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1. Abstract:

As a result of the interconnection of world economies the number of employees working abroad for a certain period of time is increasing. For an engagement abroad companies, respectively their managers need beside professional and strategic competencies also more and more intercultural, business specific skills. This paper develops a theoretical framework for Intercultural Business Communication.

As I learned during my researches, discussions on the theory of Intercultural Business Communication have mostly focused on Intercultural Communication using business as examples rather than including business as a distinct variable.

Authors who focus on international business may discuss some communication issues, often in relation to negotiation or expatriate selection and training, but the emphasis is typically not on the communication but on functional business problems.

As the term implies, Intercultural Business Communication deals with intercultural issues, communication, and business. It is the communication among individuals or groups from different cultural backgrounds in a business environment. As such it has its own identity separate from business communication, Intercultural Communication, and international business.

The work presented here discusses the intercultural business, and communication strategies that are part of Intercultural Business Communication.

This paper gives an insight into Intercultural Business Communication in the sense of interpersonal communication in negotiations or in the office environment. The communication of products to customers in the field of international marketing, which is another aspect of Intercultural Business Communication is not covered in this work.

You also will not find a perfect solution for most effective Intercultural Business Communication. There is no solution.

The theoretical approach, delivered in this work can only bring to light possible problems by the use of examples, or general findings about a better collaboration in the business environment.

2. The Necessity of Intercultural Knowledge in a Globalised World

Today's world is undergoing rapid change. Trade barriers are collapsing around the globe, and companies are marketing their products and services worldwide. As corporations integrate and standardise their organisation and operation across the world, they must also learn to understand intercultural competence as a main objective. This will help to avoid miscommunication, which leads to misunderstanding, which inevitably results in mistakes. (Hinner, 1998, p.1)

Effective communication skills have always been essential for any successful business negotiation. Communication with people from other cultures is at least as important. However logical this assumption may appear, it has not always been felt to be important or decisive in international business transactions. For example, a 1980 survey of Lower Saxon export businesses showed that most of these companies did not consider language skills, especially intercultural communicative skills, to be important. (Kühn et al., 1980, p. 27)

A 1996 survey of top German corporate management conducted by Korn Ferry and the London Business School discovered that only 21% of the corporate executives had spent more than six months abroad in work related matters. (Oehler, 1996, p. 19)

In today's global economy, "the new world market will not only be international, but also intensely intercultural. The country or company whose citizens have the greatest competency, all else being equal, will gain this competitive advantage." (Elashmawi et al., 1993, p. xi)

According to the Economist Intelligence Unit as well as the Ashbridge Management Research Group of England, the top five characteristics of an effective global manager are:

- Strategic awareness,
- Adaptability to new situations,
- Sensitivity to different cultures,
- Ability to work in international teams,
- And language skills

(Brake et al., 1995, p. 24)

In other words, four of the five characteristics are intercultural communicative skills. “This emerging global manager must possess [...] strong interpersonal skills, and strong Intercultural Communication skills [...] in order for this manager to cross the cultural barrier and succeed in managing globally.” (Elashmawi et al., 1993, p. 202) Because “cultural competence is no longer a nice skill to have; it is an economic necessity.” (Brake et al., 1995, p. 32)

Also according to a survey conducted among 20 international companies, researching the selection criteria for expatriates, cultural adaptability, language and communication skills are of indispensable importance. (Horsch, 1995)

The acquisition of intercultural competencies can be initiated and fostered by intercultural training measures. The most important goals of these measures are that the participants extend their knowledge of the target culture, that they achieve the ability to observe and interpret communicational behaviour and that they develop strategies to deal with cultural differences. (von Helmolt, 2001)

As the survey of Lower Saxon business demonstrates, 1980 many export companies felt intercultural competence was not necessary for concluding international business deals. Apparently, larger German corporations are taking Intercultural Communication and management much more serious today. But since there are numerous factors responsible for the success or failure of an engagement abroad, intercultural training for the staff is only a building block in comprehensive internationalisation strategy which should be optimally suited to the company’s situation and goals. (von Helmolt, 2001)

According to Schwertfeger companies are still slow in implementing specific training programs and other measures to rectify the situation. (Schwertfeger, 1996, p. 45)

A disregard for intercultural communicative skills can cause miscommunication, which can produce misunderstandings, which will lead to mistakes. And many mistakes have been made. This is probably due to the fact that many “[...] think that the research they did at home will work abroad or that no market research is needed.” (Valentine, 1989, p. 54)

But “no company can afford to neglect the cultural context of doing business, and no manager has the luxury of ignoring cultural differences.” (Brake et al., 1995, p. 31)

Business ventures often fail due to the cultural difference and misunderstanding of values of the other person, company, or culture. (Elashmawi et al., 1993, p. 48)

Effective business communication, therefore, involves finding the right words and symbols, detecting the right taste, and being aware of local preferences and behaviours. It is, therefore not only necessary to think globally, but also to act locally and to integrate with the respective target culture.

3. Intercultural Business Communication

Intercultural Business Communication is a complex system of layers of culture, communication, and business. What, though is that complex system about? In order to uncover the answer, it is necessary to define communication and intercultural strategies, and to clarify why the emphasis on business is so important.

