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CULTURE IN GLOBAL BUSINESS

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Cultural diversity is a question mark to many companies and some are afraid to build multicultural teams, however cultural differences can be a huge benefit to any company, especially to those working in global markets. Company management as well as the individuals within the teams need to understand what are the biggest issues within multicultural teams, how to get to know other cultures and to be aware of issues caused by stereotyping others, what to expect from others and how to overcome these issues in order to build a strong and skillful team, where people are capable to work with each other and fill each other's deficiencies. The issues are tackled more from person to person communication instead of business communications perspective. This thesis consists of general information about different cultures and culture in general, what are the biggest downfalls and how to overcome those and how to benefit of working in multicultural team. All the information gathered is compared to author's job rotation experiences in Colombia. This thesis will hopefully help supervisors and employees to understand better all the different areas related to cultural diversity and recognize these issues in order to push themselves and the team towards common goals.

KEYWORDS:

Culture, cultural differences, global business, remote team, End-to-End

OPINNÄYTETYÖ (AMK) | TIIVISTELMÄ

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KULTTUURI KANSAINVÄLISESSÄ KAUPANKÄYNNISSÄ

Kulttuurin tuomat erilaisuudet ovat usein firmoille tuntemattomia ja jotkin yritykset pelkäävät sen vuoksi rakentaa monikulttuurisia tiimejä. Kulttuurien tuomat erilaisuudet tiimien sisällä voi olla kuitenkin suuri etu mille tahansa yritykselle, etenkin yrityksille jotka toimivat kansainvälisillä markkinoilla. Yritysjohdon sekä tiimissä työskentelivien yksilöiden tulee ymmärtää mitkä ovat suurimmat huolenaiheet monikulttuurisessa tiimissä, kuinka oppia tuntemaan ja ymmärtämään toisia kulttuureja, oppia varomaan stereotyyppien luomia ongelmia, mitä odottaa muilta ja kuinka päästä yli erilaisten kulttuurien tuomista ongelmista, jotta tiimistä voi tulla vahva ja osaava tiimi, jossa yksilöt kykenevät työskentelmään toisten kanssa ja täydentää toisilta puuttuvia ominaisuuksia. Asioita on käsitelty enemmän kommunikaatiota henkilöiltä toiselle näkökulmasta kuin yrityskommunikaation kautta. Tämä opinnäytetyö sisältää myös yleistä tietoa mitä on kulttuuri, mitkä ovat monikulttuurisen tiimin suurimmat ongelmakohdat ja kuinka päästä niistä yli ja mitkä ovat monikulttuurisen tiimin suurimmat edut. Kerättyä tietoa verrataan kirjoittajan kokemuksiin työkierron aikana Kolumbiassa. Tämä työ toivottavasti auttaa esimiehiä ja työntekijöitä ymmärtämään paremmin kulttuurien tuoman erilaisuuden eri osioita, tunnistaa nämä kohdat jotta kaikki voivat kulkea paremmin kohti yhteisiä tavoitteita.

ASIASANAT:

Kulttuuri, kulttuurierot, globaali kaupankäynti, etätiimi, End-to-End

CONTENT

LIST OF ABBREVIATIONS	6
1 INTRODUCTION	8
2 GLOBAL BUSINESS	9
3 COMMUNICATION BETWEEN PEOPLE	11
3.1 General about cultures	11
3.2 Different communication styles	12
3.2.1 Difference between genders	12
3.2.2 Difference between nationalities	12
3.3 Language skills and other barriers	14
4 UTILIZING MULTICULTURAL DIFFERENCES	15
5 MANAGING REMOTE AND MULTICULTURAL TEAMS	17
6 CASE STUDY	20
6.1 Services area	21
7 END-TO-END PILOT PROJECT	22
7.1 Current PCM process	22
7.2 SUBB + SUSAN	28
7.3 Management interviews	37
7.4 Future of the project	38
8 CONCLUSION	40
REFERENCES	43

APPENDICES

Appendix 1. Maahanmuuttajat työpaikalla

Appendix 2. Management interviews

Appendix 3. Interview for future of the project

PICTURES

No table of figures entries found.

FIGURES

Figure 1. Principles of good multicultural human resources management (Lahti, 2008) 18

Figure 2. Seven C's by E. Sheridan (Managing cultural differences) 19

TABLES

No table of figures entries found.

