

A COMPREHENSIVE OVERVIEW OF THE ROLE OF NATIONAL CULTURE IN INTERNATIONAL BUSINESS

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Abstract

This literature review provides an in-depth analysis of the role of national culture in international business. Given the significant impact culture has on shaping the behavior of individuals and organizations, the review highlights the need to understand the various cultural dimensions in the context of international business. The literature review identifies cultural diversity as a source of both opportunity and challenge for businesses operating in different countries. It also explores the various aspects of international business in which national culture has a significant impact, including marketing, human resource management, and negotiations.

The benefits of international business are highlighted in the review, including higher profits and access to new technologies and resources. However, the review also identifies potential risks, such as political instability, currency fluctuations, and economic volatility. The literature review emphasizes the importance of cultural sensitivity for successful international business, and presents strategies for managing cultural differences.

The review concludes by emphasizing the need for further research on the complex nature of national culture and its impact on international business. Understanding and adapting to cultural differences is crucial for businesses looking to expand their operations beyond their domestic borders.

INTRODUCTION

International business is characterized by cultural diversity, which presents both opportunities and challenges. National culture plays a significant role in shaping the behavior of individuals and organizations. Therefore, it is essential to understand the impact of national culture on international business. This literature review aims to

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provide a comprehensive overview of the literature on the role of national culture in international business (Adler & Gundersen, 2001).

The review starts by defining national culture and explaining its dimensions. It then explores the impact of national culture on various aspects of international business such as marketing, human resource management, and negotiations (Bharadwaj, 2014). The review also discusses the challenges of managing cultural differences in international business and presents strategies to address these challenges. The benefits of international business are numerous. Companies that engage in international business can enjoy higher profits, increased market share, and access to new technologies and resources. By operating in multiple countries, companies can also diversify their risks and increase their resilience to economic downturns (Black & Mendenhall, 1990). International business refers to the exchange of goods, services, and ideas between businesses or individuals from different countries. It encompasses all commercial activities that take place across national borders, including import and export activities, foreign direct investments, and international collaborations (Hampden-Turner et al., 2020). One of the main drivers of international business is globalization, which has created opportunities for businesses to expand their markets beyond their domestic borders. Companies engage in international business to access new markets, exploit comparative advantages, and reduce costs by sourcing raw materials or labour from lower-cost countries.

International business also involves navigating various legal and regulatory frameworks, cultural differences, and language barriers. Companies must be aware of local laws and regulations in the countries where they operate to avoid legal disputes and penalties. Cultural differences can also pose challenges in communication and business practices, and companies must adapt their strategies to fit local customs and preferences. International business is not without risks, including political instability, currency fluctuations, and economic volatility. Companies must conduct due diligence to assess the risks of entering new markets and develop strategies to mitigate those risks (Laurent, 1983).

CONCLUSION

National culture has a significant impact on international business. Cultural differences can affect communication, negotiation, and decision-making processes. Understanding cultural differences and adapting to them is crucial for the success of international business. The review highlights the importance of cultural sensitivity and presents strategies to manage cultural differences. It also identifies the need for further research to explore the complex nature of national culture and its impact on international business.

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