The following, section of this paper discusses these aspects in order to determine how these items influence and interact with each other. Therefore these strategies cannot be viewed separately, but have to be looked at in an interrelated way.

The emergence of a Transactual Culture has to be taken in account as well, as two business people from two different environments tend to find a new context, which can be considered a concession of both of them.

3.1 Why is the Emphasis on Business so Important?

The difference between Intercultural Communication and Intercultural Business Communication is not just that the latter takes place in a business. In Intercultural Business Communication the strategies, goals, objectives, and practices of a business become an integral part of the communication process.

Perkins (1999) emphasises the need for business context. She argues that without this context Intercultural Communication is ill-focused and not effective. Furthermore, the focus cannot just be on business in general; it must be on the specific workplace context. As corporations change, their business strategies change.

As the following example illustrates, knowledge of Intercultural Communication is a precondition for successful Intercultural Business Communication, but by itself it is not enough. (Lovitt, 1999) A development aid volunteer who has spent two years in Colombia has gained valuable insights into parts of Colombian culture. If he was successful in his assignment, he gained Intercultural Communication competence. He is able to adapt to a more high-context communication approach, he is able to accept different time orientations, and he has learned to focus on the group rather than the individual.

While all of this insight is helpful in conducting business, it is not enough. In addition to the general culture, he now also needs to be aware of the business culture and business environment in Colombia. He needs to be able to relate the business objectives of a firm to cultural behaviours, and he needs to be able to compare and reconcile different business approaches in Colombia, his native culture, and the rest of the world. He needs to know how the organisational structure of a firm will influence the development of business strategies, the flow

of information, and the decision-making process. In short, he needs to understand the business context in which he will practice Intercultural Business Communication. His understanding of the business environment in his own background and in Colombia will help him develop an approach to Intercultural Business Communication that draws on his background in culture, communication and business. (Lovitt, 1999)

The business knowledge is not merely added to Intercultural Communication; it is instrumental in developing a transactional culture of Intercultural Business Communication.

3.2 How Does Communication Strategy Contribute to Intercultural Business Communication?

Communication is the process of transmitting ideas, information, feelings, and desires encoded in symbols. These symbols may be verbal, written, nonverbal, mathematical, or musical. Encoding refers to the process of putting information into a form recognisable to others. The encoded set of symbols is a message. Communication therefore, entails the encoding and sending of a message by using the right symbols as well as a decoding of these symbols upon receipt. Any decoding of a communicative message involves description, interpretation, and evaluation. Description is what one sees, interpretation is what one thinks one sees, and evaluation is one's judgement of what one thinks, one sees. The judgement will be either positive or negative. (Gudykunst et al., 1984, p. 194)

The danger of any decoding lies, therefore, in the mistaken interpretation or evaluation of a message "when confronted with different patterns of behavior." (Gudykunst et al., 1984, p. 196)

Communication strategy is influenced by corporate communication policies and personal preferences. For example, a policy that limits all memos to one page influences all written communication in the firm regardless of whether that communication is domestic or international. A communication strategy is also

influenced by the availability of technology and the functional expertise of the communicator. Furthermore, people have personal preferences for the use of communication channels; some may prefer the telephone to memos.

Individual goals, career aspirations, and the position in the firm will also affect how people communicate. Upper managers frequently prefer richer communication channels than lower-level employees do. (Daft & Lengel, 1984) Regardless of cultural background, upper managers prefer the face-to-face communication that is typical of high-context cultures in order to process both the verbal and nonverbal nuances of a message. The position in the firm may have a stronger effect on the preferred communication channel than the person's cultural background. For example, computer programmers regardless of cultural background tend to feel comfortable with low richness channels that do not require personal contact.

In addition, the preferences of the audience and the goal of the communication will affect the choice of communication strategy. If the receiver of a message is from the same company, then the corporate communication culture will have a great impact on the way the message is encoded and sent. The sender can count on some mutual communication base with the audience. They share the same corporate culture and are familiar with company processes and rituals that can affect the communication. The same is true if they are members of the same discourse community, such as marketing or accounting. They share similar patterns of approaching problems; they are familiar with processes and many problems in their respective fields. The accepted communication patterns of a discourse community may override cultural differences of the people who communicate. (Louhiala-Salminen, 1997)

Language also influences communication strategies. People who do business in a foreign language bring many of their own cognitive frames to the communication; therefore, "the view that non-native speakers writing in English ought to master its logic ignores the cultural complexity of the language" (Webb & Keene, 1999, p. 106). If the business partners do not speak a common language, the entire Intercultural Business Communication approach will be influenced by the dynamics of interpreters.

We have to bare in mind, that most communication models rely on western cognitive frames. Yet, many cultures have their own different cognitive frames, which determine what is considered logical and rational in their cultures. As a result, people think differently, approach business problems differently, and communicate differently. (Limaye et al., 1991)

3.3 How Does Intercultural Strategy Contribute to Intercultural Business Communication?

Since culture plays such a crucial role in communication, how may culture be defined? Generally, culture is defined as “the ideas, customs, skills, arts, etc. of a given people in a given period.” (Guralnik (ed.), 1978, p. 185)

Elashmawi and Harris expand upon this definition of culture, including the following items in their definition of culture:

- Language
- Nonverbal Communication,
- Space and Time orientation,
- Religion and belief systems,
- Patterns of thinking,
- Self-images,
- Set of values,
- Material culture,
- And aesthetics.