LIST OF ABBREVIATIONS

Abbreviation	Explanation of abbreviation
SME	Small and medium size enterprises
SWOT	Strengths, weaknesses, opportunities and threats Four square method to analyze strategy and tool to help learning, recognizing problems, evaluation and developing different aspects in corporate level or even personal issues.

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1 INTRODUCTION

The background of this thesis is to study newly established multicultural team with team members in different locations in Europe and South American countries. The author has spent two months in job rotation in Colombia and started to work with the new team and came across with several issues related to cultural barriers such as language, behavior and educational background. The author soon realized that training methods needed to be adjusted in order to deliver the message on the best possible way.

The author started to wonder that if this training team faced that many challenges, this must be the case elsewhere, too. It is easy to notice the challenges in everyday life, so the author decided to also investigate if there are also benefits when having multicultural team. There must be a reason why companies want to go global and take the risk of working with cultures that they are not familiar with.

This thesis consists of general information searched from published literature about different cultures and culture in general, what are the biggest downfalls and how to overcome those and how to benefit from working in multicultural team. The issues are tackled from person to person communication instead of business communications perspective. The basic information is compared with experiences within the company and the pilot project team in Colombia. With this thesis, the author hopes that people can better understand what is required from working with different cultures, multicultural teams and remote teams.

Information for this thesis was gathered by using various sources and methods. The theoretical part of this thesis consists of published literature, but the empirical part consists from the company's internal material related to this project. Also two rounds of interviews were carried out by the author to the key stakeholders of the project and project leader was interviewed in order to have more operational level comments and to know future plans.

2 GLOBAL BUSINESS

Operating a business in just one country will cause various limitations. A global environment provides more opportunities to growth. Main reason for globalization are large human resources, there are lot of people in the world willing to make long days with low salary. Modern technology has allowed data transfer and control between main office and branch offices. (Juntunen, 2006; 72, 75)

The global business is no longer something for the large companies, but it is also now a day's important for the small and medium size enterprise (SME's). For a long time, gathering information about foreign business environments and governments caused high costs, and it was difficult to communicate and negotiate with overseas partners. In today's world, many people gain more experience and knowledge by working and studying abroad, which has caused many SME's to have managers with more global mindset, high levels of global experience and understanding and higher risk tolerance. (Johnson & Turner, 2006, 153)

Due to influence of European Union, national borders and cultures are losing their meaning in Europe and instead European identity is developing. (Morrison, Harris & Morrison, 2011, 398) America has been the most valued and desirable business partner with Europe, but today European politicians and companies are directing their business interest towards so called emerging economies, such as China, Russia and India. (Johnson & Turner, 2006, 408) Main reason for interest towards the emerging countries is that their economy is estimated to grow two to three times faster than in USA and Europe. (www.forbes.com)

South America is a mix of many nations and cultures. The cultural base is European (Spanish, French, Dutch and Portuguese), African and Asian. In South American countries the Catholic Church has a great influence. Family values are important and the distinction between men and female is strong. In some countries, like Bolivia, Columbia and Brazil, there are still strong ancient

cultures of native tribes, but as the economic opportunities and possibilities for education are growing these tribes have possibility to influence more. (Moran et al., 2011, 292, 298, 315)

3 COMMUNICATION BETWEEN PEOPLE

3.1 General about cultures

Today's companies work in global environment more than before. In order to gain competitive advantage, foreigners are being hired and daughter companies and branch offices are established around the world. As a result, many different cultures collide, which can cause time to time problems and misunderstandings in communication and day to day work. This is something that many companies are afraid of, however open atmosphere and flexible attitude are key factors to make communication easier. It is not possible ever fully understand all the cultures in the world, but clear common guidelines can strengthen the power of multicultural working environment. Communication skills are equally important as professional skills, attention must be paid to both. (www.puv.fi, Moran et al., 2011, 38)

