



THE CULTURE'S ELEMENTS IMPACT ON THE MULTINATIONAL COMPANIES ACTIVITY

Adina MUȘETESCU¹, Irina NICOLAU², Cristina ATHU³, Mihaela Anca MITREA⁴

¹University „Dimitrie Cantemir”, Department of Economy and International Business, Romania, E-mail: adinamusetescu@gmail.com

²Christian University „Dimitrie Cantemir”, Department of Economy and International Business, E-mail: nicolau.irina@yahoo.com

³Christian University „Dimitrie Cantemir”, Department of Economy and International Business, Romania, E-mail: cristinaathu@yahoo.com

⁴Elementary School Garbovi, Romania, E-mail: mitreamihaela13@yahoo.com

Abstract *The fundamental elements of the individuals' behavior which are also reflected in their consumption behavior, in the marketing literature, are the following: language, non-verbal language, religion, values and attitudes, consumption customs, material elements, aesthetics. In the present environment, people are more available to travel, to change their workplace and move abroad. Everyone has to be ready to work in a multinational environment in their own native land and also to adjust successfully to a new culture by working in a foreign country. From the multinationals companies' point of view, they should approach culture as a business opportunity, rather than a challenge. Therefore, they should take into consideration the rules for a successful marketing in the international cultural environment.*

Key words:

Culture, language, religion, values, attitudes

JEL Codes:

M39

1. Introduction

According to Geert Hofstede, culture represents „the collective programming of mind”. Other authors considered that culture reflects “the system of learning the conduct types characterizing the society members”.

2. The elements of the cultural environment

Among the fundamental elements of the individuals' behavior which are also reflected in their consumption behavior, the marketing literature included the following:

2.1. Language

Language is considered as the mirror of culture. Language is mostly important for gathering information. The best information is gathered to help people become a part of the market (for ex.: opening of subsidiaries) rather than to be mere supervisors. Thus the subsidiaries managers are the first owners of information from the market where they carry out their activity being therefore able to send this information to the parent company.

Unless careful attention is not paid to the language differences they may cause the failure of certain negotiations, the conclusion of misinterpreted contracts and especially losses of the company profit. The cultural risk is as important as the political risk in the international business environment. According to a top

managers' survey, language represents the most important element to exceed the cultural frontiers. Although people feel more comfortable while speaking their native language, the fact that they know more foreign languages represents an important “intellectual asset”. English is considered the business language, a universal linguistic code used by company managers, important dealers, stockholders etc. all over the world. However even in the countries where the native language is English, there are certain differences of interpretation. For instance: the phrase by the end of the day has different interpretations, for the Americans, within 24 hours and for the British, the time necessary to accomplish the respective activity. Likewise, the assertion - the negotiations bombed – is perceived as a success by the British people and as a failure by the Americans, so the meaning is quite opposite. These instances are not very frequent, but business people should be aware of them. English is not spoken everywhere in the world. The people in China or Brazil seldom speak English, unlike India, where the natives mostly use English in the business negotiations and the market environment. In some parts of Africa, French and Portuguese are still spoken. In the countries where Spanish is spoken, there are also different meanings of a word and even different notions. For example, the word *tires*, denoting the product of the Goodyear Company, has several Spanish equivalent words:

“cauchos” in Venezuela, „cubiertas” in Argentina, „gomas” in Puerto Rico, „neumaticos” in Chile and „llantas” in the other countries in South America. In a historical context, a certain language may be interpreted in different ways and a relevant example is Nokia Company that launched an advertising campaign mentioning the saying „Jedem das Seine” (everybody is a special individual). This campaign was stopped because, during the Jewish People’s Congress in U.S.A., there was pointed out that this slogan had been also written on a concentration camp wall in Buchenwald by the Nazis.

2.2. Non-verbal language

The managers must get accustomed to the habits of the customers’ culture as they want to win them over. For instance, in Hong Kong, it is quite impossible to settle a precise time for an appointment as the traffic might be frequently overcrowded and in other countries, informal appointments should be firstly established. At the same time, the distance between the persons in a negotiation may differ from one culture to another. While the Arabians and the Spanish people sit or stand close to their interlocutor, the Japanese keep a significant distance that might be interpreted by the former ones like a negative attitude. The Slavs usually kiss their partners’ lips, regardless their gender, and this makes the business partners feel rather uncomfortable or quite disagreeable. A non-verbal gesture is also considered the American “OK” (The OK sign dates back during the war when, on the lists of killed people, “0 killed” (OK) meant that no one was killed. Since then OK has meant that everything is all right.), with the thumb up, used in order to show the negotiation success. The same gesture has various meanings depending on the country it is used in: failure in the South of France, offence in Brazil and in Japan it suggests that the respective person expects to be bribed.

