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## **STUDY OF CROSS-CULTURAL CHALLENGES IN THE INTERNATIONAL BUSINESS ADMINISTRATION**

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### **Abstract**

International Business can promote creativity and motivational orientation to succeed through culturally conscious management, cross-cultural communication and innovative thinking. The objective of this paper is the examination of multicultural values along with the description of cross-cultural challenges in order to support the hypothesis that these principles have an impact on the organisational merit in the International Management. The methodology used involves empirical research based on qualitative methods. The case study presented will show that multicultural awareness is crucial, since the organization should be closely linked to the company's vision and overall business strategies based on comprehensive and relevant information, both from inside the corporation and from the market and the environment. The results indicate that today's companies must constantly adapt, develop and innovate, so that to handle the cross-cultural confronts of future international management. Finally, the author aims to investigate the applicability of a theoretical approach into practice and determine the principles and disciplines of the multicultural competences which are crucial determinants, as well as focusing on how the company manages the creativity and learning process towards more effective routines and business excellence.

### **Keywords**

multicultural awareness, cross-cultural challenges, business strategy, intercultural competence.

**JEL Classification:** M14

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### **Introduction**

Multicultural challenges in the business administration have become prominent as companies continue to increase their venture and the international marketplace becomes more manageable for businesses. Managing cross-cultural encounters through national identity, culture, language, tradition, history, and customs are all significant aspects, since embracing the cultural diversity of a country could bring success, but not undertaking it will increase the possibilities of inertia or failure (Bird & Mendenhall, 2016). Being aware of the enrichment factors, which lie behind the cultural thinking, will enable the members

of the corporation to better understand the cultural differences among nations. Therefore, teaching and learning about intercultural competence is a challenge to raise employees' awareness of their own culture, as well as to help them interpret and understand other cultures. Not just including a body of knowledge, but a set of practices requiring intelligence, skills, attitudes which make what culture is: an ocean of information about how people comprehend the surrounding world. As Takacs (2017:29) specifies Romanians, Hungarians and Germans in Romania attach significance to buildings and to places since within each of the regions the built heritage has played a distinctive role in defining the values of society, local distinctiveness, identity, so they can engender local pride and reflect on the substance of life and society.

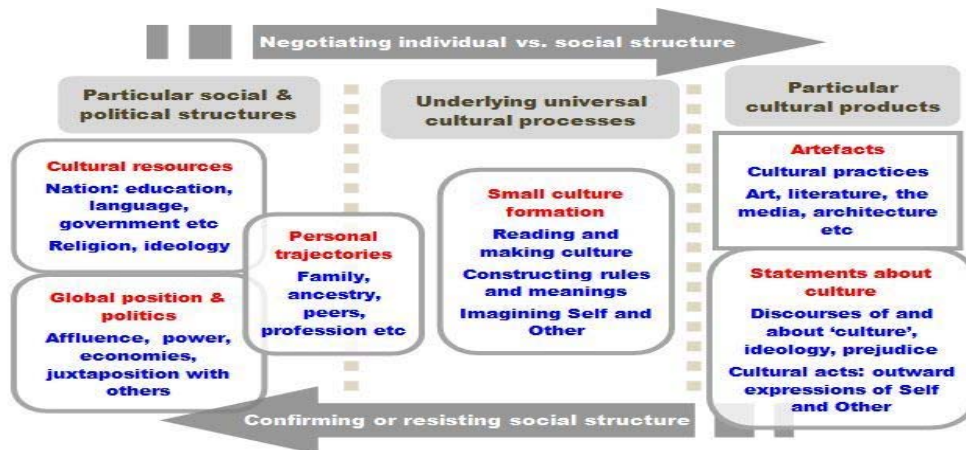
Intercultural awareness is the ability to be aware of cultural relativity, accordingly cultural awareness must be enabling language proficiency (Holliday, 2016). Therefore, culture is the core of language teaching, since language itself is defined by a culture, and we can only be competent in the language if we understand the culture that has shaped and educated it. Students can learn a second language successfully only if they have an awareness of that culture, and how that culture relates to their own first language or first culture, as well as accepting the role culture has in international business. Consequently, it is not only essential to have cultural awareness, but also intercultural awareness, since international business administration has to face the challenges and opportunities of working across borders and principles. The present study is also considered to be relevant to intercultural communication research because it arises cultural awareness. Therefore, the analysis of the motivations of intercultural awareness is expected to contribute to the culture-specificity in conceptualization.

