International Organizations and Operations: An Analysis of Cross-Cultural Communication Effectiveness and Management Orientation

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Abstract - The global environment of business has become exceedingly complex as more and more corporations and private entrepreneurs compete to expand their market-share and differentiate their brands in the world marketplace. Globalization has increased consumer awareness, created new demands and standards, and made nations more interdependent. It is now imperative that businesses in different countries increase their sensitivity and respect for one another’s cultural differences in order to benefit from the growth of international business in the twenty-first century. Studies indicate that effective cross-cultural management, communication, and negotiations should be emphasized by high-growth multinational corporations competing for global expansion. Corporations that have embraced appropriate acculturation strategies, employed effective cultural awareness model, and avoided ethnocentric management style in their expansion and growth efforts have been successful.

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Abstract - The global environment of business has become exceedingly complex as more and more corporations and private entrepreneurs compete to expand their market-share and differentiate their brands in the world marketplace. Globalization has increased consumer awareness, created new demands and standards, and made nations more interdependent. It is now imperative that businesses in different countries increase their sensitivity and respect for one another’s cultural differences in order to benefit from the growth of international business in the twenty-first century. Studies indicate that effective cross-cultural management, communication, and negotiations should be emphasized by high-growth multinational corporations competing for global expansion. Corporations that have embraced appropriate acculturation strategies, employed effective cultural awareness model, and avoided ethnocentric management style in their expansion and growth efforts have been successful. Other studies identified the major causes of the demise of global business ventures, citing their managers’ lack of intercultural skills, failure to engage in cross-cultural exchange, inability to communicate effectively in the global marketplace, unacceptable practice of business ethics and etiquette, and absence of compromise agreement. Global managers should establish cross-cultural training in their facilities in order to increase the effectiveness across cultures, become efficient cross-cultural negotiators, and sensitize to the values of counterparts. This study provides an analytical framework and recommendations for adaptation of multinational management strategies for sustainable business competitiveness in the current wake of global economy.

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I. Introduction

With the globalization of economies, production and consumption activities, and markets, it has become increasingly important that managers at all levels develop sensitivity to cross-cultural communication, intercultural negotiation, and decision-making. The process of making decisions, reaching agreements, and building consensus has changed requiring an understanding of cross-cultural communication competence. As corporations are establishing subsidiaries, forming strategic alliances, and opening joint ventures in many parts of the world, individuals in the professional and managerial ranks should be trained in the skills of cross-cultural communication competencies. Recent global trends and events are positioning business etiquette and cross-cultural communication as critical management issues because of the increasing number of businesses involved in multinational ventures, strategic alliances, and joint ventures. Because of the impact of globalization, an increasing number of corporations from many parts of the world are striving to establish global brand and cultivate multinational consumer awareness in order to sustain their competitive advantage. Further, the environment of business has become equally complex and challenging as a result of cross-cultural communication, differing standards and expectations, and issues associated with management ethics.

The twenty-first century globally-interdependent economy strongly indicates that business leaders and international entrepreneurs provide opportunities for their managers to travel abroad to engage in cross-cultural communication so that they will acquire the necessary skills and orientation for coping with cultural differences. This global exposure enables managers to relate effectively with citizens of other countries in an effort to take advantage of the opportunities available in culturally-diverse marketplace. Harris and Moran (2008) noted that the corporate culture of global organizations affects how businesses cope with competition and change whether in terms of technology or economics. Managers operating in multinational environments must be cultural sensitive, understand the implications of cultural synergy, and be adequately prepared for global culture. Yu (2007) pointed out that as businesses globalize, there continues to be a compelling need for standardization in organizational design, management strategies, and communication patterns because managers will find themselves faced with multiple challenges originating from domestic and cultural issues and socio-economic systems. Adaptation is critical and essential for corporate success.

