

Business education and relevance of culture in global trade

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In a recent Brown Bag Seminar on *Doing Business in Africa*, facilitator Graeme Pitt of Freshly Ground Insights, a company involved in researching and providing business intelligence for corporates, alluded to the problems and challenges of doing business in Africa. In particular he accentuated the importance of culture. More specifically, he informed the delegates about how businesses transactions failed because, amongst other things, very little effort was made in understanding the relevance of culture.

In this presentation, an attempt is made to give emphasis to the role of culture in cross-border business. A knowledge of local culture is a critical factor for any organisation to succeed, especially in global business. To further nuance the role of culture, we assert that what may work in one's own country may necessarily work well in another and therefore it is not an axiomatic. We argue that as business educators and researchers it is incumbent for all business schools and other important stakeholders to raise the awareness of the 'culture question' in cross-border financial transactions and include the issue within the core curriculum of business education.

Dynamics of culture

What then is culture? Culture pertains to the accepted norms and values and rational behaviour within and amongst groups of people. In simple terms it is about how we conduct ourselves and do things. In countries throughout the world, nationals generally function differently according to beliefs, values, norms, morals and attitudes. Equally, in engaging in any commercial activity within a foreign country, there should be a conscious attempt to give specific attention to behaviour, habits, ethics, and decorum, working style, beliefs, habits and social mores.

In terms of business, the cultural fineries that affect organisations obviously go beyond the ordinary. It informs one how to literally 'behave' within a specific cultural context. The issues related to the culture's time orientation, whether it's at an individual level or collectively as an organisation, not to mention conflict assumptions and non-verbal communication, all affect one's understanding - as well as the chances of being understood. Perhaps more importantly, this knowledge assists in one being well-informed, especially about the critical questions to be asked in any business transaction.

In most economies of the world, the issue of culture is not as uncomplicated as one might think. There is a misconception that trading in a foreign country is simply about learning the local language. How far from the truth! Furthermore, in many emerging economies of the world the imposition of colonialism through a process of enculturation has further compounded the issue of culture.

Trade, culture and Africa

In Africa, for example, culture predominantly reflects the past colonial history with the African identity playing in the background and this has not always proven to be a blessing for Africa, especially in dealing with itself and also in its encounter with the rest of the world. Consequently, there are many factors that must be considered in order to successfully conduct business in Africa. Within this context whilst learning the language and translating or localising the business approach is an important step, so is the understanding of customs and etiquette of local market.

Thus, conducting business in Africa may require social cultural awareness and effective cross-cultural communication skills. Understanding cultural differences is critical to the success of companies engaging in African business. Within this perspective, an African country's culture reflects its values, beliefs, behaviours, customs and attitudes. Culture is learned behaviour that is transmitted among people within a country to another. It is important to note that these elements are adaptive, changing as outside forces influence the country. Equally, there are many factors that must be considered to successfully conduct business in Africa.

Global trade and culture

Recent economic challenges remind us that the future economic success of countries revolves around succeeding in the global economy. It is about how an organisation is empowered to leverage the power of culture to optimise competitive edge. Cultural differences have repeatedly been identified as the most significant impediment to successful international ventures.

In global business, one can expect to confront different cultural environments characterised by unfamiliar languages and unique value systems, beliefs, and behaviours. Entrepreneurs can encounter customers and business partners who display differing lifestyles, norms, and consumption behaviors. These differences influence all dimensions of international business. Multiple risks arise routinely in international business because of the diverse cultural heritage of the participants. As mentioned previously culture refers to the learned, shared, and enduring orientation patterns in a society. People demonstrate their culture through values, ideas, attitudes, behaviours, and symbols.

In the past few decades, readily available information, rapid advancement in technology, labour cost factors, trade agreements, standardization, sophisticated distribution methods and channels along with other managerial and operational innovations has given way to a wave of globalization. As a result, many large- and medium-sized organisations have gone global through organic and inorganic expansion. However, there are indeed many hurdles, such as differences in culture which have impeded the free flow of cross border trade. The most common barrier is that of communication. Different languages automatically create challenging situations for international companies.

Whilst communication is the most common barrier, it is not the only one, the basis of cultures developed need to be understood in order to strike the right balance between what is culturally accepted and what is beneficial for an organisation. In this respect, individuals and corporates should realise that an understanding of different cultures in order to perform is an imperative that they cannot afford to ignore.

Generally, the importance of cultural understanding in successful international companies is reflected from their marketing strategies which are grounded in the cultures of the target industries. Alternatively, a company with weak understanding of the target company's local culture can commit disastrous mistakes in developing the marketing strategy through designing advertisements which offend people because of culturally unacceptable content.

Finally, this presentation returns whence it commenced – the importance of culture in international business. The process of globalisation has accentuated the need to break down barriers which inhibit trade. The issue of culture is now more than ever an obligation which individuals or organisations involved in global trade ignore at their own peril. If an organisation does not align itself with the prevailing culture then it cannot reap the full benefits of cross border trade. As Kofi Annan said, "Tolerance, intercultural dialogue and respect for diversity are more essential than ever in a world where peoples are becoming more and more closely interconnected."

Individual entrepreneurs and corporate organisations who do not understand the importance of culture have a high probability of failure in the case of operating in other international contexts. Equally, it is imperative for business schools to underscore the importance of culture in cross border trade in their core curriculum.

The authors are from Regent Business School.

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