

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
SUMY STATE UNIVERSITY  
Educational and Research Institute of Business, Economics and Management  
Department of International Economic Relations

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**MASTER'S LEVEL QUALIFICATION PAPER**

on the topic "CROSS-CULTURAL ASPECTS OF  
INTERNATIONAL BUSINESS"

Specialty 292 "International Economic Relations"

Student of II course

group IE.M-21en

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Yuliia Hrytsai

It is submitted for the Master's level degree requirements fulfillment.

Master's level degree qualification paper contains the results of own research.

The use of the ideas, results and texts of other authors has a link to the  
corresponding source.

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## TASKS FOR MASTER'S LEVEL DEGREE QUALIFICATION PAPER

(specialty 292 «International Economic Relations»)

student II course, group IE.M-21en

Yuliia Hrytsai

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4. The object of the research are multifaceted dimensions of cross-cultural aspects in international business.
5. The subject of research is the exploration of cross-cultural considerations and strategies employed by international companies in their business practice.
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## ABSTRACT

of Master's level degree qualification paper on the theme  
«CROSS-CULTURAL ASPECTS OF INTERNATIONAL BUSINESS»  
student Yuliia Hrytsai

The main content of the master's level degree qualification paper is set out on 63 pages, including a list of used sources of 77 titles, which is placed on 10 pages. The work contains 2 tables, 12 figures.

**KEYWORDS:** INTERNATIONAL BUSINESS, CULTURE, CROSS-CULTURAL ASPECTS, CROSS-CULTURAL COMPETENCE, CROSS-CULTURAL MANAGEMENT, CULTURAL DIVERSITY, COMMUNICATION STRATEGIES.

The object of the research are multifaceted dimensions of cross-cultural aspects in international business.

The subject of the research is the exploration of cross-cultural considerations and strategies employed by international companies in their business practice.

The purpose of the master's level degree qualification paper is to discover the essence and relevance of cross-cultural aspects in the context of international business. By examining basic theoretical approaches and analysing management strategies, this study aims to provide recommendations for international business enterprises on cross-cultural management.

To achieve this goal and objectives there were used following scientific methods of research: qualitative and quantitative research methods, descriptive and comparative methods, observation method, synthesis and analysis, including analytical and statistical analysis etc.

The information base of the qualification paper were the works of leading domestic and foreign scientists.

The methodological basis of the study are structural and systematic approaches to the analysis of cross-cultural factors and their influence on the international business processes.

The main scientific results of the work are as follows:

- 1) the investigation of the concepts “culture”, “cultural competence” in terms of international business;
- 2) the identification of cultural dimensions in the context of intercultural communication;
- 3) the systematization of risks and opportunities related to cultural aspects of international business;
- 4) the analysis of international companies' cross-cultural management strategies;
- 5) the development of recommendations for international business enterprises on cross-cultural management.

The obtained results can be used by international companies serving as a strategic resource in planning and effectively managing cross-cultural aspects of business during the strategic management process.

The results of the approbation of the main provisions of the master’s level degree qualification paper were considered at:

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Year of Master’s level qualification paper fulfillment is 2023.

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## CONTENT

Introduction.....	7
1. Theoretical fundamentals of cross-cultural aspects in international business.....	10
1.1. The essence and relevance of cross-cultural aspects in the context of international business.....	10
1.2. Basic theoretical approaches to cross-cultural aspects of international business.....	20
2. Cultural aspects in international business operations.....	27
2.1. Risks and opportunities related to cultural aspects of international business.....	27
2.2. Case analysis of international companies' cross-cultural management strategies.....	33
3. Recommendations for international business enterprises on cross-cultural management.....	40
Conclusions.....	49
References.....	51
Annexes.....	61

## INTRODUCTION

In the dynamic landscape of international business, the exploration of cross-cultural aspects has become increasingly important, reflecting the interplay between culture and commerce. The rise of cross-cultural considerations is not merely a consequence of expanding markets but an acknowledgment of the profound impact that cultural nuances have on business operations. The interconnectivity of markets requires organizations to move beyond a universal approach and embrace cultural intelligence as an indispensable strategic part.

