

The Need for Communication and Cultural Awareness
in the Business World

An Honors Thesis (ID 499)

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There are truths on this side
of the Pyrenees which are falsehoods
on the other side.
-Blaise Pascal

Over the years the corporations and firms of the United States have begun to lose their competitive edge over the world's other nations. Due to the enormity of the nation's deficit, the U.S. cannot afford to allow this competitive edge to diminish.

The author of this thesis maintains that the utilization of exportation and internationalization can help the U.S. to regain this edge. However these endeavors cannot be accomplished successfully unless the importance of communication skills and cultural awareness is acknowledged in the business world and taught in institutions of higher education.

For the majority of the last four decades, the United States held a position of dominance in both political and economic power. The world coveted our industrial productivity. The U.S. was expanding its distribution into almost every nation. Yet, within recent years, America's great dominance in the business and industrial world has diminished. Other countries are out producing this country, often at a lesser cost. In addition these other nations are succeeding in convincing both foreigners and Americans alike to purchase their products (Valentine 10).

Many solutions exist which can help to alleviate this problem. They include:

1. Improving the productivity of America's manufacturers; thereby, narrowing the trade gap.
2. Increasing the exports of the United States in order to improve the trade balance.
3. Increasing the numbers of international or global corporations in the United States.

Due to the nature of this paper, only the last two solutions will be discussed in depth.

In recent years it has become increasingly impossible for American corporations to limit their productions to our

country alone. The reasoning is simple. The U.S. population consists of approximately 254 million people. The growth rate of this population only increases 1% per year. Once a company has met the needs of this population, it cannot grow further due to the slow growth rate and thus the company will become stagnant. Now the firm has two possible solutions. It can develop new products and/or it can expand its market beyond the boundaries of this nation.

An obvious solution for expanding the corporation's market is to increase exports. Yet in spite of the fact that companies in the U.S. need to increase exports in a big way, very few have. In 1985, the President's Commission in Industrial Competitiveness stated that only 1% of United States industry is responsible for 80% of U.S. exports (Spalding 2). However, according to Robert Frederick, chairman of the National Foreign Trade Council, 80% of the United States industry now faces international competition (Osigweh 27).

The need to increase exports leads logically to businesses becoming international or global in scope. According to Charles F. Valentine, author of The Arthur Young Business Guide, many reasons exist for a company to extend itself beyond our nation's boundaries. The following are four of them. First, as previously mentioned, is that the domestic market of the U.S. is too small, with the spending power of Americans increasing only minimally. Second, the population

of the world is shifting in favor of the southern hemisphere. By the year 2000, the populations of Europe and North America will be in the minority. Third, because of industrialization, the per capita income is increasing in various areas outside of the northern hemisphere. Finally, nations have become economically intertwined causing American firms to compete with local and foreign firms (27).

"The U.S. does indeed need to be more competitive internationally. Over the next decade it has no choice but to sell more goods and services abroad to deal with its immense foreign debt." (Nasar 217)

International business by definition is any type of business which has activities across national borders. Included is the international transmission of economic resources whether they be merchandise, services, or capital (Korth 2). In the past this has been a common way of extending ones business overseas. However, in recent years a new buzz word has been circling around the business community--Globalism.

According to Jeremy Main, in the Fortune article "How to Go Global and Why," a global corporation or transnational corporation is defined as...

[A corporation which] looks at the whole world as one market. It manufactures, conducts research, raises capital, and buys supplies wherever it can do the job best. It keeps in touch with technology

and market trends all around the world. National boundaries and regulations tend to be irrelevant or a mere hinderance. Corporate headquarters might be anywhere. (70)

Unfortunately the two solutions to increase exports and to internationalize are more easily stated than they are achieved.

Often times rather than looking for ways to increase the amount of exports from the United States, the government will instead listen to the cries of protectionism. However, protectionism does not aid in the current struggle, but hinders it. Protectionism is the process of decreasing the amount of foreign imports through higher tariffs, restrictive quotas and greater amounts of administrative red tape. In reality, protectionism can do more harm than good. When this system is in effect, it can increase the rate of inflation because import goods cost more. Ultimately, it can deprive Americans of jobs while other nations retaliate; thereby, diminishing the same U.S. exports that we sought to expand (Simon 22).

A barrier to globalism is the difficulty in putting aside patriotic sentiments. When a corporation decides to become global, the firm's structure will reflect this change through strategy, markets, and resource bases (Osigweh 28). Many managers have difficulties with these adjustments because, for example, when resources are allocated within a global

corporation, the domestic proposals are not given preference but are compared equally to the other international proposals (Korth 3).