International business etiquette as defined by Chaney and Martin (2007) refers to the manners and behavior considered acceptable behavior in
internationally social and business situations. In social setting, proper social behavior includes cultural differences in making introductions, exchanging business cards, acknowledging position and status, communicating inter-culturally, dining practices, tipping etiquette, giving gifts, and traveling. In international business situations, how competent and competitive firms are both domestically and internationally and how they effectively communicate to their stakeholders will determine how successful a firm is internationally. Furthermore, as the authors expound, building global business relationships depends on the innate ability to learn about other cultures and proper training to help a person adjust once he or she is in another culture. In addition, it refers to the customs and regulations dealing with diplomatic courtesies expected in official negotiations with persons in various cultures. Chaney and his colleague explain that when interacting with colleagues or counterparts of other cultures in a business or marketing context, it is important to know their customs to ensure that an intended meaning is not conveyed in order to avoid unintentionally offending them. Furthermore, other scholars (O’Rourke, 2010; Cardon & Scott, 2003; Brett, 2001) see global business etiquette as a natural outgrowth of business globalization, which in many significant ways complicate the way people from different backgrounds in organizational and learning contexts behave in business situations. They explain that employees who work globally should be trained in technical knowledge, such as import and export laws of other countries, comparative management styles, and business protocol, etiquette, and ethics.

II. Multinational Context of Management and Cross-cultural Communication

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. Hodgetts 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 behavior 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 behavioral rules are formal and specifically articulated and others are informal and learned over time which influences the overall behavior 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 behavioral 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 behaviors 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.

III. Cross-Cultural Negotiation: Challenges and Strategies

Developing global management skills is as demanding as applying cross-cultural negotiation and decision-making. Managers preparing for multinational assignments should prepare for skills in strategic negotiations and cross-cultural interactions. The process of negotiation is culture-specific and involves a great deal of sensitivity. Deresky (2006) noted that the ability to conduct cross-cultural negotiations cannot be over-stated, which places global managers in a position to learn the complexities associated with cultural nuances and values. Additionally, Carte & Fox (2008) highlighted the inherent difficulties in international business because of the need to understand cultural and regulatory variations. For instance, international business etiquette requires the ability to adapt to different national processes, patterns, and acculturations. It should be noted that competitive positioning and long-term effective business operations in a multinational environment involve a sound knowledge of negotiating processes and decision-making strategies of managers from different parts of the world.

Studies have suggested the importance of international managers to understand how culture affects negotiations with global business partners. As Movius, Matsuura, Yan, and Kim (2006) noted, it is a gross fallacy to make the assumption that individuals who come to negotiation meetings demonstrate “single culture” norms, since they often have extensive international experience either through work or education or probably from a multicultural and multilingual family, and thus have some acquaintance with various cultures. To achieve a desirable result in international negotiations, Salacuse (1998) stressed that global managers should be adequately grounded in intercultural communication and compromises. They should not only understand their own objectives in the negotiation, but should know their parameters in the decision-making process. They should also understand that information may be presented in different forms and be prepared to tolerate ambiguity and a reasonable level of inconsistency. As Chaney and Martin (2011) cited, in high-context cultures, such as Japan, meaning is conveyed through body language, pauses, rephrasing as much as in the words used at negotiation meetings, whereas in a high-context culture of the United States, meaning is conveyed mainly through spoken words. In cross-cultural negotiation, both verbal and nonverbal communication is critically important and may affect reactions and flow of conversations. Similarly, mixed messages create uncomfortable feelings for international managers as they may be struggling to reconcile the inconsistencies. For instance, in the United States, direct eye contact is expected and is seen as a measure of honesty, trustworthiness, and reliability. Conversely, in China and in some parts of Africa, direct eye contact is considered rude and inappropriate. Additionally, direct eye contact with a superior or senior person demonstrates disrespect and hostility in India. Cross-cultural communications skills are essentials to achieving effective and productive international negotiations. Over time, negotiations involving managers from different backgrounds have not yielded much result because of the tone of conversation, facial expressions and other culture-specific nonverbal cues. Therefore, international managers should be equipped with the appropriate knowledge and competence to manage complex situations that arise from cultural differences.

IV. Cross-Cultural Communication: Challenges and Strategies

Several studies (Thill & Bovee, 2011; O’Rourke, 2011) indicate a strong correlation between effective international management and cross-cultural communication. It is stressed that a sound intercultural communication is vital for international managers as well as for domestic managers of multicultural and multinational businesses. Miscommunication, misinterpretation, or misunderstanding is more likely to take place among managers and employees from different ethnic backgrounds and nationalities than among the managers and people from homogenous backgrounds. The ability to communicate cross-culturally is required of managers who aspire to succeed in global assignments. Managers preparing to work in a domestic business with a diverse workforce or who are preparing to work in foreign environments should be adequately flexible and trained to adjust their communication pattern to the intended audience.
The increasing emphasis on workforce diversity in recent years makes it extremely important that domestic and global managers should devote more time to learning appropriate communication strategies, especially for effective management of a diverse organization. Communication is an essential part of a manager’s duty and it takes up much of his or her time either interpersonally or with a group of employees. Effective intercultural communication largely determines the success of international transactions or the performance and productivity of a culturally diverse workforce. Communication scholars have determined that culture is the foundation of communication, and essentially communication conveys culture. As Deresky explained, effective cross-cultural communication explains whether or not the receiver is from a country with a monochromic or a polychromic time system, high-context or low-context environment.