## **Theoretical Aspects**

### **1. Intercultural Awareness**

International and cross-cultural companies are becoming more common, therefore business administration can gain advantage from an increasingly diverse realization and new, insightful approaches to professional efforts. However, as Holliday (2016) indicates, along with the benefits, global organizations also face potential tripping blocks regarding culture and international business. Acknowledging how culture affects international business in the four core areas of intercultural communication can help teams to elucidate misunderstandings with colleagues and clientele and surpass in a globalized business environment. Cross-cultural collaboration can be a challenge, thus forthcoming cultural differences with thoughtfulness, ingenuousness, and interest can help cross-cultural teams to put everyone at ease (Holliday, 2013).

The model *Grammar of culture*, according to fig. no.1, is characterised by open relationships representing a connection between the individual and national structures. According to Holliday (2013:31) three broad domains are found in the model of culture: particular social and political structures, the underlying universal cultural processes and particular cultural products. Thus, the interaction between the particular and the universal allows us to make sense of the particular. Therefore, the knowledge of representing and interpreting culture in international communication is different on the macro cultural level, with the result that misunderstandings can develop into conflicts, and these are much more likely to occur than is the case in intra-cultural communication between subcultures.



**Figure no.1: 'Grammar of culture'**  
 Source: adapted from Holliday (2013)

The interdisciplinary and comprehensive character of the label intercultural that has become particularly well-established in German-speaking countries often corresponds to various other designations, which signify a particular disciplinary preference or focus on the communication between specific groups:

*Power distribution:* the members of the society should follow the hierarchical line or the egalitarian ideology, which help them in defining positions and responsibilities within the organization. Therefore, senior management positions expect a certain level of formality and awe from junior team members, e.g. Japan bring traditional values, social hierarchy, status, and respect for seniority into the workplace. However, Scandinavian countries emphasize societal equality and tend to have a comparatively flat organizational hierarchy.

*Social relationships:* people can be individualistic or collective, or the degree to which individuals are supposed to remain integrated into groups or look after themselves. Positioning between these poles is a problem that all societies face.

*Environmental relationships:* people ill-use the environment for their socioeconomic purposes or they try to live in harmony with it.

*Work patterns:* *monochronic* people implement one task at a time according to a pre-set schedule in a linear way, but their focus is rather on information than people. People in *polychronic* time system lead multiple tasks and do not depend on indicated information, so schedules are open to change.

*Masculinity vs femininity:* refers to the division of expressive roles between the genders, which opposes harsh masculine and sensitive feminine societies. This duality is a prime element and societies cope with it in different ways: women accord more significance to social goals such as relationships, love and care, while men are more engaged with goals such as careers and money.

*Long-term vs short-term orientation:* refers to a cultural program, where delayed gratification of the material, social, and emotional needs are accepted.

*Uncertainty or social control:* the members of the society avoid uncertainties and are rule-bound or they are more relationship-based and deal with the uncertainties. The basic problem involved is that the society tries to control the uncontrollable (Hofstede 2001).

*Competitiveness*: According to Browaeys and Price (2008) competition among employees is stimulated to make the workforces more conscientious and more inventive, since the focus is on prosperity, performance and objectives, while in other cultures, job satisfaction is long-awaited and competition is not valued (Hofstede and Hofstede, 2005).

## **2. The disputes that generally outward in cross-cultural teams**

Cultural differences among team members may create misunderstanding during the working cycle, since the impact of cultural factors, language barriers, time differences, and socioeconomic, political, and religious diversity may stipulate a range of approved actions to encourage self-interest (Holliday, 2016).