In order to alleviate these natural prejudices managers are in favor of proposals that bring foreigners into the corporation; thus, having a team more adept at working abroad (Kepler 54). In this situation, appropriate communication and understanding become imperative in preventing the breakdowns which can occur and can cause hostilities to rise. When foreign managers enter this new environment they may feel that their views of customer trends and design needs are not appreciated by the Americans while the Americans in turn feel that the foreigners have no appreciation for the costs in granting a customers' wishes (Kepler 58).

I have delineated the importance of increasing exports and globalization in the ability of the United States to compete with the businesses of the world. Now it is important to realize that unless we attempt to understand both the languages and cultures of these other nations in the world then we can never obtain the goals that will allow us to regain our competitiveness.

Since the beginning of this world, as the folds of time have unraveled, the planet Earth has witnessed the passing of families, tribes, nations, and even empires. With these

countless peoples have come varied cultures and languages, each unique in its own way. In ages past the knowledge of other cultures had little importance except in trading ports and among officials of negotiating nations. More often than not this cross-cultural knowledge would only be used for economic and political necessity and the number of people using this knowledge would be small by comparison to the entire culture.

Today, due to our rapidly evolving world, communication with, as well as understanding of, different culture groups has become essential. In these modern times, rather than having a world inhabited by nations which are almost independent of one another, the world is instead inhabited by nations whose destinies have become intertwined due to economic dependency. However, many nations have discovered that they are now having difficulties because of poor communication skills and a lack of understanding of other cultures. The United States is one such nation.

Webster's New World Dictionary gives a diversity of definitions for the term communication. One of these definitions is "a giving or exchanging of information, signals, or messages by talk, gestures, writing, etc." Another definition terms communication as "the art of expressing ideas, especially in speech and writing and the science of transmitting information, especially in symbols."

Communication is essential if the United States'

endeavors to become international are to be a success. As stated in the above definitions, communication is more than two or more people speaking in the same language. Communication includes the words we speak, the gestures we make, and the words we write. On home territory communication is trivial, second-nature. However when we take the same communication to other cultures, it becomes a complex organism with meanings that are both difficult to observe and to imitate. Yet, in order to succeed in international business, individuals need to master these nuances.

Gestures that we make on a day to day basis are habitual and often times unobserved by ourselves. Yet these gestures can cause a good or bad impression in other cultures. For example, in the United States, hand gestures are acceptable to use in moderation in a formal situation. Yet, in other countries, hand gestures should not be used. When they are the person seems to be over-excitabile and hurried.

Communication is also language which is conveyed through written and spoken forms. When Americans do not fully understand the meanings of the words which they place on paper the results can be both humorous and embarrassing. In the mid 1960's, Pepsi introduced its slogan to Thailand--"Come Alive! You're in the Pepsi Generation" However the translation stated "Pepsi brings your ancestors back from the dead." (Machan 138)

"The United States can be characterized as the home of

the brave, and the land of the monolingual."--Rose Lee Hayden (Simon 1).

In the United States the need for a second or third language has never been truly understood. The distances between the nations borders are such that one could live his entire life within the country and never come in contact with a person who spoke in a foreign tongue. People also take drastic measures in the United States to "preserve" the English language. Battles are constantly being fought in the southwest over the Spanish speaking population's use or lack of use of English.

A story has been told of a politician who was arguing against bilingualism in the area. So stated he, "If God had wanted us to speak in any other language besides English, He shouldn't have written the Bible in English!" Because of attitudes such as this one the United States had been labeled as arrogant by other cultures.

Too many Americans have assumed that English should be the language of business. This is exactly the wrong attitude to take. When an American will not attempt to learn the language of the people with whom he wishes to have dealings, barriers are erected. First, when an interpreter is needed, negotiations become tedious and time consuming not to mention uncomfortable. In addition, people are less inclined to trust a person who cannot even take the time to learn the rudiments of their language.

Currently there are three factors that influence the foreign language graduates' job market. First are those people who have degrees in a foreign language, but cannot find jobs that utilize these skills properly. Second, are the employers that cannot find people to fill positions that require foreign language skills. And, finally, is the realization that foreign language skills will be becoming increasingly important in the future (Simon 161).

Like two halves of a whole, communication can often times be useless unless its backed up by cultural awareness.

For some people, a culture represents a stereotype which they have of a given society. A Mexican stereotyped would be cast as a slovenly person garbed in poncho and sombrero. However that stereotype is about as accurate in real life as the Hispanic belief that all Americans are rich and born with gum in their mouths. Stereotypes are like the mirrors one encounters in a carnival's funhouse. In them one can find a mere hint of truth but on the whole the image is grossly distorted.

By definition a culture is "the way of living developed and transmitted by a group of human beings, consciously or unconsciously, to subsequent generations. More precisely, ideas, habits, attitudes, customs and traditions [which] become accepted and somewhat standardized in a particular group..."(Moran 108)

Americans are often lacking in cultural knowledge. One

story is told of an American salesman who tried in vain to sell doormats to a Japanese gentleman. In his ignorance of this foreign culture, he did not realize that Japanese remove their shoes before entering a house; thus, do not need doormats (Paul 98).