The choice of this topic is determined by the increasing globalization of business operations that requires a deep understanding of cultural nuances for successful international engagement. In a world where borders are blurred, and markets are interconnected, the ability to navigate cultural complexities becomes paramount for businesses striving to succeed in diverse global environments.

The significance of this topic is underscored by the transformative impact that cultural dynamics has on global business practices, communication strategies, and overall organizational success.

A lot of famous scholars have studied the complex interplay between culture and international business. G. Hofstede, E. T. Hall, and F. Trompenaars have pioneered theoretical approaches, studying cultural dimensions and laying the base for understanding cross-cultural competence and intelligence. Among foreign and Ukrainian scientists who have made a valuable contribution to the cultural aspects of business, enriching the global discourse with various perspectives, are R. Davison, J. C. Barrera, E. Jordan, S. Ang, H. C. Triandis, L. Van Dyne, H. Triandis, M. Douglas, D. Lifintsev, C. Fleseriu, W. Wellbrock, L. Shchetinina, S. Rudakova, N. Tudorova, M. Khmara, B. Pilipenko, I. Savarina and others. This scholarly foundation establishes a rich groundwork for the

exploration of the topic, offering insights into the interactions between different cultural contexts and international business practices.

The object of the research are multifaceted dimensions of cross-cultural aspects in international business.

The subject of the research are theoretical bases and practical recommendations concerning cross-cultural aspects and strategies employed by international companies in their daily business practice.

The purpose of the master`s level degree qualification paper is to assess the cross-cultural aspects in the context of international business. By examining basic theoretical approaches and analyzing various management strategies, this study also aims to provide recommendations for international business enterprises on cross-cultural management.

Aligned with the defined objective, the following tasks are assigned:

1. To study basic theoretical approaches to cross-cultural aspects of international business, including frameworks for understanding how cultural differences impact international business.

2. To examine the essence and relevance of cross-cultural aspects in the context of international business.

3. To explain the concept of low and high-context culture.

4. To explore both the risks and opportunities that arise in the interplay of different business cultures.

5. To investigate fundamental theoretical approaches that form the basis of cross-cultural intelligence.

6. To analyze statistical results from case studies on cross-cultural management strategies employed by international companies.

7. To study the application of cross-cultural intelligence in practical scenarios.

8. To develop recommendations for international business enterprises based on the obtained results.



General and special research methods were employed including qualitative and quantitative research methods, descriptive and comparative methods, observation method, synthesis and analysis, including analytical and statistical analysis, a comprehensive literature review of the relevant research papers, etc.

The research information base encompasses a diverse range of scholarly articles, books, case studies from global and Ukrainian sources, verified statistical data from different sources such as Statista, DemandSage, Forbes, FinancesOnline etc. The selected information base ensures the reliability and validity of the obtained results.

The practical value of the research results is to provide enterprises operating in global environments with organizational strategies, communication practices, and recommendations, equipping businesses with the knowledge and tools needed to navigate cross-cultural challenges effectively.

## **1. THEORETICAL FUNDAMENTALS OF CROSS-CULTURAL ASPECTS IN INTERNATIONAL BUSINESS**

## 1.1 The essence and relevance of cross-cultural aspects in the context of international business

In the rapidly evolving landscape of international business, the ability to navigate and leverage cross-cultural dynamics is paramount. Cross-cultural competence goes beyond the basic understanding of cultural differences. It involves a profound appreciation of diverse perspectives, values, and business etiquettes across various regions and nations.

Diverse viewpoints emerging from the disciplines of anthropology, organizational behavior, and sociology contribute nuanced definitions of culture. In the realm of cultural studies, Clifford Geertz, a prominent anthropologist, characterizes culture as a system of inherited conceptions expressed in symbolic forms [6, p. 4]. Geertz emphasizes the role of symbols and their interpretation in shaping cultural meanings. According to his interpretive approach, understanding culture requires going deeper into the layers of meaning embedded in symbolic expressions.