Furthermore, managing intercultural communication effectively in organizations requires that managers develop cultural sensitivity, be careful in encoding their messages, thoughtful in decoding and analyzing content and context, selective in choosing channels for transmission of messages. The increasing mobility of workers in global markets, expansion of international joint ventures and strategic alliances, and the presence of global entrepreneurs in developing nations makes cross-cultural communication competence inevitable. As businesses strive to achieve competitive advantage both domestically and globally, equipping managers with the critical communication skills enhances performance and improves the quality of relationships. A number of studies indicate that cross-cultural communication skills or behavior can be learned to increase the effectiveness of managers with host nationals. Improved cross-cultural communication in organizations reduces the challenges in international management.

V. A Comparative Analysis of Global Business Etiquette

Communication scholars have emphasized the vital role of etiquette in international management environment as well as in cross communication situations. Managing a multicultural workforce requires a proper conduct of oneself at all times. In today’s hectic and competitive society, etiquette might be taken for granted or seen as outdated concept, but it affects perceptions and decisions people make in the global context of management. It is never over-emphasized that the ways a manager conducts himself/herself and interacts with colleagues have a profound impact on a company’s goodwill or credibility. In addition to effective cross-cultural communication and negotiation skills, proper business etiquette accounts for success of domestic and global managers. Bovee and Thill (2011) and Chaney and Martin (2011) in their analysis of the importance of managers’ self-conduct, grooming and appearance, and comportment consistently stated that business etiquette is a major criterion in evaluating performance and overall success in a global workplace. Etiquette includes a variety of behaviors, habits, and specific aspects of nonverbal communication.

Carte & Fox (2008) and Yu (2007) caution that with the tremendous surge in global business ventures these days, it is vital to learn more about the different cultures and behaviors around the world in order to reduce the risk of managerial failure. To effectively adapt business etiquette to businesspersons from other countries requires both knowledge about the culture and the ability and motivation to adapt to different behaviors. For example, the giant retailer Wal-Mart learned this lesson the hard way when it expanded its operations into Germany. Notably, store clerks resisted Wal-Mart’s culture of always smiling at customers, because some customers sometimes misunderstood and misinterpreted smiling as flirting. Because of a number of other cultural missteps, Wal-Mart had to leave the German marketplace (Bovee and Thill, 2011). Indeed, becoming aware and sensitive to different countries’ business etiquette is the key to establishing good business relationships with individuals and businesses in many countries. The significance of business etiquette is highlighted by analyzing four selected countries that have conducted businesses in the United States over the years.

Earley (1997) notes that business etiquette in the People’s Republic of China is the most reserved and most unlike the United States, out of the four countries included in this cultural analysis. To the United States businessperson, a personal relationship should be separated from business. Friendships are quickly formed and dissolved. Hence, many view the U.S. business relationship as shallow and short-termed, while business relationships in China are viewed as lifetime commitments (Martin & Chaney, 2011). Further, Chinese business etiquette is directly related to the Chinese sensitivity to face. Ting-Toomey & Kurogi (1998) and Earley (1997) refer to face as an evaluation of a person’s credibility and self image. The hundreds of phrases in the Chinese language describing face demonstrate the sophistication of face and how it relates to communication behaviors (Cardon & Scott, 2003), such as global business etiquette. The authors further note that Chinese businesspersons employ a number of communication strategies designed to receive face or give face to others, such as indirectness, intermediaries, praising, requests, and shaming. In order to save face, they often try indirectness by avoiding public confrontations. The use of intermediaries avoids direct confrontation, especially in conflict situations, such that a contact should always be established before representatives of business are sent to China. They
believe in a win-win negotiation strategy that allows both sides to be winners in order to increase the strength and scope of the relationship. In addition, Cardon and his colleague explained that Chinese businesspersons employ praise to recognize status and position. For example, they often times make direct request for favors because this will signal that a business relationship is firm. Finally, Chinese businesspersons resort to shame when individuals violate the trust of a relationship.

