An Overview of International Cross Cultural Management

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ABSTRACT
Effective use of cross cultural teams can provide a source of experience and innovative thinking to enhance the competitive position of organizations. However, cultural differences can interfere with the successful completion of projects in today’s multicultural global business community. To achieve project goals and avoid cultural misunderstandings, managers should be culturally sensitive and promote creativity and motivation through flexible leadership. Managers in today’s multicultural global business community frequently encounter cultural differences, which can interfere with the successful completion of projects. Two leading studies of cross-cultural management have been conducted by Geert Hofstede, and Fons Trompenaars. Both approaches propose a set of cultural dimensions along which dominant value systems can be ordered. These value systems affect human thinking, feeling, and acting, and the behavior of organizations and institutions in predictable ways. The two sets of dimensions reflect basic problems that any society has to cope with but for which solutions differ. They are similar in some respects and different in others. The dimensions can be grouped into several categories. Internationalization, often written as i18n, is the process through which products can be prepared to be taken to other countries. It doesn’t just mean being able to change languages; instead it means being to accept different forms of data, different settings to match local customs and different strings of data and process it correctly.

Key words: International, Culture, Management, Cross Cultural

1. History and concepts
International trade has a rich history starting with barter system being replaced by Mercantilism in the 16th and 17th Centuries. The 18th Century saw the shift towards liberalism. It was in this period that Adam Smith, the father of Economics wrote about industrial revolution altered working conditions and created large organizations; Adam Smith on the division of labor. In 1776 where in he defined the

1 Faculty member, researcher and lecturer at University of Applied Sciences (FHM), Berlin, Germany
2 With special thanks to Mrs. Leyla Hakami, Master of Executive Business Administration, Tehran, Iran
3 Gerard Hendrik Hofstede (1928), Dutch social psychologist, former IBM employee, and Professor Emeritus of Organizational Anthropology and International Management at Maastricht University
4 Alfonsus (Fons) Trompenaars (1953), Dutch-French organizational theorist, management consultant, and author in the field of cross-cultural communication.
5 Adam Smith,Scottish economist(1723-1790)
importance of specialization in production and brought International trade under the said scope. David Ricardo\(^6\) developed the Comparative advantage principle, which stands true even today. All these economic thoughts and principles have influenced the international trade policies of each country. Though in the last few centuries, countries have entered into several pacts to move towards free trade where the countries do not impose tariffs in terms of import duties and allow trading of goods and services to go on freely. The 19th century beginning saw the move towards professionalism, which petered down by end of the century. Around 1913, the countries in the west say extensive move towards economic liberty where in quantitative restrictions were done away with and customs duties were reduced across countries. All currencies were freely convertible into Gold, which was the international monetary currency of exchange. Establishing business anywhere and finding employment was easy and one can say that trade was really free between countries around this period. The First World War changed the entire course of the world trade and countries built walls around themselves with wartime controls. Post world war, as many as five years went into dismantling of the wartime measures and getting back trade to normalcy. But then the economic recession in 1920 changed the balance of world trade again and many countries saw change of fortunes due to fluctuation of their currencies and depreciation creating economic pressures on various Governments to adopt protective mechanisms by adopting to raise customs duties and tariffs. The need to reduce the pressures of economic conditions and ease international trade between countries gave rise to the World Economic Conference in May 1927 organized by League of Nations where in the most important industrial countries participated and led to drawing up of Multilateral Trade Agreement. This was later followed with General Agreement of Tariffs and Trade (GATT) in 1947. However once again depression struck in 1930s disrupting the economies in all countries leading to rise in import duties to be able to maintain favorable balance of payments and import quotas or quantity restrictions including import prohibitions and licensing. Slowly the countries began to grow familiar to the fact that the old school of thoughts were no longer going to be practical and that they had to keep reviewing their international trade policies on continuous basis and this interns lead to all countries agreeing to be guided by the international organizations and trade agreements in terms of international trade. Today the understanding of international trade and the factors influencing global trade is much better understood. The context of global markets have been guided by the understanding and theories developed by economists based on Natural resources available with various countries which give them the comparative advantage, Economies of Scale of large scale production, technology in terms of e commerce as well as product life cycle changes in tune with advancement of technology as well as the financial market structures.