Moving to the field of psychology, Harry Triandis offers a psychological perspective, defining culture as the way people in a group think and feel. Triandis underscores the cognitive and affective dimensions of culture, emphasizing how shared mental frameworks influence people's behavior in a cultural context [7, p. 408]. This perspective delves into the psychological underpinnings that contribute to a collective cultural mindset.

Mary Douglas, a social anthropologist, introduces a structuralist perspective by defining culture as a set of shared classificatory principles. Douglas focuses on how societies categorize and classify elements of the world around them [8, p. 34]. This approach highlights the significance of cultural frameworks in shaping perceptions and organizing social life through shared classification systems.

From a sociological standpoint, Emile Durkheim, a foundational figure in sociology, views culture as ways of acting, thinking, and feeling external to the individual, which are invested with a coercive power by virtue of which they exercise control over him [9, p. 49]. Durkheim`s definition emphasizes the societal influence of culture, suggesting that cultural norms and values exert a compelling force that shapes individual behavior within a social structure.

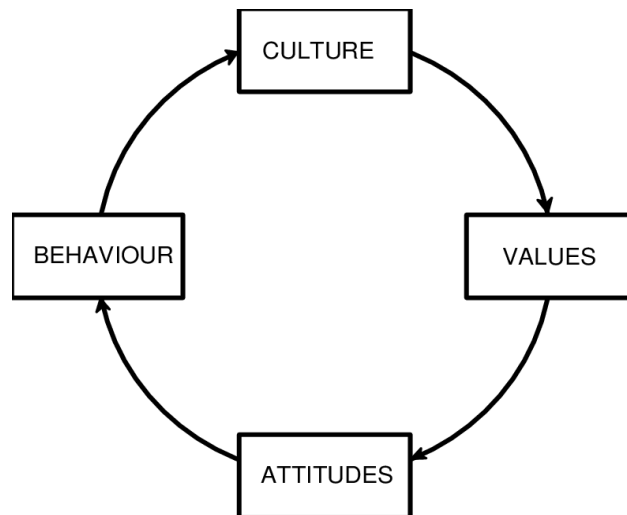


Figure 1.1. The influence of culture on behaviour [37]

Geert Hofstede explains that culture lies between human nature, on the one hand, and individual personality, on the other [10, p. 3]. Figure 1.2 shows the three levels in human mental programming according to Hofstede.

These diverse definitions underscore the interdisciplinary nature of cultural studies, drawing on anthropology, psychology, sociology, linguistics, and other fields. Each perspective adds a unique layer to the understanding of culture, whether through symbols, psychology, societal influence, structural principles, or linguistic expressions.

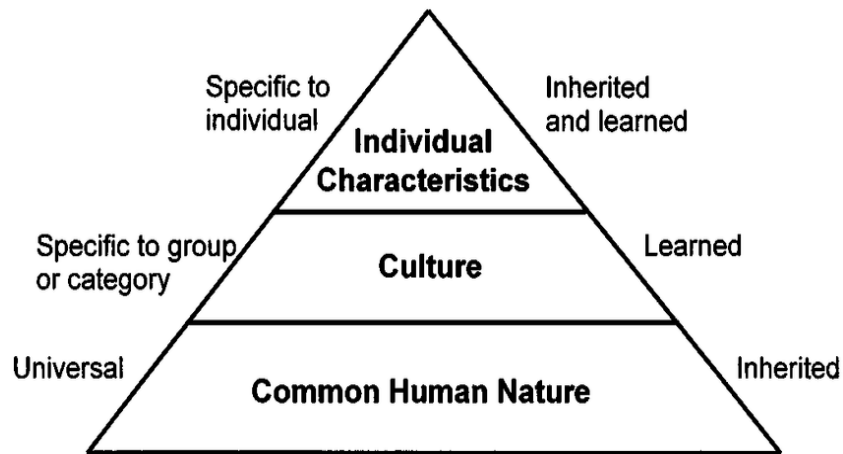


Figure 1.2. Culture levels [77]