Rough categorization of cultures is Western culture, which enhances individual and Eastern culture, which enhances community. Most of cultures of the world are community centered, strongest are the cultures of Asia, Africa and South America. People in Northern and Western Europe and USA enhance more the individual act. Basic principle of Western culture is to secure rights and duties of an individual. In work places private life is kept separate from work environment, but in Eastern culture the difference is not that clear. In Eastern cultures people trust that family and friends help also in work life. The family relations can also affect how one climbs the career ladder, where as in Western culture this is based on employee's skills and features. Cultural differences affect also how employees can be evaluated and feedback can be given. In Western cultures employee understands that evaluations concern his own actions and can feel quilt about failures, whereas in Eastern cultures employees might not be so familiar with this kind of evaluations. Instead of processing the feedback as an individual, employee feels that he has let down his whole family. (www.ksao.fi, Lahti, 2014, 160)

3.2 Different communication styles

“No matter how hard one tries, one cannot avoid communicating. Any behavior in human interaction has a message and communicates something. Body language communicates, as well as our activity or inactivity. Any behavior is communication because any behavior contains a message, whether intended or not.” (Moran et al., 2011, 47) Studies show that there are several factors affecting communication, for example gender, nationality, region, religion and age. It is also important to understand meaning of verbal and non-verbal communication as in some cultures the actual message is being told non-verbally (Lahti, 2008, 96-101, Yli-Kaitala et al., 2013, 16).

3.2.1 Difference between genders

Culture and identity are not only depending on physical location of persons, but they are also based on gender (Okely, 1996, 3). It is a common statement, almost a joke, that men and women don't speak same language. Girls and boys grow up in different social environments and this will cause that conversation between men and women is communication between different cultures. Misunderstandings happen because the communication styles are different. There is no right or wrong style, but it is good to acknowledge why other persons act as they act. (Tannen, 2000, 16, 46) For many women communication language is mainly emotional, it is a way to create contacts and manage relations, whereas for most men language is a way to be independent and to gain status in hierarchical society (Tannen, 2000, 76, 77).

3.2.2 Difference between nationalities

Conversation will succeed if all parties have same attitudes and manners. Most Americans believe that only one should speak at a time, but this is not the reality. Unintentional interruptions and speaking simultaneously with someone

else is caused by different conversation styles. If all debaters are actively involved in conversation interruptions do not matter, but they are considered as signs of interest and closeness. However, if some of the debaters are polite and think that persons should be able to speak undisturbed, then simultaneously speaking causes interruptions and disorder. As an example, Americans from Midwest may feel that they are interrupted when they are speaking with Americans from East, but Midwest Americans seem aggressive interrupters when they speak to Indians of Athabasca who except for longer pauses. Many Americans notice that they are interrupting others when they speak with Scandinavians, whereas Finns, who keep longer pauses, think that Swedish and Norwegian interrupt them. There are regional differences in speed of speak and length of pauses of Finns. People coming from certain parts of Finland are considered as aggressive and fast speakers, whereas people coming from other parts tend to talk slower and are considered dummier. (Tannen, 2000, 204-211, Keisala, 2012, 71)

If cultural differences cause misunderstanding in personal relationships, they surely do the same in international relationships. Because people from different cultures have different conversation styles, their way of speaking can be a base for negative stereotypes. As an example, Jewish people are considered to speak in an aggressive and pushing way and the same features are seen to describe their nature as well. (Tannen, 2000, 216; Keisala, 2012, 12, Moran et al., 2011, 41) Same applies in Finland, for example, people from region of Savo are considered unreliable because they don't give straight answers to questions. They say "maybe" instead of "no", because "no" is seen as an insult. (Keltikangas-Järvinen, 2000, 189)

The western ideal is that feelings should be talked out loud. Problems might occur if own national culture is not known or appreciated, but foreign ideals are accepted without any criticism. Finns have been accused for centuries for being quiet and lacking skills for "small talk". This is not because Finns could not find something to say, but it is in their culture to talk only when they have something real to say. On the other hand, Americans use "small talk" to protect themselves

and to avoid sensitive subjects. Many subjects that are considered as common topics in Finland are forbidden in America, they can be seen as racists or insulting minorities. (Keltikangas-Järvinen, 2000, 187, 188)

3.3 Language skills and other barriers

Language skill is a wide term that consists of pronunciation, speaking, writing, understanding and communicating. Also knowledge of how to communicate in different locations with different people is part of language skills. Common language is a key for successful communication, but it is not possible that everyone speaks fluently and understandably also other languages as his or her own mother language. Because of this, some people avoid speaking foreign language and prefer to send e-mails instead. (Keisala, 2012, 63, 69, 185) Also non-verbal communication e.g. way to look, facial expression, tone of voice, sighs, smile or lack of it, eye contact and body posture, has great importance. With non-verbal communication it is possible to show respect and care, but also contempt and disinterest. Verbal and non-verbal communication has to be cohesive. (Lahti, 2014, 157-158, Moran et al., 2011, 59)