\(^6\) British political economist (1772-1823)
2. Theoretical Perspective of International Management

2.1. **Intercultural communication**: is defined as situated communication between individuals or groups of different linguistic and cultural origins.

2.2. **International Teamwork**: Getting Cross-Cultural Teamwork Right. People struggle with global teamwork, even though it's essential to success in multinational firms. ... They face conflicting group norms, practices, and expectations — all of which can cause severe fracturing along cultural lines.

2.3. **Intercultural leadership**: is a new leadership adapting to globalization wave and serving worldwide culture. ... Under the background of global operation and globalization, intercultural leadership means leaders' leading competences across countries and all levels at organizations.

2.4. **Expatriate Management**: an expatriate is an individual living in a country other than their country of citizenship, often temporarily and for work reasons. An expatriate can also be an individual who has relinquished citizenship in their home country to become a citizen of another.

2.5. **International HRM**: IHRM can be defined as set of activities aimed managing organizational human resources at international level to achieve organizational objectives and achieve competitive advantage over competitors at national and international level

2.6. **Intercultural Negotiation**: involves discussions of common and conflicting interests between persons of different cultural backgrounds who work to reach an agreement of mutual benefit. International Business Communication

2.7. **International Strategy**: business strategy refers to plans that guide commercial transactions taking International place between entities in different countries. Typically, international business strategy refers to the plans and actions of private companies rather than governments; as such, the goal is increased profit.

2.8. **International Business Environment**: from a business perspective, the primary incumbent in an international business environment is the multinational enterprise (MNE), which is a company that pursues strategic success in global production and sales (i.e. operating within a number of country borders).
3. Factors influencing International Management

3.1. Legal system: refers to a procedure or process for interpreting and enforcing the law. It elaborates the rights and responsibilities in a variety of ways. Three major legal systems of the world consist of civil law, common law and religious law.

3.2. State and political system: In terms of a political entity, a state is any politically organized community living under a single system of government. States may or may not be sovereign. For instance, federated states are members of a federal union, and may have only partial sovereignty, but are, nonetheless, states.

3.3. Geography & Climate: the composite or generally prevailing weather conditions of a region, as temperature, air pressure, humidity, precipitation, cloudiness, and winds, throughout the year, averaged over a series of years. 2. a region or area characterized by a given climate.

3.4. Culture & Religions: It can affect the same culture in different ways at different times. When people in a culture believe strongly in a given religion, it can have a
huge impact on their culture. ... This had a great effect on European culture of the
time. For example, almost all cultural expression was church-related.

3.5. **Taxation & Duties:** Customs Duty is a tariff or tax imposed on goods when trans-
ported across international borders. The purpose of Customs Duty is to protect each
country's economy, residents, jobs, environment, etc., by controlling the flow of
goods, especially restrictive and prohibited goods, into and out of the country.

3.6. **The economy:** is defined as a social domain that emphasizes the practices, dis-
courses, and material expressions associated with the production, use, and manage-
ment of resources’. Economic agents can be individuals, businesses, organiza-
tions, or governments. Economic transactions occur when two parties agree to the
value or price of the transacted good or service, commonly expressed in a certain
currency. Monetary transactions only account for a small part of the economic do-
main.

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**Figure 2: Factors influencing International Management**

- **Legal system**
  - Rule of law general
  - Contract, trade and patent law
  - Labour, environment law
  - Property and property protection
  - System of courts and arbitrations
  - Ex-and import restrictions
  - Informal laws, corruption
  - Etc.

- **State and political system**
  - Stability and predictability
  - Open vs hidden political powers
  - Bureaucracy and red tape
  - Due process in administration
  - Restrictions to free movement
  - Stakeholders, supporters and adversaries
  - Informal laws, corruption
  - Etc.

- **Gography & climate**
  - Topography and distances
  - Temperatures and precipitation
  - Nature and wildlife
  - Specific health risk or benefits
  - Etc.

- **Economy**
  - State of economy in general
  - Transport and communications infrastructure
  - Availability of supply chain
  - Availability of skilled labour
  - Labour costs and costs of living
  - Attractive places to live
  - Etc.