Motivating team members may encounter significant obstacles in multi-cultural communications. The international ventures include cultural diversity, where members are constantly learning, thus training and educational approaches have an impact on attitudes regarding technology, practice, reinforcement, and interaction to which learners are accustomed:

*Inadequate trust*: the manager wonders why his teammates speak in their native language in the office but his teammates argue that when the manager is not around, they can speak in English, for example.

*Perception*: people from more developed countries consider employees from less-developed countries lower.

*Inaccurate biases*: generalized versions of cultural prejudices.

*False communication*: during discussions, different countries may have different non-verbal communicative signs, which can have altered meanings in cross-cultural communications.

## **3. The communication styles by the culture of a nation**

Intercultural communication receives a huge attention and thoughtfulness when dealing with business associates from different countries (Phipps, 2013). Outlining roles in multinational groups with diverse approaches and prospects of organizational hierarchy, thus can be seen why these cultural differences present a challenge:

*Direct or Indirect*: the messages are precise and conventional in the Direct style. However, the messages are more implicit and contextual in the Indirect style. *E.g.*, while the Finns may value frankness and swiftness, trades from India are more oblique and nuanced in their communication.

*Elaborate or Exact or Succinct*: in the Elaborate style, the speaker talks and repeats for several times while conveying his message across. In the Exact style, the speaker talks precisely with minimum repetitions while in the Succinct style the speaker uses only a few words with adequate repetitions and nonverbal cues.

*Contextual or Personal*: while in the Contextual style, the attention is on the speaker's title, designation or hierarchical relationships, in the Personal style the focus falls on the speaker's specific achievements and there is no or minimum reference to the hierarchical relationships.

*Affective or Instrumental*: in the Affective style, the interaction is relationship-based and meanings can be understood mainly through nonverbal cues. In the Instrumental style, the speaker is mainly goal-oriented and understands language with minimum nonverbal cues.

#### **4. Managing Cross-Cultural Differences**

Successful cross-cultural teams afford the core of skills and state-of-the-art views to boost the competitive position of their companies, and to determine potential communication barriers. Consequently, being aware of clients' cultural background is an important aspect, as this will give the advantage of conveying messages successfully (Chaney & Martin, 2011). Provided there are some level of disconnect, asking questions during the meeting to resolve any uncertainties is advisable. Furthermore, cross-cultural teams can definitely be confused by different meanings of disputes or jargons. Holliday (2013) suggests that there have been special studies with regard to the linguistic-cultural differences in realising requests, demands, refusals, apologies, justifications, compliments, thanking and similar face-threatening and face-saving speech acts. Germans have a greater preference for direct and explicit communication than the English, because the German culture characteristically shows a greater preference for avoiding uncertainty.

Many cross-cultural differences may occur at business dinners. Dining in the US can be a challenge for people from Eastern cultures, since many employees when realizing differences in etiquette do not dare to ask questions, not to look unprepared or unprofessional. Cultural intelligence is the aptitude to reveal certain manners, knacks and qualities, which are culturally adjusted to the principles of others (Peterson, 2004). Therefore, teaching the group how to cooperate effectively is particularly important when organizations are being overseas, consequently trainings should include sessions on all areas of intercultural communication, as well as business etiquette and negotiation customs.

#### **Methodology**

I conducted various informant testing to check whether students from 'Sapientia' University would be able to realize the significance of cultural identity. The aim of this experiment was to measure how and to what extent the intercultural awareness topic helps informants to realize the importance of intercultural values in a multicultural environment.

In the conduct experiment I hypothesised that learners, who know the importance of intercultural values, will figure out and keep in mind the multicultural assessment more easily than students who do not have such comprehension. I carried out a series of experiments, the results of which support this hypothesis. Accordingly, it is suggested that the motivational factors of the intercultural values should be clarified to students in order to achieve better results. In the experiments I have assessed the effect of principles having an impact on educational cooperation practices and semantic features of cultural entities. The experiments also involved students' awareness of intercultural and multicultural motivations. I have likewise examined whether learning cultural principles can be achieved under task designs that give less explicit guidance and which help students to learner autonomy. Thus, students were asked to identify cultural canons themselves, while they were shown pictures illustrating implicit cultural values in order to stimulate dual coding.