English is considered as the common global business language and hence most people around the world choose to study it, if possible. English is still not taught at schools worldwide and sometimes people have even difficulties to learn local languages properly. For example in Colombia people struggle to speak proper Spanish and many young people have been forced to come up with their own dialect in order to cope, which many older people and people, who have studied Spanish, have difficulties to understand. In many countries, where the own dialect is very strong, this transfers to spoken English. Often people struggle to understand when for example Indians or French speak English even though their vocabulary might be very good and wide. The articulation of English tends to turn more how they speak their native language.

4 UTILIZING MULTICULTURAL DIFFERENCES

Companies must become flexible and accept all kind of diversity. Companies need to set up an atmosphere that allows individual to learn and grow, supports team work and enhances co-operation. If diversity of people is acknowledged and it is being respected, positive results can be achieved. Possibilities for better interaction increase when people understand diversity. (Prashnig, 1996, 21-25)

Recognizing own and colleagues communication styles is essential for all kind of interaction and is requirement for successful communication. Style differences can be a cause for conflicts, dissatisfaction and misleading communication. Efficiency of organization increases, when its members understand and accept their uniqueness and start to appreciate diversity. If members of the organization know that they have skills that reinforce skills of others, they can support each other instead of competing against each other. It is possible to learn adopting new styles i.e. to do things on other people's way, which increases flexibility and common understanding. (Prashnig, 1996, 165, 185)

SWOT –analysis is very important tool for any company to understand their people market. Same kind of analysis can also be prepared for any other subject, such as for diversity in business environment like below. SWOT – analysis will help any company or supervisor to compare the aspects of multicultural team, what they can benefit from it and what is a threat.

STRENGTHS	WEAKNESESS
<ul style="list-style-type: none"> -Increase of cultural knowledge -Increase of language skills within the team 	<ul style="list-style-type: none"> -Possibility for misunderstandings -Written and spoken English might not be fluent -Conflicts will happen within multicultural team
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> -Learn what other cultures expect in business life -To have a team where people complements each other's deficiencies 	<ul style="list-style-type: none"> -Treating people in same way and not getting the benefits of a multicultural team -Offence someone by not understanding how to act with their culture -Differences in company loyalty between cultures

5 MANAGING REMOTE AND MULTICULTURAL TEAMS

Direct and active communication requires all parties to be physically in the same location. Interactive communication is especially needed when team works in multiple locations. Phone and computer are considered as interactive communication devices. (Arrasvuori & Pyykkönen, 1995, 87) Possibility for travelling and working in other locations or departments will help to succeed in communication between different cultures. It has been studied that asking help from a colleague that is unknown or working in a different location is difficult and weakens the communication. Getting to know colleagues more in person is difficult because of long distances and continuous organizational changes and personnel changes within teams. (Keisala, 2012, 62, 67)

The features of good working environment are globally the same despite of cultural inheritance. In such an environment, people are treated as human beings and as working colleague or superior, not as man, woman, old, young, foreigner or stranger. In good working place colleagues listen and help each other when needed, people can be themselves without any fears and verbal and non-verbal communication are in line. (Lahti, 2014, 182-183)

Supervisor's role is to guide the team and show what is expected from other team members. What the supervisor does and says is meaningful. Many times the superior does not have more cultural knowledge or understanding than the rest of the team. It can be difficult to notice all the dimensions related to culture. Language and dress code can be seen and heard, but values and habits cannot be seen. In addition to official organization, good supervisor can recognize the unofficial hidden organization as well. The unofficial organization has a strong influence on clicks and attitudes of people. In multicultural working environment, unofficial organization can cause challenges and therefore the hidden networks have to be made visible. (Lahti, 2014, 214-216, Lahti, 2008, 22, 26, 197, Yli-Kaitala et al., 2013, 15, 20-21)

Good human resources management consists of nine different factors between how employees are treated in the organization and how team members are directed towards good performance and understanding customer needs.