- **Taxation & Duties**
  - Taxes and tax rates
  - Ex- and import tariffs
  - Subsidies and tax breaks
  - Specific taxes on foreigners
  - Etc.

- **Culture and religions**
  - Languages and availability of translators
  - Religious rules and restrictions
  - Customers and traditions
  - Specific sensitivities
  - Gender equality
  - Mentality and mindsets
  - Management styles, customary
  - Roles and behavioral patterns
  - Collective vs individualistic values

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✓ International Business Environment (Culture):

The International Environment. ... Managing a business in a foreign country requires managers to deal with a large variety of cultural and environmental differences. As a result, international managers must continually monitor the political, legal, sociocultural, economic, and technological environments.
4. International Cross Cultural Management

Managing cross-cultural challenges in the international business management is akin to the "Hygiene" factor of the "Dual-factor Motivation" theory. In management of international business, embracing the cultural diversity of the country may or may not bring success, but not doing so will surely increase the chances of stagnation or failure. The world is becoming smaller day-by-day and therefore, the entrepreneurs & managers involved in the international businesses will have to become more sensitive to the challenges emanating from the cultural and ethnic landscape of the countries they work in. In the last 2 decades, cross-cultural challenges in the international business management have become prominent as the companies have started expanding across the territorial boundaries. Even leading management schools have started incorporating cross-cultural challenges as part of the curriculum of the international business management.

4.1. What is "Culture"?

Culture is the "acquired knowledge that people use to anticipate events and interpret experiences for generating acceptable social & professional behaviors. This knowledge forms values, creates attitudes and influences behaviors". Culture is learned through experiences and shared by a large number of people in the society. Further, culture is transferred from one generation to another. In the figure below, it is specified that what are the elements of the culture?
4.2. **What are the core components of "Culture"?**

4.2.1. *Power distribution* - Whether the members of the society follow the hierarchical approach or the egalitarian ideology?

4.2.2. *Social relationships* - Are people more individualistic or they believe in collectivism?

4.2.3. *Environmental relationships* - Do people exploit the environment for their socioeconomic purposes or do they strive to live in harmony with the surroundings?

4.2.4. *Work patterns* - Do people perform one task at a time or they take up multiple tasks at a time?

4.2.5. *Uncertainty & social control* - Whether the members of the society like to avoid uncertainty and be rule-bound or whether the members of the society are more relationship-based and like to deal with the uncertainties as & when they arise?
4.3. **What are the critical issues that generally surface in cross-cultural teams?**

4.3.1. Inadequate trust - For example, on one hand a Chinese manager wonders why his Indian teammates speak in Hindi in the office and on the other hand, his teammates argue that when the manager is not around, why they can't speak in English?

4.3.2. Perception - For instance, people from advanced countries consider people from less-developed countries inferior or vice-versa.

4.3.3. Inaccurate biases - For example, "Japanese people make decisions in the group" or "Indians do not deliver on time", are too generalized versions of cultural prejudices.

4.3.4. False communication - For example, during discussions, Japanese people nod their heads more as a sign of politeness and not necessarily as an agreement to what is being talked about.
<table>
<thead>
<tr>
<th>Western</th>
<th>Non-Western</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individualism</td>
<td>Collectivism/group</td>
</tr>
<tr>
<td>Internal self-control</td>
<td>External control</td>
</tr>
<tr>
<td>Pride</td>
<td>Saving face</td>
</tr>
<tr>
<td>Respect for results</td>
<td>Respect for status</td>
</tr>
<tr>
<td>Respect competence</td>
<td>Respect elders</td>
</tr>
<tr>
<td>Time is money</td>
<td>Time is life</td>
</tr>
<tr>
<td>Systematic</td>
<td>Humanistic</td>
</tr>
<tr>
<td>Informal</td>
<td>Formal</td>
</tr>
<tr>
<td>Action/ doing</td>
<td>Being/ acceptance</td>
</tr>
<tr>
<td>Tasks</td>
<td>Relationship/ loyalty</td>
</tr>
<tr>
<td>Future/ change</td>
<td>Past/ tradition</td>
</tr>
<tr>
<td>Control</td>
<td>Fate</td>
</tr>
<tr>
<td>Verbal</td>
<td>Non-verbal</td>
</tr>
</tbody>
</table>

Table 1: Western Vs Non-Western

4.4. **What are the communication styles that are influenced by the culture of the nation?**

4.4.1. 'Direct' or 'Indirect' - The messages are explicit and straight in the 'Direct' style. However, in the 'Indirect' style, the messages are more implicit & contextual.