(Elashmawi et al., 1993, p. 50)

In other words, culture involves communicating values, norms, and behaviour within a social group.

Here, the study of culture should take place in the business context. As a result, knowledge about a number of variables from the national culture may be

irrelevant for the business person in the business context. (Lovitt, 1999) The backpack-travel conditions in Thailand or the folklore traditions of Germany may not be relevant to the negotiation of a contract for the production of automobiles in those countries.

In most cases, business people do not need to know details about marriage customs or family relationships to be successful.

Business people need to take into account the national culture, the general business culture, and the specific corporate culture. In addition, they must be aware of individual communication styles. After all, cultures do not communicate with each other; individuals do (Yan, 1997). "Chinese culture cannot talk to Japanese culture except through the discourse of individual Chinese and individual Japanese people" (Scollon & Scollon, 1995, p. 125).

The focus on individuals also helps to avoid the traditional tendency to talk about the "categorical Chinese, Japanese, or Arab audience" (Perkins, 1999, p. 19).

While a simplistic view of culture easily leads to stereotyping, research supports the assumption that a majority from a particular culture share certain cultural characteristics (Hofstede, 1980). The Problem is that without any generalisations, meaningful Intercultural Business Communication would become even more difficult than it is already. Nevertheless one has to be aware of individual differences.

We need to be aware that business people are members of several cultures. They are tied to their corporate culture, the industry culture, the general business culture, and their national culture. A multinational company may have a very strong corporate culture that may negate some of the traditional cultural characteristics of a subsidiary country. For example, a Mexican employee of Procter & Gamble may have completely accepted a corporate culture of timeliness and punctuality that, at least in the work setting, is replacing the traditional polychronic time orientation of Mexican culture. "In the international business culture, managers have many interests and reference points in common, and thus they converse easily among themselves". (Andrews, 1999, p. 45)

3.4 Transactual Business Communication

When two business people from two different cultures interact, they bring their own backgrounds with them, but they also step outside their own cultural and business environment and create a new context (Bolten, 1999).

Bell calls this new context "transactional culture" (Bell, 1992, p. 452). For example, if a financial manager from Thailand and a financial manager from France discuss financing options of a joint venture, they will be more successful if they have an understanding of each other's cultural and business background. They need to find out the tolerance for financial risk that each side is willing to take. They also must understand investment structures in each country. For example, are businesses practicing equity or debt financing? Do individual investors prefer bonds or stocks?

However, understanding the other side does not automatically bring success. Even the willingness of the French manager to conform to Thai rules does not solve the problem because the practices of Thailand may not be acceptable in France. They need to find a new way – a transactional culture – that is acceptable to both parties, their governments, cultures, and corporations.

In this effort, business people must understand the impact of key organisational concepts such as hiring practices, promotion policies, decision-making, competitive environment, financial regulations, business laws, and governmental requirements on the Intercultural Business Communication process. They must also understand the relationship of business and culture in a particular environment. What is the social status of business? What influence does culture have on organisational structures?

In addition, in the Intercultural Business Communication process, the participants also bring with them their own corporate cultures. Out of all of these parts, the new transactional culture emerges. (Varner, 2000, S.39)

A transactional culture will change as a result of changes in the various cultures of the participants; it will also change as business conditions change. When a

company goes from an export stage to a foreign subsidiary stage, the need for both cultural awareness and international business knowledge changes. When cultures become more prosperous, their consumption patterns may change and traditional marketing strategies and reward systems may no longer be effective. (Varner, 2000, p. 44)

4. Summary

This research paper has shown that the cultural strategy, the business strategy, and the communication strategy are interrelated. Together they formulate an Intercultural Business Communication strategy that presents a new construct which is greater than the sum of its parts.

Research in Intercultural Business Communication is being conducted to “enable business negotiators or future business negotiators, or their trainers, to become aware of different kinds of intercultural traps they may encounter when dealing with representatives of foreign cultures”. (Niemeier et al., 1998, p.2)

In order to advance the intercultural business communication, people concerned with that topic need to ask themselves: What role do the communication, culture, and business background of people play in developing strategies for effective Intercultural Business Communication? What are the implications for specific workplace communication situations? What effect do changes in one area have on the other two areas and on the whole? For example, how will political changes in China affect business and culture, and how will these changes influence how Chinese workers and managers communicate with managers from other countries? How will foreign managers in China react to these changes? What are the business, culture, and communication constraints on adapting their Intercultural Business Communication strategy?

As our environment changes, some variables may diminish in importance while others will grow. Traditional letters play a lesser role now than even ten years ago, while fax and e-mail play an ever bigger role. One has to examine how the

changes in technology have affected the cultural, business, and communication strategies and what the implications are for the Intercultural Business Communication strategy.

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