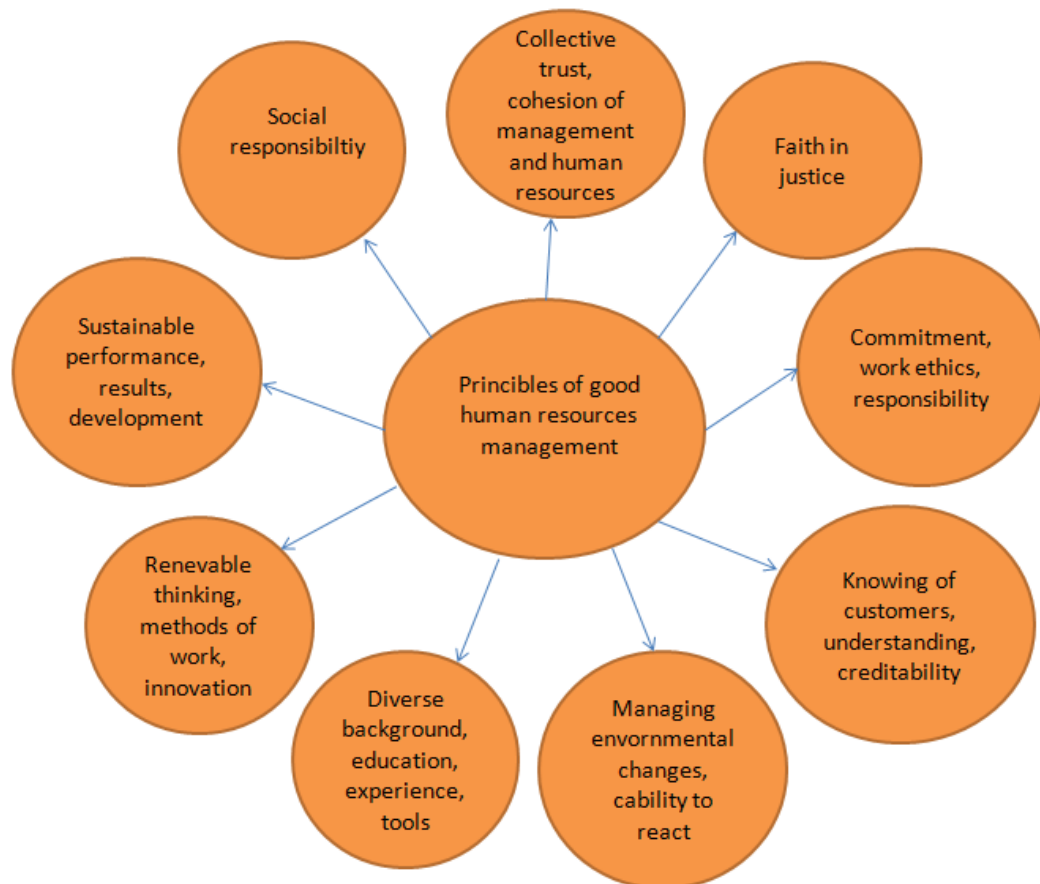


Figure 1. Principles of good multicultural human resources management (Lahti, 2008)

Well managed organizations are competitive during change. Through skillful management organizations build connections between majorities and minorities, as well as cultural and professional differences. (Lahti, 2008, 12) Management needs to be aware of the cultural influences on team members' personalities, motivations and values. "Skillful leaders are able to influence others, whether it is by giving orders and directions to individuals under their authority or by "influencing with authority". Leaders know what they want to

accomplish, but how to achieve it and who are the key people they need to influence to succeed are routine unknowns.” (Moran et al., 2011, 26)

According to Sheridan there are three clusters when it comes to leadership: intrapersonal competencies, interpersonal competencies and social competencies. The below “Seven C’s” applies to any global leader. (Moran et al., 2011, 31-32)