In recent years United States businesses have considered the Japanese to be a thorn in its side. A common cry heard repeatedly alludes to the fact that we import from Japan far more than we export to them. One of the reasons is Americans have never attempted to understand the Japanese market. Peter F. Allgerier, a U.S. economist states, "'Instead of complaining, Americans ought to expend effort to master the Japanese market environment.'" (Paul 98)

The beliefs, customs, and traditions that a culture possesses are all very distinctive from one another. Even general things such as the way a culture will use time and space change from culture group to culture group (Valentine 11). Consider space in the American and Latin cultures. Each American has an invisible line which he draws around himself. Only certain people under certain circumstances are allowed to cross this invisible boundary. Now the Latino also has a similar invisible line drawn around himself with one exception. His line is much closer to him. Now when the American and Latino begin to converse with one another the Latino will step beyond the Americans line since his own space is much smaller. Soon the American grows uncomfortable and

will step back. Once again the Latino steps forward. Soon a dance commences across the room with the American retreating and the Hispanic advancing.

The example above is only on small nuance in the complexities which arise when two cultures meet. However not only is it important to understand that there are differences in the societies of cultures but there are also cultural differences in the management of a corporation in a country. For example, in Scandinavian firms, managers are team coordinators rather than bosses. Therefore competition is not as fierce as in U.S. corporations. Also when Scandinavian employees need information, they tend to skip the middle managers and go straight to the top of the hierarchy. This is considered to be efficient and praiseworthy (Rose 22).

Howard Perlmutter believes that there are three basic management perspectives in the world:

Ethnocentric- all countries are basically the same as manager's own country and views the companies operations as mere extensions of its domestic operations;

Polycentric- each country and the firm's operations in that country is rather unique, dissimilar entities;

Geocentric- recognizes similarities and dissimilarities between countries. Accordingly the manager and company with the perspective try to be

realistic, neither underestimating nor overestimating differences between countries (Korth 10).

Americans tend to be ethnocentric in their views and if the other culture group differs from the American's views then that other culture group is automatically deemed wrong. According to Perlmutter, "'If you have a joint venture with a Japanese company, they will send 24 people here to learn everything you know and you'll send one person there to tell them everything you know because you don't think you can learn anything from them.'" (Kepler 58) This type of ethnocentric thinking is harmful. No one appreciates a "Know-it-all."

According to Bass and Burger there are five different aspects which one encounters in people from other cultures in business which are essential to grasp. They are:

1. Differences in job satisfaction;
2. Differences in individual and organizational behavior;
3. Differences in predictive elements;
4. Differences in required training methods;
5. Differences in values (16)

It is only fitting that a thesis paper on cultural and language communication in business also focuses on Japan.

After the devastation of the second world war, Japan, as a protegee of the United States began to pick up the economic pieces of its country. Within ten years the nation had

achieved what is now termed as "The Japanese Miracle," By the year 1969, Japan's trade surplus had passed one billion dollars (Paul 95).

How did Japan accomplish this? They took a country with little agriculture and natural resources. They became a highly industrialized society by importing cheap raw materials and exporting them as sophisticated manufactured products (Paul 95).

Anthony Paul gives four reasons for Japan's dramatic success:

1. Highest overall mean IQ (106) of any country;
2. Work habits--cooperation and hard disciplined work;
3. National heritage combined in industry;
4. Security wage system. (96)

However, communication and cultural awareness also played key roles in the success of Japan. F.T. Murray and Alice Haller Murray state that:

...there's another factor that's fundamental to the Japanese success in becoming a global economic power: their understanding of and response to the needs and opportunities of the foreign markets. not by chance do they have this understanding; they've acquired it through a concerted effort to develop a corps of international managers and technicians adept at doing business in alien countries and cultures. (75)

Unlike many of the American corporations the Japanese firms do not simply toss their people into another culture with little to no preparation. Generally an employee in a Japanese company will begin learning about the culture he will be sent to a year in advance. During this time period he begins to learn about the culture, customs, ways of doing business and usually the language as well.

A Japanese businessman once said, "...the most useful international language in the world is not necessarily English, but rather it is the language of your client." (Simon 27)

Currently, in the United States, 68 percent of companies that send employees overseas do not have a formal training program. In the remaining 32 percent, the majority of these business only offer the bare rudiments of knowledge about the culture and country in their training programs (Murray 77).

Perhaps the Americans should begin to live by a Japanese proverb which says, "The stones of another hill may be good for polishing your jade." (Paul 96) Japan is so successful because it understands communication. It speaks the language of the given culture and it makes an effort to understand the motivating forces within the culture.