Despite the attempts of various scientists to define culture, there is no comprehensive definition that would accurately describe the concept of “culture”. Crafting such a definition is challenging because the meaning of culture varies for each individual, contingent upon the societal circumstances in which a person develops, and numerous other factors influencing their daily life. Having scrutinized dozens of cultural definitions, Kroeber and Kluckhohn put forth one of the most comprehensive and widely accepted explanations: culture comprises explicit and implicit behavior patterns acquired and transmitted through symbols, embodying the distinctive achievements of human groups, including their material culture artifacts [56]. The essence of culture resides in traditional ideas connected with associated values. Cultural systems can be perceived both as outcomes of past actions and as elements shaping future actions. Thus, culture unfolds as a sequential accumulation of shared perceptions within a group, defining the significance of various phenomena, influencing attitudes toward appropriateness, and dictating behavior.

Culture shapes one`s worldview, influences self-perception, and organizes the fabric of life. Within a cultural group, shared models enable individuals to perceive the world in a unified manner, promoting a sense of connection. Researchers seeking insights into diverse cultural types necessitate direct

observations and experiences. Similarly, managers aspiring to thrive in the international arena and attain success must engage in this nuanced exploration.

Effectively operating in a multicultural environment demands a proactive approach to studying and acknowledging cultural differences and intricacies. Success in such settings hinges on a thorough understanding of the diverse cultural dynamics at play. In this context, embracing cultural awareness becomes a strategic imperative for individuals and organizations aiming for success in the complex landscape of international business.

The essence and relevance of cross-cultural aspects in the context of international business are appropriately captured by the frameworks proposed by Sarathy and Terpstra (Figure 1.3), who delineate distinct blocks within the cultural environment of international business.

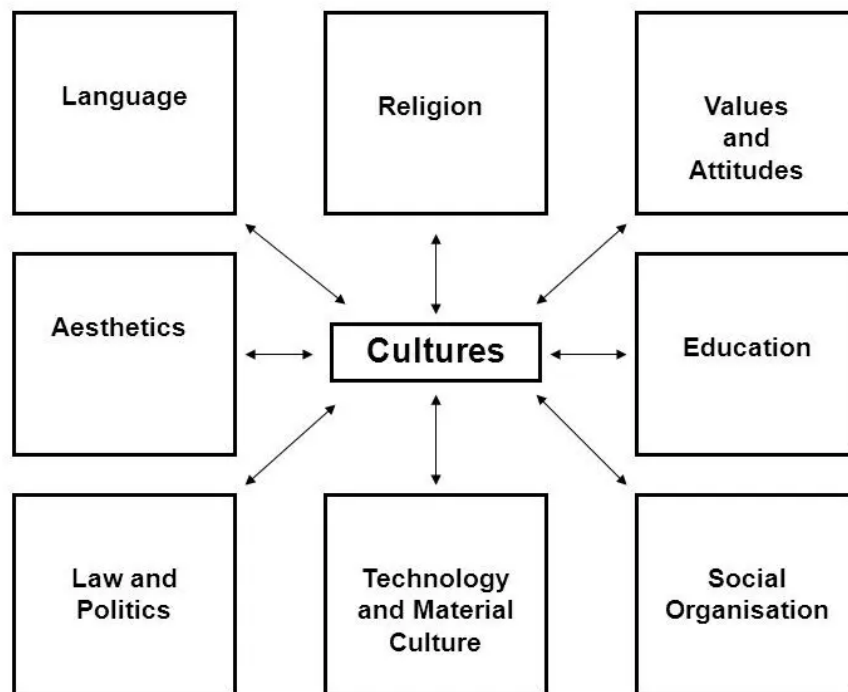


Figure 1.3. A cultural framework [72]

The central role of language as a cross-cultural aspect in the context of international business is crucial for achieving success in global engagements.