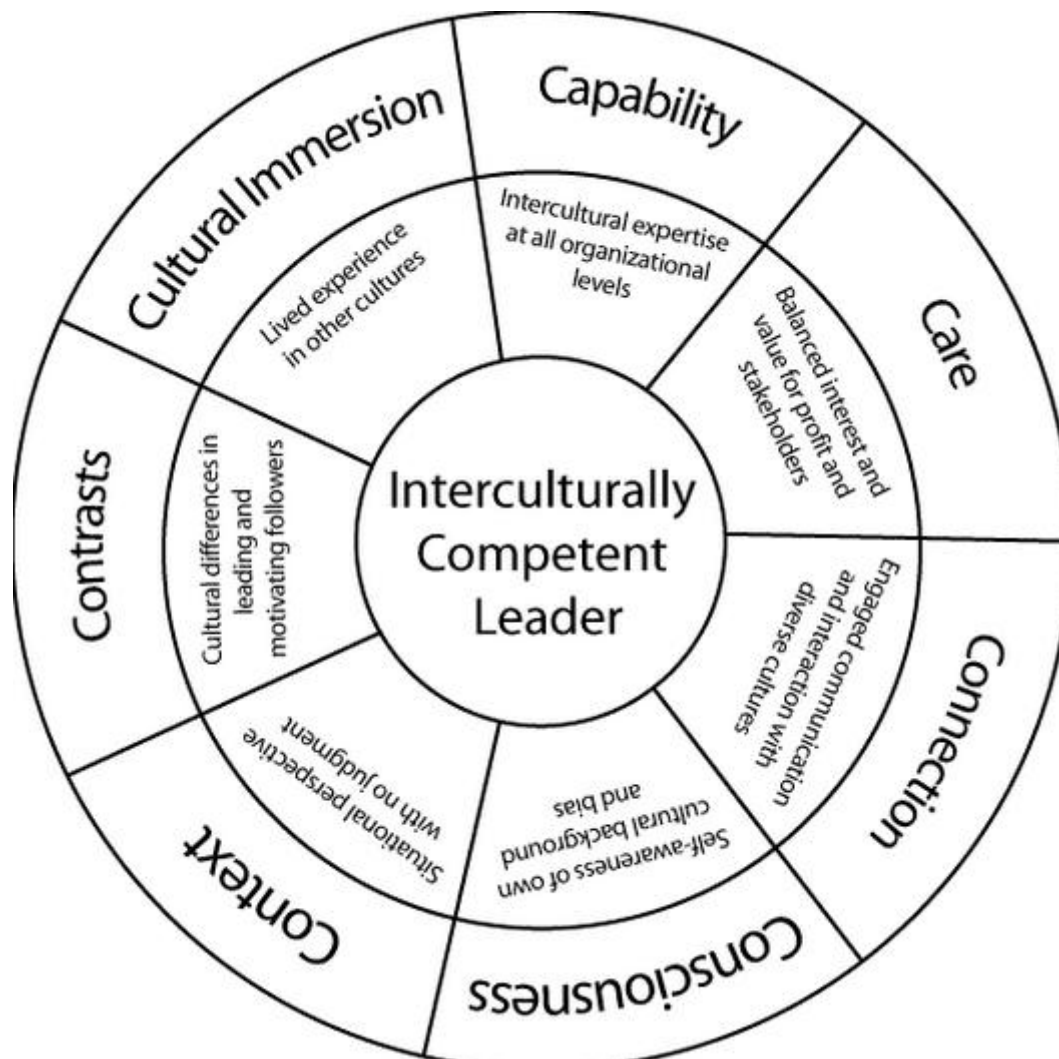


Figure 2. Seven C's by E. Sheridan (Managing cultural differences)

6 CASE STUDY

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6.1 Services area

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7 END-TO-END PILOT PROJECT

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7.1 Current PCM process

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7.2 SUBB + SUSAN

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7.3 Management interviews

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7.4 Future of the project

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8 CONCLUSION

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Appendix 1: Maahanmuuttajat työpaikalla

PDF –document regarding multicultural working environment.

Pages 8, 15, Header 3.1



Maahanmuuttajat
työpaikalla

Appendix 2: Management interviews

Summary of management interviews concerning what went well with the project, what left room for improvement, how training was arranged, how the project team handled the project.



Lessons learned
summary E2E.pptx



E2E Pilot
Project_Lessons Lear

Appendix 3: Interview for future of the project

M. Schmidt (Project Implementation Manager) interview

1. Has the pilot project been a success?
2. What is the hold up with the decision of possible global roll-out?
3. What is the next step in case of green light for global roll-out?
4. What happens in case project is being shot down and no permission for global roll-out is granted?
5. Any other comments about future of the project