2.3. Religion

Religion signifies the peoples’ belief in a superhuman controlling power and their ideal in life. Religion determines conduct similarities of individuals from different regions considering the common system of faith and worship. Religion had a special place in people’s life, long time ago the religious norms were as important as the current articles of law. The word religion comes from the Latin religio meaning “obligation” and “reverence”. People belong to a group united by their practice of religion and this is reflected in the social life as well.

The main world religions are the following: Christianity, Islamism, Hinduism, Buddhism and Confucianism.

a) *Christianity* is the religion followed by the most believers that is 2.308.475.658 people. The Christians

are divided in three religious trends: the Orthodox, the Catholics and the Protestants. In Europe are situated the Christian countries, yet a lower percentage of Christians are also in the U.S.A. and other countries across the world. The Christians have more religious/red-letter days, but the most important ones are: Easter and Christmas. The holidays are especially connected to these religious celebrations. On these special occasions there is a tradition to offer gifts to acquaintances and relatives. The free days from work are usually linked with religious holiday.

b) *Islamism* is the second religion as for the number of followers that is 1.454.921.633 and it covers the area from the Western coast of Africa to the Philippines, Tanzania, the Central Asia, the Western China, India and Malaysia. The Islamism is the religion created by the prophet Mohammed (610-632), who concentrated all his preaches in Koran; Islam means “unconditioned obedience to the God’s will”. The Koran suggests the idea of a certain fatality or destiny, meaning that people’s life is pre-established; therefore they accept helplessly their fate. The Islamic religious tradition includes five prayers during a day, a holly month called “Ramadan”, as well as a pilgrimage to Mecca. The woman’s role in society is established by religion. Hence all the purchase decisions are made by the men except for the food. Women may do the shopping (with their husbands’ agreement) only in the special shops for women where the shop assistants are women too. As the Islamism ban the alcoholic drinks there are good sales of fruit juice in the countries following this religion.

c) *Hinduism* has 918.679.088 followers currently.

It is a life-style with a negative impact on the business environment although it brings a certain amount of stability on the social level. They are also characterized by the castes (the Brahmins are priests and they are in the top of the social hierarchy, Kshatriya are the warriors, Vaishyas are the traders and the farmers and Shudras are the servants and the workers. In India, marketing must rely on the assessment of a family’s purchase power instead of the individual’s. In the current distribution of religions, Hinduism covers the following areas: India, Pakistan, Nepal, Bangladesh, Malaysia, Sri Lanka, Indonesia, Singapore, Myanmar, Butan (in Asia), U.S.A., Great Britain, Guyana, Holland, Surinam, Trinidad, Canada, Jamaica (America and Europe), South Africa, Zambia, Zimbabwe, Kenya, Tanzania, and Malawi, Australia (Africa and Oceania). We can find several variants of Buddhism in: Sri Lanka, Birmania, Thailand, Tibet, China, Japan, Korea, and Vietnam.

d) *Buddhism* has presently 404.606.777 followers. Buddha's sermons were firstly spread in India and China, yet there are Buddhists all over the world. The aim of this religion is called Nirvana, meaning that people are in such a mood that they have no desire or passion. Since this religion ignores the accumulation of material values it has a negative impact on the international business. Buddhism is highly representative for the following countries: Sri Lanka, Birmania, Thailand, Tibet, China, Japan, Korea, and Vietnam.

e) *Confucianism* is the religion set up by Confucius (550 - 479 b.Ch.), a pioneer of the social and political thinking. It is characteristic for the population of China and represents a conduct code rather than a religion. Confucianism relies on loyalty, affiliation to a group and the respect for the hierarchy.

f) *Taoism* is a religious trend different from Confucianism and represents the basis of the naturist medicine in China. According to this religion, everybody must harmonize the two energies yin and yang in order to obtain a good health and stability.

2.4. Values and attitudes

The *values* represent peoples' common beliefs. For example: the Japanese are considered to have put up "an invisible wall" between them and the "gaijin" (the foreigners). In Japan, the purchase of foreign products is considered as unpatriotic even if they are better. In order to sell the products on the Japanese market, Levi Strauss Company creates products in Japan as well and uses a local brand. The difference is that the Japanese use a tighter cut for the jeans.