4.4.2. 'Elaborate' or 'Exact' or 'Succinct' - In the 'Elaborate' style, the speaker talks a lot & repeats many times. In the 'Exact' style, the speaker is precise with minimum repetitions and in the 'Succinct' style; the speaker uses fewer words with moderate repetitions & uses nonverbal cues.

4.4.3. 'Contextual' or 'Personal' - In the 'Contextual' style, the focus is on the speaker's title or designation & hierarchical relationships. However, in the 'Personal' style, the focus is on the speaker's individual achievements & there is minimum reference to the hierarchical relationships.

4.4.4. 'Affective' or 'Instrumental' - In the 'Affective' style, the communication is more relationship-oriented and listeners need to understand meanings based on nonverbal clues. Whereas in the 'Instrumental' style, the speaker is more goal-oriented and uses direct language with minimum nonverbal cues.

4.5. **What are the important nonverbal cues related to the communication among cross-cultural teams?**

4.5.1. Body contact - This refers to the hand gestures (intended / unintended), embracing, hugging, kissing, thumping on the shoulder, firmness of handshakes, etc.
4.5.2. Interpersonal distance - This is about the physical distance between two or more individuals. 18" is considered an intimate distance, 18" to 4' is treated as personal distance, 4' to 8' is the acceptable social distance, and 8' is considered as the public distance.

4.5.3. Cross-cultural challenges in international business management", has become a keenly followed topic in last two decades. There are enough examples of business failures or stagnation or failure of joint ventures, on account of the management's inability to recognize cross-cultural challenges and tackle them appropriately. There are also examples of companies having compulsory training on culture management or acculturation programs for employees being sent abroad as or hired from other countries, to ensure that cross-challenges are tackled effectively.

5. Strategy for International Cross Cultural Management - Cross Cultural Differences (Cultural dimension)

1. Individualism / Collectivism
2. Power Distance
3. Uncertainty Avoidance
4. Quality Versus / Quantity of Life

5.1. Individualism, versus its opposite, collectivism, is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family. Positioning itself between these poles is a very basic problem all societies face. A concise definition is: “Individualism stands for a society in which the ties between individuals are loose: Everyone is expected to look after him/herself and her/his immediate family only. Collectivism stands for a society in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty” [4]. National differences in Individualism are calculated in an Individualism Index (IDV). The highest IDV scores were found in the United States, Australia, and Great Britain. The lowest IDV scores were found in Guatemala, Ecuador, and Panama.

Individualism (USA) / Collectivism (Japan or China-family, social network and friends are very important).
In fact the representative of Individualism is USA that the opposite of Japan Which symbolizes of collectivism.
Each individual is connected to a very complex net of relationship. In such cultures and countries, communication is the first word and it’s major cause for success. Business.

5.1.1. Cross-Cultural Differences (Cultural Dimension)

Individualism (USA) / Collectivism (Japan or China) – these are the most common ones. It has long been believed that the Japanese are more collectivistic than the Americans. To assess the validity of this common view, the based on 15 empirical studies that compared these two nations on individualism/collectivism. Surprisingly, 14 studies did not support the common view; the only study that supported it turned out to bear little relevance to the ordinary definition of individualism/collectivism. An examination of the supportive evidence of the common view disclosed that this view had been formed on an unexpectedly flimsy ground. It further turned out that the wide acceptance of the common view may have been the result of the fundamental attribution error, which may have led to an underestimation of situational factors in interpreting the past obviously collectivistic behaviour of the Japanese.

