

Global Business and International Trade

Sociocultural aspects of international business

Prague University of Economics and Business

Outline of the presentation

- 1) Sociocultural factors and its role in international business
- 2) Differences in cultures

Why are these aspects important?

- Corporations operate in different host countries around the world and have to deal with a wide variety of political, economic, technological and business situations
- Moreover, each host country has its own society and culture, which are very often different from home country's society and culture

Why are these aspects important?

- They do not appear to be a part of business situations, but they are key elements in shaping how business is conducted
- Corporations have to be aware of the predominant attitudes, feelings and opinions in the local environment
- Society and culture often mold general attitudes toward fundamental aspects of life, such as time, money, productivity or achievement

Culture and society

- How would you define culture and society?

Culture and society

- Culture
 - the entire set of social norms and responses that dominates the behavior of a population, which makes each social environment different
 - culture is the conglomeration of beliefs, rules, techniques, institutions, and artifacts that characterize human population
 - it consists of the learned patterns of behavior common to members of a given society— the unique lifestyle of a particular group of people

Culture and society

- Society
 - The aggregate of people living together in a more or less ordered community
- To be able to work with sociocultural factors, we have to relate culture to society – and understand various aspects (elements) of culture in the first place

Elements of culture

- Attitudes toward time
 - behavior regarding punctuality, responses to business communications, deadlines and the amounts of time that are spent waiting in an outer office for an appointment
 - while Germans or Americans tend to be punctual, some other nations pay less attention
 - Japanese companies may not respond immediately to an offer, but this does not mean rejection

Elements of culture

- Attitudes toward work and leisure
 - the view toward wealth and material gain
 - What does people motivate to work more than is necessary to satisfy basic needs?
 - protestant ethic? (means of salvation, additional output rather than additional leisure)
 - improving status?
 - positive/negative motivation?
 - level of uncertainty?

Elements of culture

- Attitudes toward achievement
 - in some cultures, there is a tendency to avoid personal responsibility and to work according to precise instructions – little incentive to take personal risk
 - in other cultures the societal pressure on achievement is so intense that individuals are automatically driven toward attempting ambitious goals

Elements of culture

- Attitudes toward change
 - how long does it take to introduce and implement a change – important for doing business
 - deviation from something that is being perceived as normal
 - important determinant is the exposure to other cultures

Elements of culture

- Attitudes toward jobs
 - what kind of job is considered most desirable or prestigious?
 - medical, legal vs civil service; is then connected to education system
 - the idea of being one's own boss

Elements of culture

- Does religion affect commerce?
 - it provides spiritual foundation of a culture
 - business can bring about modernization that disrupts religious traditions, and international business can conflict with holy days and religious holidays
 - cultural conflicts in the area of religion can be quite serious
 - men x women relation in work, dress code, physical appearance
 - limits on products

Elements of culture

- Role of aesthetics
 - mean of nonverbal communication
 - specific meaning of symbols
 - popular colors
 - exposure of human body is treated as obscene
 - influence on advertising, packaging

Elements of culture

- Material culture
 - things that people use and enjoy (all human-made objects) – describes consumer habits
 - its study is concerned with technology and economics
 - material cultures differ very significantly because of tradition (food, beverages), climate (A/C), economic status (PC), and a host of other factors

Elements of culture

- Communication and language
 - culture determines to a large extent the use of spoken language – specific words, phrases and intonations used to communicate people's thoughts and needs
 - verbal patterns are reinforced by unspoken language – gestures, body positions, symbolic aids
 - problem with dialects, spoken-written language difference, more languages in one country, translations

Elements of culture

- Communication and language
 - silent communication can take several forms, such as body language, space, and language of things
 - body talk is a universal form of language that may have different meanings from country to country
 - usually, it involves facial expressions, postures, gestures, handshakes, eye contact, color or symbols, and time (punctuality)

Lost in translation

- Wang Computer
 - An effort by the U.S. computer company to demonstrate its devotion to customers backfired when it tried to take its message across the Pond in the 1970s
 - Wang Computer's motto, "Wang Cares," was immediately laughed at by Brits for what it sounded like when spoken aloud: "wankers," a derogatory term in England
 - Not wanting to be associated with the slang, the company's U.K. retailers refused to use the slogan