Language is more than a means of communication, it serves as a lens through which cultural nuances, values, and societal norms are expressed.

Language is deeply intertwined with cultural nuances, reflecting how people express ideas, convey politeness, and share values. The essence lies in the richness of linguistic expression, including idioms, metaphors, and linguistic subtleties that carry cultural significance. It involves understanding how language contributes to a sense of belonging and identity, influencing how people perceive themselves and others.

Different cultures exhibit distinct communication styles, including directness, indirectness, formality, and informality [60]. These nuances enhance cross-cultural communication and build rapport with diverse stakeholders. The cultural context of language enables businesses to convey messages accurately and interpret feedback appropriately.

Language is a key tool in negotiation processes and relationship building. The relevance lies in adapting communication styles to align with the cultural preferences of counterparts, promoting trust, and smoothing the negotiation process. The relevance of language becomes particularly crucial in mitigating misunderstandings. Cultural differences in communication styles, use of metaphors, and non-verbal cues can lead to misinterpretations. Businesses that navigate these differences effectively reduce the risk of communication breakdowns.

Additionally, the importance of language extends to cultural sensitivity. Businesses that prioritize understanding and respecting the linguistic and cultural diversity of their global partners demonstrate cultural competence. Language is integral to market adaptation. Adapting marketing materials, product descriptions, and customer interactions to align with the language preferences of a specific market enhances acceptance and resonates with local cultural values.

Language is an instrument to bridge cultural gaps, facilitate effective communication, and contribute to successful global collaboration. Businesses

that recognize and integrate language considerations into their strategies demonstrate a commitment to cultural understanding, ultimately developing positive relationships and sustainable success in the global marketplace.

Religion goes beyond mere belief systems, it covers a complex web of traditions, values, and ethical frameworks that shape the worldview of individuals and entire societies. In the area of international business, understanding the relevance of religion is crucial for successful global interactions.

Religion shapes ethical considerations, guide decision-making processes, and influence social norms. Different religious beliefs may dictate specific rituals, holidays, and taboos, which businesses need to navigate with sensitivity. Moreover, religion is often interlaced with cultural identities, influencing consumer preferences and market behaviors. This impact is particularly pronounced in regions where religion plays a central role in daily life and societal structures.

The essence of religion in international business is connected to corporate social responsibility (CSR). Businesses that understand and integrate religious values into their CSR initiatives demonstrate a nuanced approach to societal engagement, contributing positively to communities and aligning with local religious and ethical considerations.

Religious considerations extend to business negotiations and decision-making processes [60]. The relevance lies in adapting negotiation styles to align with the ethical frameworks and values associated with diverse religious beliefs, boosting positive and mutually beneficial outcomes.

Acknowledging the diverse religious landscapes in different markets, understanding their impact on ethical considerations and societal norms, and adapting business practices accordingly are essential steps toward creating meaningful and sustainable global business relationships.

Values and attitudes are fundamental elements in the context of international business, significantly influencing interactions, decision-making, and overall business strategies across diverse cultural landscapes.

Values, deeply rooted convictions regarding importance and desirability, serve as the bedrock of societal norms and individual behaviors. The relevance of values becomes apparent in the globalized business, demanding cultural intelligence. Adapting business practices to align with local values is not only a demonstration of cultural competence but is also essential for building trust and credibility with stakeholders.

Attitudes, embraces individuals' evaluations or feelings toward specific objects, people, or situations, further contribute to the cross-cultural dynamics in international business. The importance of attitudes in this context lies in their influence on consumer behavior, employee engagement, and the overall business climate. The relevance of values and attitudes is particularly pronounced within the corporate culture domain. It involves understanding how organizational values align or diverge from the cultural values prevalent in the regions where a company operates.