<table>
<thead>
<tr>
<th>USA</th>
<th>CULTURAL CONTEXT</th>
<th>JAPAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individualistic,</td>
<td>General characteristics</td>
<td>collective, consensus and cooperation oriented, embeddedness in society, harmony</td>
</tr>
<tr>
<td>self-assertive,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual freedom,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>opposing interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low power distance,</td>
<td>Geert Hofstede:</td>
<td>High power distance,</td>
</tr>
<tr>
<td>low uncertainty</td>
<td>Culture's Consequences</td>
<td>Very high uncertainty Avoidance,</td>
</tr>
<tr>
<td>avodiance, very</td>
<td></td>
<td>low individualism</td>
</tr>
<tr>
<td>high individualism and</td>
<td></td>
<td>And very high masculinity</td>
</tr>
<tr>
<td>high masculinity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universalism,</td>
<td>Fons Trompenaars:</td>
<td>Particularism</td>
</tr>
<tr>
<td>individualism, emotional</td>
<td>Riding the waves</td>
<td>Collectivism, neutral</td>
</tr>
<tr>
<td>relations, specific</td>
<td>of cultures</td>
<td>Relations, vague culture</td>
</tr>
<tr>
<td>culture</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: The state of America and Japan in terms of individualistic culture

7 Source, Yang Liu
Collectivists focus on communal, societal, or national interests in various types of political, economic and educational systems and that's the opposite of Individualistic.

5.2. **Power Distance (distance between you and your boss)**

*Power distance* is the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. The basic problem involved is the degree of human inequality that underlies the functioning of each particular society. In Hofstede’s research, power distance is measured in a Power Distance Index (PDI). The values and attitudes found at the national level contrast “low-PDI countries” with “high-PDI countries”, with some countries placed in between. High PDI countries include Malaysia and Mexico. Low PDI countries include Austria and Denmark.

A high PDI score indicates that a society accepts an unequal, hierarchical distribution of power, and that people understand "their place" in the system. A low PDI score means that power is shared and is widely dispersed, and that society members do not accept situations where power is distributed unequally.

**Application:** According to the model, in a high PDI country, such as Malaysia (100), team members will not initiate any action, and they like to be guided and directed to complete a task. If a manager doesn't take charge, they may think that the task isn't important.

![Diagram1: power distance vs. Individualist](image-url)
5.3. **Uncertainty (Risk) Avoidance**

Refers to the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. The basic problem involved is the degree to which a society tries to control the uncontrollable. The countries from Hofstede’s study were each given a score on Uncertainty Avoidance Index (UAI). UAI was derived from country mean scores on questions dealing with rule orientation, employment stability, and stress. Hofstede’s research has found UAI values for 50 countries and three regions. The countries rank from Greece, Portugal, and Guatemala (highest UAI) to Singapore, Jamaica, and Denmark (lowest UAI).

5.3.1. Uncertainty avoidance is one of five key qualities or dimensions measured by the researchers to understand why some ideas and business practices work better in some countries than the others.

5.3.2. The uncertainty avoidance dimension expresses the degree to which a typical person in a society feels uncomfortable with a sense of uncertainty and ambiguity (fuzzy).

In cross-cultural psychology, uncertainty avoidance is a society's tolerance for uncertainty and ambiguity. It reflects the extent to which members of a society attempt to cope with anxiety by minimizing uncertainty.