The *attitudes* represent the assessment of certain alternatives depending on values. Procter & Gamble got a high profit resorting to a long term Asian strategy for its products (any new company on a relatively closed market usually records losses for 5 years until it may get a profit). Currently Pampers is the favorite brand of the Japanese mothers. The young Japanese are quite open to new trends and products, companies such as: Nike, Louis Vuitton or Starbuck are very successful on this market.

As a reply to the high sales of Barbie and Ken dolls on the Iranian market, a governmental agency created an Iranian dolls version: Sara and Dare. Sara wears a long suit and has long hair tightened by a scarf to illustrate and keep the tradition.

2.5. Consumption customs

In the business environment we witness really amazing "phenomena", such as McDonald's and Coca Cola, very successful companies worldwide. However it does

not mean that the customs head to homogeneity everywhere. Every company must take into account the consumption customs of the market going to be extended. For instance the purchase of an engagement diamond ring is a particular American custom. In Germany, men usually buy diamond rings for themselves. In Hong Kong, Hilton did not have clients in the opening day due to the Feng-Shui customs, hence the customers avoided to visit that hotel because of a statue of a man looking as if running out of the hotel. Later on they got rid of that statue.

Negotiations are also very important for the international business field. While the Americans consider the partners' silence as a refusal, the Japanese understands it as the partners' expectation to cut the prices. The Russians are well-known for their custom to express new demands in the last moment.

The marketing specialists may be surprised by the following situations:

- the incomplete understanding of the business partners' way of thinking;
- the incomplete knowledge regarding the history of the country the business partners are from;
- the misinterpretation of the team members' hierarchy;
- Insufficient time for negotiations.

In many cultures there is a custom to offer gifts to the business partners. In China the color of the wrapping paper must be carefully picked and the gift must be offered using both hands.

As for the food, every country has traditional dishes and different cooking customs besides the local ingredients and special varieties of vegetables and meat, cheese etc. For example, a jam producer found it profitable to enter the Brazilian market but jam disagrees with the Brazilian people unlike the ones from Argentina. Moreover, there are certain customs regarding the dishes for breakfast, the Japanese are used to eating soup in the morning.

2.6. Material elements

Material culture refers to the way society organizes the economic activities and it comprises the following:

a) The economic infrastructure includes transports, energy and the communications system. For example, in Kenya, although the people are their poor, 770.000 people of the 33 millions have a subscription for a mobile phone.

b) The social infrastructure refers to health and education. People's education is highly important for the business environment. A low number of literate people need more commercials with visual effects than written advertisements. There is a problem in using some resources in case company employees are poorly educated. All over the world the average studies period

is of 11 years (according to the 2010 figures), from the lowest 3 years period in Somalia and the 5 years in Nigeria up to the highest period of 17 years in Norway, Finland, Denmark and Greece respectively 19 years in New Zealand.

c) The financial infrastructure regards the banks and financial institutions. The banking system has a varied structure and it grants everyone the possibility to choose the favorite bank. The most important stock exchanges in the world can be found in New York, Chicago, London, Tokyo and other important cities in the world.

2.7. Aesthetics

In every culture there is a certain perception of the good taste and the colors have different significances or symbols: black, for instance, is the mourning color in U.S.A. and Europe whereas in Japan, for mourning, white is used and in Singapore, green. As for the good taste in exhibiting a product, in U.S.A., the wrapping must be glittering and beautiful.

3. Conclusions

In the present environment, people are more available to travel, to change their workplace and move abroad. Everyone has to be ready to work in a multinational environment in their own native land and also to adjust successfully at a new culture by working in a foreign country. From the multinationals companies point of view, they should approach culture as a business opportunity, rather than a challenge. Therefore, in order for culture to be viewed as a business offer we should consider the rules for a successful marketing in the international cultural environment: to accept the local culture, main concerning for the population of the country where the company performs; to build various relations in order to establish connections with the respective country authorities; to attract employees from the local labor market as this is a strategy largely appreciated by the consumers; to adapt the products to the local market (for example, the 2 liters bottles of Coca-Cola could not be sold on the Spanish market as they were too big for the fridge doors); to be careful with the regional coordination so that the culturally similar countries would share their experiences and capitalize them (like the marketing specialists of the 3M company who discovered that in Singapore the consumers purchasing rugs for their houses use them in the cars as well and they extended this pattern all over Asia).

References

1. Bernadette, F. (2008). *Religiile Lumii*, Editura Aquila, București.

2. Bloch, S., Whiteley (2011). *The Global You*, Marshall Cavendish Business.
3. Czinkota, M, Ronkainen, I. (2004). *International Marketing*, Seventh Edition, Thomson South-Western.
4. CIA – *World Factbook*, www.cia.gov.