Education, deeply rooted in cultural contexts, reflects the shared knowledge, values, and learning traditions of a society. In different cultures, education may prioritize various subjects, shaping individuals' perspectives and cognitive frameworks. Moreover, education plays a core role in skill development, shaping the workforce and influencing labor markets. Some cultures may emphasize continuous learning and flexibility, while others may prioritize stability and expertise.

The foundations of education are inherently cultural, contributing to the shaping of societal norms and values [60]. Variances in educational systems worldwide lead to diverse approaches to problem-solving, communication, and decision-making. Recognizing these cultural foundations is imperative for



businesses engaged in international activities, as it influences how individuals are likely to approach professional situations.

The global talent pool is a product of diverse educational backgrounds and experiences. The cultural richness within the global talent pool can be a source of creativity and innovation, driving competitiveness in the international business arena.

Social organization, as a cross-cultural aspect in the context of international business, holds complex dimensions that deeply influence organizational structures, societal norms, and business practices. Cultural nuances significantly impact the structure and functioning of social organizations. The role of social organizations extends beyond the confines of a business entity to broader societal structures. Cultural attitudes towards collective versus individualistic approaches influence teamwork, collaboration, and leadership styles. Social organizations also play a crucial role in shaping corporate social responsibility initiatives. Cultures vary in their expectations regarding businesses' social and environmental responsibilities.

Moreover, the concept of time within social organizations varies across cultures. Some cultures prioritize punctuality and adhere strictly to schedules, while others may embrace a more flexible approach. This cultural difference can impact meeting schedules, project timelines, and overall business operations.

Technological advancements influence the adoption and utilization of various tools and systems across different societies. In certain cultures, there is a rapid embrace of cutting-edge technologies, driving innovation and transforming business processes. The adoption of technology and reliance on material culture vary across cultures, influencing consumer expectations and market demands [64]. In technologically advanced societies, there may be higher expectations for digital experiences and e-commerce. Conversely, in cultures with a strong emphasis on traditional values, material culture may play a more prominent role in consumer decision-making. Material culture, including tangible artifacts,

products, and physical symbols within a society, plays a significant role in consumer preferences and market dynamics. The nature of products and their design reflects cultural aesthetics, values, and lifestyle choices. It is crucial to understand these technological inclinations for businesses seeking to stay competitive and relevant in technologically diverse markets.

Technological infrastructure, including internet accessibility and digital connectivity, varies globally. Recognizing these disparities is vital for businesses in their online presence, marketing strategies, and customer engagement. Technological innovations also influence communication styles and marketing channels. Social media, for example, may be a dominant platform in some cultures, while others may rely more on traditional media. The ability to adapt technology to local infrastructural constraints or leverage innovative solutions becomes crucial for successful market penetration.

Cultural attitudes towards ownership and consumption significantly shape material culture preferences. Some cultures prioritize sustainability and longevity, impacting the demand for durable and environmentally friendly products [50].

In different cultures, legal systems vary in their structure, interpretation, and enforcement. These legal intricacies are paramount for businesses operating internationally, as compliance with local laws ensures not only legality but also creates trust and credibility with local stakeholders.

The political climate significantly shapes the regulatory frameworks within which businesses operate. Political stability or volatility, varying ideologies, and government structures all influence the business environment. Political stability is a key consideration for businesses engaging in international operations. Political unrest or sudden policy changes can have profound implications for market entry strategies, investment decisions, and overall business success.

Cultural attitudes towards law and government play a crucial role in shaping regulatory expectations. In some cultures, a strong rule of law is highly

valued, necessitating strict adherence to legal requirements. In contrast, in cultures where legal systems may be perceived as less predictable, businesses may need to adopt flexible strategies to navigate potential uncertainties.

Furthermore, cultural values often intersect with legal and political ideologies, shaping societal expectations regarding corporate responsibility [64]. Businesses that align their practices with local cultural values and contribute positively to societal welfare are more likely to get support within the diverse cultural contexts they operate.