Currently Japan is also attempting to make their corporations more globally efficient. Hiroataka Takeuchi, from Hitotsubaski University, advises companies in Japan which are attempting to become global. "Takeuchi tells Japanese

managers that they can no longer afford to be what he calls 'soles'--flat fish with both eyes on one side of their heads, fixed on headquarters. They will also need to start hiring and using more non-Japanese." Honda is one of the companies that Takeuchi advises. Two years ago, the company hired six non-Japanese, mostly Americans, straight out of college to work in Japan and last year, ten were hired (Main 71).

Efforts to improve communication in the business world point to the need for a change in focus in business school education in the United States. In an article entitled "B-School get a Global Vision" by Jeremy Main the following is stated.

The MBA of the future should speak a foreign language fluently and be intimate with a foreign culture...He or she should have a strong grasp of ethics; be sensitive to others feelings know how to negotiate, have polished business manner, speak and write well, and understand the uses of technology....(Main 78)

In the past fifteen years, universities under the membership of the American Assembly of Collegiate Schools of Business (AACSB) have followed the trend towards a more international understanding of businesses. (See Table A033 and A04) In the United States there are over twelve hundred schools of business. However schools with the AACSB

accreditation are only twenty percent because of the high standard of performance required.

Unfortunately, although efforts are being made, key elements are often missing. For example, most of the international business programs today require little to no foreign language study (Issues 1). However, "the present status of international business programs in the United States, as measured by the number of programs, the start of new programs and the student enrollment, appears to be strong and growing (Rodriguez 6).

To illustrate a few programs that a university could employ to improve itself on an international level, I would like to explain how Ball State University has changed its focus to reflect the new imperative for globalization.

First, there is a new international business major--an interdisciplinary program requiring a minor in a foreign language. Ball State University has introduced this specialized major because this institution believes...

The successful international business person must have a comprehensive business degree and must be attuned to the cultural differences that exist around the world and their impact on business.

(International)

Among those courses which this program requires its student body to complete are international classes in business communication, business law, economics, finance, business

competitiveness, management and marketing.

Second, the 3-2 Program was designed to give undergraduates with a liberal arts degree, a second degree: a Master of Business Administration.

This program takes on an international flavor when the student's major is that of a foreign language. The student can continue to add to this perspective by taking international global studies classes such as...

- Culture, Languages and Races of the World
- Economic and Political Problems of Emerging Nations
- Global Geography
- Studies in Non-Western Civilizations
- Comparative Political Systems
- International Relations
- Religions of the World
- The Sociology of Modernization

Third, there is an international area of emphasis possible within the MBA program.

Finally, the College of Business at Ball State University has decided to make sure that all courses in the 'Common Body of Knowledge' that all majors are required to take include an international dimension. Use of texts and examples that focus on the international environment are used in all classes.

Ball State University is only an example illustrating a variety of methods in which a business college can emphasize international dimensions within its programs. This is not to

say that this university is typical or unique, rather this demonstration only reflects the options that one university has offered to its student body. Many other universities within the AASCB also offer programs which are less or more extensive variations of those programs formerly mentioned.

Few things can occur in life which do not effect the cycles and processes of the entities around it. When a rock rolls down a hill, it effects the snake who had used its shade; the flower which has been trampled; and the gofer that now finds the opening to its burrow covered.

The same concept also occurs in business. Because the United States has lost its competitive edge, increased exports and globalization must be introduced causing the need for increased communication skills and cultural awareness. Yet these goals cannot be accomplished unless the universities in the United States make a concerted effort to embrace these goals and educate students who are competent to function in the international arena.

These changes cannot occur overnight; however with effort and dedication the economic struggles of this nation may be reduced.

Table A03

Schools Offering at Least One Course in International Business

| | <u>1974(D&R)</u> | <u>1980(G&P)</u> | <u>1985(T&L)</u> |
|---|----------------------|----------------------|----------------------|
| Number of Schools Responding | 412 | 500 | 384 |
| Number of Schools with International Business | 271 | 370 | 382 |
| Response Rate (%) | 66 | 74 | 99 |

Source: 1980 Survey (page 186) and present study.

Table A04

Handling of the International Business Programs

| | <u>1980</u> <u>Grosse &</u> <u>Perritt</u> | <u>1985</u> <u>Thanopoulos</u> <u>& Leonard</u> |
|---|--|---|
| In an International Business Department | (9%) | (5%) |
| In another Department | (19%) | (25%) |
| International Business material is incorporated into functional courses | (29%) | (67%) |
| Functional faculty teach specific International Business courses | (40%) | (64%) |
| Total responding schools | 227 | 384 (*) |

Notes: (*) Multiple responses are possible for the 1985 survey.
Source: 1980 Survey (page 188) and present study.

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