting the focus back to international marketing, it thus becomes quite apparent that some of the standard segmentation criteria, such as demographics, need to be adjusted to take culture into account. For example, standard demographic criteria include age, gender, income, education, occupation, family/household size, and geographic region. While these criteria might be sufficient for a specific cultural sphere, they are insufficient for international marketing.

If a manufacturer of shoes were to target the same demographic group in two separate countries, a possible sales potential might be ignored. Assuming the target group is female, aged 20 – 40 years and works as secretaries in urban centers while living in suburbs, the women could, nonetheless, exhibit different behavior if the one group is German, and the other American. While most German secretaries tend to wear the same shoes for both the commute and work, American secretaries tend to wear two pairs of shoes: Sneakers for the commute and high heels for work. If a German shoe manufacturer were unaware of this different behavior, that company might loose a potential additional sale because the American target group uses two types of "work" shoes. However, awareness of this behavior, is only one step. The next step would have to be the formulation of an effective advertising message directed at this specific target group which persuades that group to undertake the desired action, i.e. buy the two pairs of shoes from them.

CONCLUSION

Buderus and Bayer have shown that the product has to be adapted to a new market so that the specific needs and requirements of the new market are fulfilled. Both companies have shown that the same identical product cannot be used in international markets. However, that is where the similarity ends. Buderus had researched the necessary technical and legal requirements prior to entering the American market and changed its boilers accordingly. So far so good. Products usually have to be adapted for a new market. But it seems that Buderus forgot one important factor: The consumer. In fact, the Buderus example illustrates how merely focusing on technical and legal adaptations while attempting to match the right tone of blue is insufficient because it is essentially a product oriented marketing strategy and Buderus only communicates indirectly with the American consumers. This might explain why Buderus has only a 6.5% market share in the USA.

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