The results of the experiments have been analysed with a view to providing steps towards concrete applications. The presentation and differences among students have the potential to influence their achievement in certain courses for advancing cultural awareness. Specific variables suggested include the characteristics of the cultural morals to be taught, cross-cultural interests, scheme, and other learner characteristics, such as students' level as well as their aptitude.

### **Case Study**

The case study provides a rather detailed examination in order to reveal how educational resources are used regarding cultural awareness and it is also meant to bring the cross-cultural traditions side by side through a qualitative analysis.

Participants in the experiment were two parallel groups of second year English majors at the Hungarian University of Transylvania. The students were 19-22 years old and their English was advanced, approximately C1 level. The control group consisted of 20 students and in the experimental group took part 25 students.

The experiment employed identical material and instruction in both groups, with one main exception: the organization of the cultural connotations to be learned. The experiment consisted of three testing; all designed to examine the effects of learners' knowledge of intercultural motivations. The assessments were carried out with the same materials but similar, though not the same techniques were taken into considerations. The pilot study had revealed that all the students were familiar with the lexis targeted in the experiment.

The method used in these experiments consisted of two one-page handouts. The first sheet presented the input: a test containing 20 questions regarding intercultural knowledge. The second sheet contained a gap-filling test. Students in both groups were accustomed with the frequently used concepts, as well as the central meanings of the given context. Nevertheless, examples of these ideas were included in the instruction and testing processes, since the general meanings and cultural concepts that would be targeted in the experiment largely depended upon these meanings. The difference between the experimental and the control group was in the manner of presentation of the cultural connotations to be taught. While the control group were taught the English concepts through Hungarian equivalents, the experimental students were taught with the Cognitive Linguistics approach, consequently, I explained the most important motivating factors to them. For each group, the instruction and the organisation of the tests were divided into two parts. Gap-filling tests followed each of the stages of the tutoring procedure, as well as one day after the two-stage lessons an immediate testing process, finally, a post-test was directed to each group.

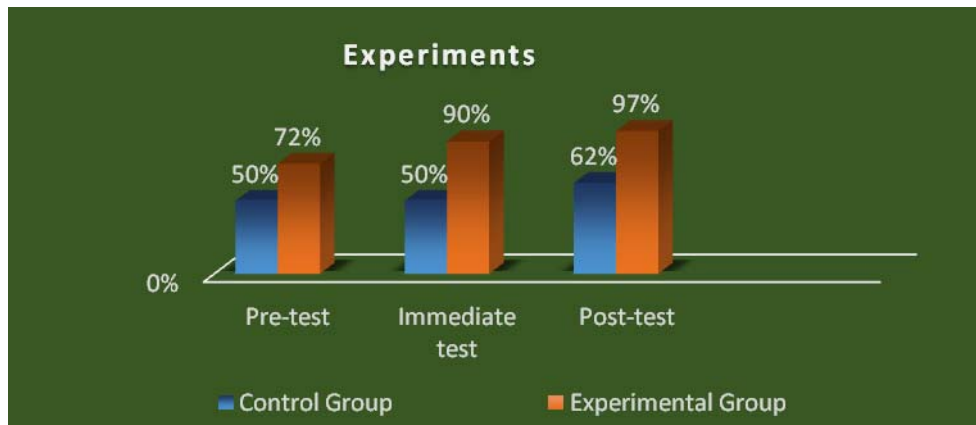
### **Results**

The responses to the pre-test, immediate-test and the post-test of both groups were analysed, taking into account the completely correct responses, then including cultural comprehension in the second part of the tests, which were not entirely correct but in which the key concepts were given correctly. It was also interesting to check whether students were able to make a distinction between the senses of cultural connotations, which was the primary aim of the testing.

As can be seen in Fig. no. 2, in both the immediate test and the post-test, the experimental group outperformed the control group, and a statistical significance was also obtained across the board. The difference between the pre-test and the post-test shows that the performance by the experimental students increased on average by 25%, whereas the performances of the control group increased by only half this rate, 12%. The experimental group did noticeably better in the two tests. Including target conceptual answers, they actually obtained scores in the post-test of 97 %, while the control group 62%.