When conducting business in China or in the United States with a person from China, the rules of business etiquette are controlled and determined by face giving and taking. For example, when giving introductions, remember that the surname comes first and the given name last. The introduction is accompanied by a bow which is uncommon in many other cultures (Chaney & Martin, 2011). The authors stress that out of concern for their business partners; many times, the handshake is combined with a bow so that each culture shows the other proper respect. Another example of how face influences Chinese business etiquette is the importance of the business card exchange. Chinese business cards represent the person to whom you are being introduced, so it is polite to study the card for a while and then put it down as a sign of respect. Furthermore, Chaney and his colleague note that, as a mark of respect and appreciation, the Chinese examine business cards carefully and make some favorable comments while accepting them. During meetings with Chinese, it is a common practice for them to place business cards of others attending the meeting in front of them on the conference table in order to properly refer to names, ranks, and titles. Usually, both hands are used when presenting and receiving cards, and they position cards strategically so that they can be read easily.

Business etiquette in England is based on a strong sense of identity and nationalism. The English businessperson tends to be very matter-of-fact and tends to be very deadline oriented in business negotiations (Chaney & Martin, 2011). Traditions and customs (etiquette) are very important to the English, as they tend to be reserved and expect others to act accordingly. Unlike businesspersons from the U.S., business friendships are not necessary (Morrison et al., 1994). Carte & Fox (2008) note that because of their individualist culture, like the Americans, they focus on the tasks set out in their job description and think it is normal for a boss to reward individual effort. The English businesspersons' reputation of reserve is well deserved, thus so manifesting itself in their strict adherence to protocol (Martin & Chaney, 2011) and their ability to confront adversity with courage and strength of character (Harper, 1997). The author also cautions that when conducting business in England, be careful about asking too many personal questions too quickly, partly because it makes them nervous and partly because they are naturally reserved in their culture. The English businessperson, while having excellent manners, has "lousy" people skills.

When conducting business in England, the rules of business etiquette are controlled and determined by the English businesspersons' reserved character and strong sense of identity (Harper, 1997). For example, Martin & Chaney (2011) explain that conservative attire of excellent quality is important in England when judging dress and appearance. There, as well as, in other European countries, dress is an indication of social and business status. Therefore, it is important to dress your best by selecting clothing made of quality fabrics with fine tailoring in Great Britain. In addition, accessories should be of high quality and reflect good taste. English inappropriate attire includes sweat suits and tennis shoes, which are viewed as appropriate only for athletic activities. The English businesspersons' negotiation processes also reflect their cultural characteristics; they are very formal and polite and place great value on proper protocol and etiquette (Chaney & Martin, 2011). In addition, the authors note that the English can be tough and ruthless negotiators and can sometimes appear quaint and eccentric, many times causing other cultures to underestimate their skill. Mole (1997) adds that the English businesspersons quickly lose reserve when their basic assumptions about themselves are challenged or questioned.

Troyanovich (1972) interpretation of business etiquette in Germany is based on the formal culture of Germany that defines behavioral expectations in great detail, providing its participants with the knowledge of what to do and when to do it. Similarly, Carte & Fox (2008) noted point out that German businesspersons respect authority and hierarchical differences. They prefer a hierarchical organizational structure because it avoids uncertainty, where power is ensured within the organization. They are autocrats who prefer formal communication when conducting business. In addition, they focus on personal achievements and truth and directness are important aspects in business. Tinsley and Woloshin (1974) add that the ideal person is one who can be relied on to do what is expected and whose behavior is predicable, steady, and not much influenced by the opinions of others or by opportunity. Further, Martin and Chaney (2011) pointed out that more recent research indicates that class status is important to Germans, and even though all people have equal rights under the law, in reality inequalities exist.