The research show People in cultures with high uncertainty avoidance tend to be more rational. They try to minimize the occurrence of unknown and unusual circumstances and to proceed with careful changes step by step by planning and by implementing rules, laws and regulations. In contrast, low uncertainty avoidance cultures accept and feel comfortable in unstructured situations or changeable environments and try to have as few rules as possible. People in these cultures tend to be more pragmatic and more tolerant of change. This dimension describes how well people can cope with anxiety. In societies that score highly for Uncertainty Avoidance, people attempt to make life as predictable and controllable as possible. If they find that they can't control their own lives, they may be tempted to stop trying. These people may refer to "mañana," or put their fate "in the hands of God." People in low UAI-scoring countries are more relaxed, open or inclusive. Bear in mind that avoiding uncertainty is not necessarily the same as avoiding risk. Hofstede argues that you may find people in high-scoring countries who are prepared to engage in risky behavior, precisely because it reduces ambiguities, or in order to avoid failure. Application: In Hofstede's model, Greece tops the UAI scale with 100, while Singapore scores the lowest with eight. Therefore, during a meeting in Greece, you might be keen to generate discussion, because you recognize that there's a cultural tendency for team members to make the safest, most conservative decisions, despite any emotional outbursts. Your aim is to
Masculinity vs. Femininity ‘Quality/Quantity of Life’ Hofstede (2010) the distribution of emotional roles between the genders: whether people are motivated by wanting to be the best, or liking what they do Masculinity versus its opposite, femininity, refers to the distribution of emotional roles between the genders, which is another fundamental problem for any society. This distinction opposes “tough” masculine and “tender” feminine societies. The duality of the sexes is a fundamental fact with which different societies cope in different ways. Surveys on the importance of work goals show that almost universally women attach more importance to social goals such as relationships, helping others, and the physical environment, and men attach more importance to ego goals such as careers and money. However, Hofstede’s data revealed that the importance respondents attached to such “feminine” versus “masculine” work varied across countries as well as across occupations. Masculinity stands for a society in which gender roles are clearly distinct. Men are supposed to be assertive, tough, and focused on material success. Women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which gender roles overlap. Both men and women are supposed to be modest, tender, and concerned with the quality of life. Because the respondents were mostly men, Hofstede suggested calling this dimension the Masculinity Index (MAS). The list of countries in order of MAS (high gender roles distinction at work) shows Japan at the top. German-speaking countries (Austria, Switzerland, and Germany) scored high; so did the Caribbean Latin American countries Venezuela, Mexico, and Colombia, and Italy. The Anglo countries (Ireland, Great Britain, South Africa, the United States, Australia, New Zealand, and Canada) all scored above average. Asian countries, other than Japan, were in the middle. The feminine side (low gender roles distinction at work)
includes other Latin countries (France, Spain, Salvador, etc.). At the extreme “feminine” pole were the Nordic countries including Sweden, Norway, and the Netherlands. Low MAS countries are characterized by cooperation at work and a good relationship with the boss, belief in group decisions, promotion by merit, lower job stress, and preference for smaller companies. High MAS countries are characterized by challenge and recognition in jobs, belief in individual decisions, higher job stress, and preference for large corporations.

<table>
<thead>
<tr>
<th>Masculine/ Quantity of life</th>
<th>Feminine/Quality of life</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cultures value are competitiveness /assertiveness materialism ambition and power</td>
<td>• Cultures place more value on relationship and quality of life</td>
</tr>
<tr>
<td>• More dramatic and less fluid difference between gender roles</td>
<td>• Men and women have the same values emphasizing modesty and caring</td>
</tr>
</tbody>
</table>

Table 3: Masculinity vs. Femininity

6. **Danger of Sophisticated Stereotyping**

First of all what is Stereotyping:

6.1. A simplified representation which focuses on certain characteristics of a group and assumes these to be share across all group members.

6.2. A stereotype is a preconceived notion, especially about a group of people.

6.3. Stereotype is categories of objects and people.

6.4. Sets of generalizations about the characteristics of individuals or groups of people and often destrted the representations.

6.5. Sex, race, age, sexual orientation, religion and physical ability are various catagories which exist in stereotyping. The most prevalent and controversial forms are sex and race.

6.6. Stereotype is a judgment of this characteristic. (Usually negative but not always) e.g. all women are bad drivers

7. **Long-term versus short-term orientation**

Refers to the extent to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs. Hofstede’s research shows country scores on a Long-term Orientation Index (LTO) for 23 countries. East Asian countries (China, Hong Kong, Taiwan, Japan, and South Korea) scored highest. Western countries were on the low side, and some developing countries (Zimbabwe, Philippines, Nigeria, and Pakistan) scored lowest. So this dimension does not oppose East and West; it divides the world along new lines. Business people in long-term oriented cultures are accustomed to working toward building strong positions in their markets and do not expect immediate results. Managers (often family members) are allowed time and resources to make their own contributions. In short-term oriented cultures the “bottom line” (the results of the past
month, quarter, or year) is a major concern; control systems are focused on it and managers are constantly judged by it. This state of affairs is supported by arguments that are assumed to be rational, but the cultural distinction reminds us of the fact that this entire rationality rests on cultural – that is, pre-rational – choices. Hofstede’s research, which used questionnaires provided to the worldwide employees of IBM, did not include some regions, and countries of Central and Eastern Europe. However, Hofstede hypothesized that Russian managers would be characterized by high power distance, high uncertainty avoidance, medium-range individualism, and low masculinity (low gender roles distinction at work). Bollinger tested Hofstede’s hypothesis in its studies of Russian managers in 1994, and found support for these predictions. More recent studies utilized Hofstede’s dimensional model as a paradigm for new countries. For instance, Elenkov in his comparative study found that US managers are more individualistic than their Russian counterparts and the managerial culture in the United States is also characterized by lower power distance and uncertainty avoidance than the Russian managerial culture. Regarding paternalism and fatalism, Aycan et al. found Russian managers to have high scores on both of these dimensions.