The scores in the assessment prove the development of the experimental group; specifically, the experimental group outperformed the control group and especially in the

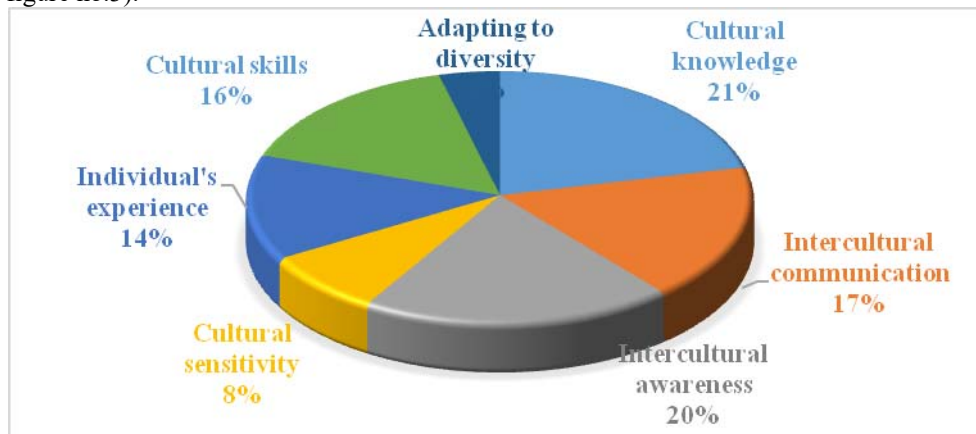
post-test. Taking only completely correct responses into account, submit a significant result for the immediate test, and also a noteworthy outcome for the post-test.



**Figure no.2: Experiment results**

Source: author

During the second phase of the experiments the students also highlighted the key factors that affect cross-cultural competence. Accordingly, the highest percentages were registered in case of cultural knowledge, intercultural awareness and intercultural communication (see figure no.3).



**Figure no.3: Experiment: key factors that affect cross-cultural competence**

Source: author

On the whole, the experimental results support the hypothesis that the precise comprehension of appropriate meanings in the experimental group help students to become culture conscious. Accordingly, maintenance of the multiple senses and uses of cultural awareness can be improved by employing insights from cooperation cultural practices. The results of the experiments cannot be applied as an acceptable exposure to turn intercultural

awareness into a learning strategy. An extensive syllabus seems to be needed to complete this task in the forthcoming curriculum.

The limitations of the experiments because of the number of participants make it impossible to represent definitive conclusions concerning teaching intercultural awareness. The experiments could be simulated or developed in several ways. I am also aware that various teaching strategies may correlate and in cooperation determine learning results.

Many questions remain, and further research is needed to conclude, for example: How much explicit educational practice is required to increase employees' cultural awareness adequately to apply it effectively as a learning strategy?

### **Conclusions**

Starting from the idea that intercultural awareness varies to a great extent across cultural boundaries and they are illustrative for the way in which cultural constraints may affect international businesses, I made a contrastive study of intercultural awareness in order to see the extent to which these impacts have on educational practices and features of cultural entities. The recent emphasis on educational properties in cultural research needed to be complemented by in-depth analyses of the intercultural awareness, which provided and guided access to the theoretical domains. The reason for this kind of exploration has been ingrained in the academic model, thus the case study meant to be a contrastive analysis of educational data for reasons connected to the methodology of research and leaving room for future cross-cultural expansion. The theoretical framework was broadly based on the previous studies and has been devoted to reveal the underlying cultural patterns and their conventionality with some of the differences. In conclusion, having a high level of cultural awareness and intercultural competence is now key when working across borders and cultures. Rating cultural awareness as an optional skill can come at a cost for a company working globally. Therefore, cultural and intercultural awareness are essential for all employees working across cultures. It is a skill that can be developed at both professional and social levels, and can make an overseas assignment, an international business meeting or cross-cultural negotiation a successful one. However, a lack of cultural awareness can lead to major miscommunication, and, ultimately, rejection by host-culture colleagues or clients.

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