Lost in translation

- Perdue Chicken

- Chicken mogul Frank Perdue's famous slogan, "It takes a strong man to make a tender chicken," didn't have the same appeal for consumers south of the border
- That because, when translated in Spanish for a billboard in Mexico, the slogan came out as "It takes an aroused man to make a chicken affectionate."
- That didn't relay quite the tough-guy image Perdue had been gunning for

Lost in translation

- Mitsubishi
 - Not all cartoon characters have the same appeal overseas that they do in the states. Mitsubishi learned that the hard way in the mid-1990s, when it planned to use Woody Woodpecker to promote its new personal computer.
 - According to the EE Times, the company halted production the day before the campaign was set to launch, after realizing that when translated to Japanese, its ads revolved around the slogan "Tough Woody – the Internet Pecker."

Lost in translation

- Kraft Foods
 - Even made-up words can have an unintended meaning in another language. The name Kraft Foods invented for its new snack spinoff company, Mondelez International, has come under scrutiny for what "Mondelez" sounds like in Russian.
 - While in a press release Kraft says the newly coined word "Mondelez" (to be pronounced "mohn-da-leez") was created to evoke the idea of "delicious world," it sounds like the Russian slang for an oral sex act, according to Crain's Chicago Business.
 - Kraft has defended its proposed selection. "We did extensive due diligence in testing the name," Kraft spokesman John Simley told Crain's. "That included two rounds of focus groups in 28 languages, including Russian. We determined misinterpretations in any of the languages to be low-risk."

Lost in translation

- Clairol

- When Clairol presented its new curling iron in Germany, it quickly realized the need for a bit more research. Despite being popular in the United States, Clairol's Mist Stick curling iron was a dud in Germany, and it wasn't until the hair products company translated "mist" into German that executives figured out why.
- "Mist" means "manure," and few German women were looking for a manure stick for their long locks.
- Clairol wasn't alone in that problem; Rolls-Royce was forced to change the name of its Silver Mist to Silver Shadow before unveiling the car to Germans, and liquor producer Irish Mist also had difficulty breaking in to the German market.

Lost in translation

- Parker Pen
 - One of the earliest translation blunders belongs to the Parker Pen company for its 1935 introduction of the fountain pen. In the U.S., the successful advertising campaign centered on the slogan "Avoid embarrassment, use Parker Pens."
 - When debuting the pen in Latin America, however, the company modified the slogan to "It won't leak in your pocket and embarrass you."
 - The campaign didn't catch on so well, since the Spanish word that the company used, embarazar, does not mean "to embarrass" but rather "to impregnate," leaving some with the impression that the new fountain pen wouldn't "leak in your pocket and make you pregnant."

Lost in translation

- IKEA

- American businesses aren't the only ones to suffer from translation blunders, as furniture giant IKEA found out in 2005. The Swedish company, known for having products with unique monikers, decided to give a newly designed children's mobile workbench the name "Fartfull."
- While the word means "speedy" in Swedish, American parents weren't so quick to buy the desk for their kids.
- In the end, IKEA was forced to pull the item from its collection.

Elements of culture

- Other
 - role of family
 - seniority principle

Other theories of culture

- Cultural cluster approach
 - cultural patterns based on geographical similarities
 - Nordic countries— Denmark, Finland, Norway, Sweden
 - Germanic countries— Austria, Germany, Switzerland
 - Anglo countries— Australia, Canada, United States, United Kingdom, Ireland, South Africa
 - Latin American countries— Argentina, Chile, Columbia, Mexico, Peru
 - Arab countries— Saudi Arabia, Bahrain, Kuwait, Oman
 - Far East countries— China, Hong Kong, Indonesia, Philippines

Other theories of culture

- Geert Hofstede's five dimensions of culture
 - Social orientation: individual versus collective
 - Power orientation: power tolerant versus power respect
 - Uncertainty orientation: acceptance versus avoidance
 - Goal orientation: aggressive versus passive
 - Time orientation: long-term versus short-term