8. Sophisticated Stereotypes about Cross-Cultural Differences (Cultural Dimensions):

<table>
<thead>
<tr>
<th>Warmth</th>
<th>Competence</th>
<th>LOW</th>
<th>HIGH</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Paternalistic stereotype</td>
<td>Low status, not competitive (e.g. housewives, elderly people, disabled people)</td>
<td>Admiration</td>
</tr>
<tr>
<td>Low</td>
<td>Contemptuous stereotype</td>
<td>Low status, competitive (e.g. welfare recipients, poor people)</td>
<td>Envious stereotype</td>
</tr>
</tbody>
</table>

Table 4: Stereotype of Cross-Cultural

9. Misunderstanding
The need to avoid cultural misunderstanding is vital to successful international business expansion, but it must be recognized that culture can affect many aspects of corporate activity. Competitive management which looks specifically at how management styles vary across national cultures. The overall impact of culture on international business, however goes right through
an international companies because, it affects the core functions of HRM, marketing and finance (also corporate strategies and organization culture). Brands need to adapt when selling across cultures. This cultural homogeneity is not a reality, however, because brands have to adapt to local cultures, and not the other way round. Without any cultural sensitivity and cultural adjustment adjustment when selling internationally, companies have little chance to succeed.

10. Globalization:
Concept of ‘globalization’, a combination of globalization and localization, is increasingly being adopted by global brands. Many now acknowledge the vital need to truly understand potential clients’ requirements and expectations across cultures.
Companies are increasingly aware of this and therefore try to ‘glocalize’ their products. This means that they are producing on a global scale but every product is personalised in order to suit specific cultures or tastes. These terms are used in many fields. The usage of these words may implement differently in all these fields, but still the basic concept of both localization and globalization remains the same. Globalization is all about spreading, without any boundaries. It promotes the interdependence between communities or countries for various products and services. On the other hand, localization is about refraining in many different contexts. The words are commonly used in economics. Therefore, it is best to understand them in context to economics.
The wave of globalization has already gained the status of a worldwide phenomenon. It deals with the economic, financial, trade and communication integration of different markets of the world. It deals with an expansion of trade in goods and services. It is also looked as a process which is contributing in making the world economy more inter-dependent.
11. Case study (McDonalds, Coca cola and Nestle):

11.1. Mc Donalds:
Looking at the of Mc Donald’s we can see how they have done just that. By understanding the expectations and purchasing motives of your international customers, you will be able to create the best marketing strategy for your products and ensure that they will be a hit first time!

11.2. Coca cola:
Getting your brand’s image and desired advertising message across in a foreign country is a careful balance of cultural knowledge and translations. Coca Cola has demonstrated two ways of doing this. The first one was created for a domestic audience, making members of diverse cultural groups feel included in the advertising message. The second method was to use the members of a foreign culture about which Coca Cola didn’t know much to provide them with social marketing and cultural data to further the company’s penetration of that country’s soft drink and beverage market. Business owners and marketing professionals can take these tips, put them in their international marketing pocket, and utilize them in conjunction with translations by native speakers to effectively reach foreign audiences.

11.3. Nestle:
Features of Nestlé’s approach to core values which are conducive to intercultural management:

11.3.1. In Vietnam, Nestlé employed techniques to embed core values that were appropriate to the local culture. Thus, the concept of the family, a very important component of Vietnamese life, was used to foster team-building efforts. However, the core values that were disseminated were the same as for all branches of Nestlé worldwide. It was also made clear to personnel that an inability on their part to accept and subscribe to Nestlé core values would be viewed unfavorably.