The German businesspersons’ strict adherence to behavioral expectations is manifested in their standards of business etiquette. For example, being on time for all business and social engagements is more important to the German culture than any of the six countries surveyed in this paper (Axtell, 1998). Being only a few minutes late for meeting can be insulting to
German managers and if you are delayed, an explanatory call is expected. In addition, the German sense of punctuality in all situations has been recognized as one of the most consistent stereotypical characteristics of the culture (Tinsley & Woloshin, 1974). The value of time for the German businessperson is not primarily monetary, however, and there has never been any strong tendency to take time from other activities to increase the amount of time devoted to business affairs. Another example of German business etiquette reflective of their strict adherence to normative behavior is their etiquette for introductions. Martin and Chaney (2011) explain that in Germany, you always use a title when addressing someone until you are told it is okay to use first names. Troyanovich (1972) notes that German businesspersons are very time-conscious and that their preoccupation with punctuality is reflected in the formalized way time is reported to the German public.

In agreement, Mole (1999) explains that there is a strong sense that the relationship between the company and the employee is contractual, thus you are paid for so many hours and you work as hard as you can for that period of time.

Bovee and Thill (2010) discuss that Japan’s style of business etiquette, as other Asian cultures, is based on their high-context communication. In high-context cultures, people rely less on verbal communication and more on the context of nonverbal actions and environmental setting to convey meaning because so much of the message is carried in cues and “between the lines” interpretation. These contextual differences are apparent in the way businesspersons in Japan approach situations such as decision making and negotiating. For example, negotiators working on business deals in Japan may spend more time building relationships instead of working out contractual agreements. In other words, protecting the business relationship may be as important as making the final business decision. Martin and Chaney (2011) reported that the use of high-context communication can be very confusing to the uninitiated, nonsensitive intercultural businessperson. For example, the Japanese say “yes” for no but indicate whether “yes” is yes or really no by the context. Similarly, (Carte & Fox, 2008) notes that high context communicators tend to communicate more implicitly. When a Japanese businessperson speaks, they expect the person to interpret what they mean by their knowledge of the cultural values that lie behind the words.

When conducting business meetings in Japan, Bovee and Thill (2011) explain that the rules of etiquette are controlled and determined by their cultural context, the pattern of physical cues, environmental stimuli, and implicit understanding that convey meaning between two members of the same culture. For instance, since the Japanese do not use the word “no” and have such subtle verbal and nonverbal cues, businesspersons from other countries must ask a number of questions to be certain they understand the intent of what is being communicated (Brett, 2001). In addition, (Carte & Fox, 2008; NBEA 2007) argue that the aim at initial business meeting is to develop a personal trust. Much of the time in these meeting is spent exchanging information about the companies in question before discussing specific business proposals. Another example of how Japan’s high-context culture affects their business etiquette is their attitude towards business relationships. As Martin and Chaney (2011) and Watson & Chatterjee (2006) stressed, building relationships and friendships in Japan is a necessary prerequisite for doing business in their country. Signing a contract in Japan, as well as in other Asian cultures, does not signal a sale or negotiation but a continuation of a relationship with obligations and duties in the future. Indeed, each of these countries has a rich tradition of behaviors and customs that contribute to their standards of business behavior/etiquette and knowing what each expects can aid in improving the business relationships that exists between different cultures.

VI. Summary

As business organizations embark on global ventures and competitiveness, managing cultural differences, inter-cultural communication, and cross cultural negotiation and decision-making are the most common challenge to international management. Success or failure in managing a diverse or multicultural workforce largely depends on the ability of managers at all levels to communicate effectively with people from different backgrounds and nationalities, and showing respect for cultural differences. International business is the outgrowth of globalization which is driven primarily by economic interdependency and advances in technology, but the success in global business ventures will be affected by the inability of international managers to understand appropriate business etiquette, customs, and values needed to conduct business among nations of the world. Indeed, a number of management and communication studies strongly indicate that an understanding cultural differences as well as effective intercultural communication competence will not only help businesses to bridge the communication gap among countries involved in international trade negotiations, but it will also enable multinational and multicultural managers to succeed in their various foreign operations, global joint ventures, and strategic alliances. Because communication is culture-bound and culture specific, it is important that countries involved in international business devote adequate time to learn, understand, and appreciate the different ethical and cultural habits and appropriate etiquette for conducting business transactions on a global scale. The acquisition of these competitive global skills and competences will enable high-growth businesses
establish lasting strategic relationships and retain their workforce for longer periods of time. In light of the advantages and complexities associated with globalization and multinational operations, cultivating cross-cultural awareness and skills, and developing multicultural sensitivity and global mindset by managers will lead to sustainable growth in international business.

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