11.3.2. Nestlé believes it owes its reputation of being a professionally managed company to the fact that all its managers subscribe to the same core values. Hence when a manager from one culture meets a Nestlé manager from another culture, they are able to relate to each other because they uphold the same values in their professional lives.

11.3.3. One of Nestlé’s core values is that its managers should have intercultural competencies. This core value is sacrosanct. General issues Other pointers about core values and intercultural management:

11.3.4. Core values compatible with intercultural management are more likely to be accepted by managers whose background has predisposed them to have cultural sensitivity. Hence recruitment of the opposite managers is all important.
11.3.5. In a global organization there are likely to be sub-cultures defined by national or ethnic cultures. The sub-cultures are acceptable provided they do not espouse values in opposition to corporate core values.

11.3.6. The other variables that define a global organization (other than core values) such as structure, leadership, HR policies, etc must be designed so that they are in alignment with the core values.

- **Values**
  - **Hofstede (1980):** Individualism-collectivism; Power distance; Uncertainty Avoidance; Masculinity-Femininity + Confucian Dynamism
  - **Trompenaars (1993):** Individualism-collectivism; past-present-future orientation; emotionality-emotional neutrality; universalism-particularism; specificity-diffuseness; ascribed-achieved status.
  - **Schwartz (1994):** Hierarchy; Conservatism; Autonomy; Mastery; Harmony; Equality.
  - **Triandis (1996):** Vertical-Horizontal Individualism-Collectivism.
  - **The GLOBE Project** (House et al., 2005): In-group collectivism (family, institutional); power distance; uncertainty avoidance; gender egalitarianism; future orientation; performance orientation; humanism; assertiveness.

- **Assumptions**
  - Model of culture Fit (Aycan et al. 2000): Malleability; proactivity; obligation; participation; responsibility seeking.

- **Practices**
  - Smith, Peterson, Schwartz (2002): Event management – supervisor; unwritten sources; experts; colleagues; (religious) beliefs; self.
  - House, et al., GLOBE Projesi (1999): In-group collectivism (family, institutional); power distance; uncertainty avoidance; gender egalitarianism; future orientation; performance orientation; humanism; assertiveness.

- **Norms**
  - Gelfand et al. (in preparation) – Cultural tightness-loseness

- **Belief systems**
  - Leung, Bond, vd., 2002 – Social axioms: Cynicism, social chaos, spirituality; fate control.

- **Cognitive processes**
  - Hall (1960): High-low context.

12. **Challenges:**

12.1. Culture: Different, Traditions, Body languages, Clothes
Culture determines the habits, holidays, behaviors and consumer preferences of every society. While implementing a business strategy in a foreign country, you should consider all the cultural characteristics of the targeted society. For example, you cannot sell beef in an Indian market, as cows are sacred animals in India. You cannot expect a boom in your sales before Thanksgiving elsewhere outside of the U.S. because this is only an American holiday. Cultural differences may also show up in local levels for small businesses.

12.2 Logistics: Transportation
12.3 Communications: Different languages, Interpreters, Information Management Different time zone Rotational assignments

13. CONCLUSIONS
According to Service (2012) indicated that, the global venture problems occur because lack of leadership skills and knowledge in relating with the people in different culture backgrounds. Integration of technologies, nations, cultures, relationships, and interests continues to characterize the twenty-first century workplace (Potoker, 2011). "Leading across cultures requires specific skills, and organizations should provide formal training along with expatriate assignments to develop leaders who can achieve results in this demanding environment” (Mathis and Jackson, 2013). In the 21st century, cause the globalization, the demand of cross-cultural leaders will be more and more, and for leaders of today's and tomorrow's businesses, the ability to connect people and leading successful teams in a cross-cultural environment is an important competency. The organizations need to become more effective when they are able to identify and foster the appropriate leader behaviors for the relevant cultural situation. The leader should know well about the difference of the culture background in order to avoid the culture conflict and leading more effectively.

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