Aesthetics, within the field of international business, encapsulates the varied dimensions of visual appeal, artistic preferences, and cultural perceptions that profoundly influence consumer behavior, brand image, and marketing strategies across diverse cultural landscapes. Cultures exhibit diverse preferences in aesthetics, encompassing visual arts, design, and overall sensory experiences. Understanding this cultural variability is pivotal for businesses seeking to resonate with local audiences. Colors, symbols, and design elements may hold different cultural meanings, influencing how products and brands are perceived.

The design of products and how they are presented significantly impact consumer perceptions. Cultures may have distinct preferences in terms of minimalism, ornateness, or symbolism. Aesthetic considerations extend to branding and visual identity, where logos, imagery, and overall brand representation play a crucial role. Artistic expression varies across cultures, reflecting unique cultural narratives and values. Integrating culturally resonant artistic elements into marketing campaigns or product designs can create a deeper emotional connection with consumers. Adapting product design and presentation to align with cultural aesthetics enhances the appeal of products in the local market and contributes to consumer acceptance.

In summary, succeeding in international business necessitates a nuanced comprehension and skillful navigation of cross-cultural dynamics. Cross-cultural competence surpasses mere recognition of differences, it necessitates a profound

appreciation of diverse perspectives, values, and etiquettes. Various disciplines contribute nuanced definitions of culture, emphasizing symbols, psychology, societal influence, structural principles, and linguistic expressions.

Despite attempts to define culture comprehensively, its multifaceted nature makes crafting a universal definition challenging. Kroeber and Kluckhohn's comprehensive explanation emphasizes explicit and implicit behavior patterns transmitted through symbols, embodying human groups' distinctive achievements. Culture shapes perceptions, influences attitudes, and dictates behavior, representing a sequential accumulation of shared perceptions within a group.

In the context of international business, the essence and relevance of cross-cultural aspects are illustrated by Sarathy and Terpstra's cultural framework. Comprehending the components of this framework and adjusting strategies accordingly is essential for success in the dynamic and diverse field of international business.

## 1.2. Basic theoretical approaches to cross-cultural aspects of international business

The cross-cultural dimensions of international business form a complex and dynamic landscape that requires a nuanced understanding of a variety of theoretical approaches. In a global economy, companies increasingly interact with different cultures, which requires a strategic framework to navigate the nuances and use the opportunities. Theories dealing with cross-cultural aspects of international business examine the ways in which cultures influence business practices, communication, negotiations, and organizational dynamics [72].

Geert Hofstede`s Cultural Dimensions Theory is a foundational framework for understanding how cultural differences impact various aspects of international business. Hofstede devised a methodical measurement approach for cross-cultural comparisons, leveraging the outcomes of his extensive research. His theories, widely acknowledged and applied in intercultural research, extend their influence beyond academic discourse. Corporations have embraced Hofstede's insights, incorporating them into internal manuals to enhance cross-cultural and cross-border communication strategies. These dimensions offer valuable insights into the preferences, behaviors, and values of different societies, aiding businesses in making informed decisions and adapting strategies for successful global engagement. This theory identifies six cultural dimensions that provide a structured way to analyze and compare cultures (Figure 1.4):

1. Power distance (high/low): attitude towards power, the distance between persons in the hierarchy. This aspect measures the extent to which less powerful members of a society accept and expect power to be distributed unequally [50]. In cultures with high power distance, there is a greater acceptance of hierarchical structures, while low power distance cultures strive for more equality.

2. Individual and group orientation: independence and interdependence, loyalty to oneself and to the group. This dimension explores the degree to which individuals prioritize personal interests over group interests or vice versa. Individualistic cultures emphasize individual freedom, autonomy, and achievement, while collectivistic cultures prioritize group harmony, cooperation, and interdependence.

3. Uncertainty avoidance (high/low): degree of tolerable uncertainty or instability. Uncertainty avoidance measures a society's tolerance for uncertainty and ambiguity. High uncertainty avoidance cultures seek structure and formal rules to minimize uncertainty, while low uncertainty avoidance cultures are more adaptable and comfortable with ambiguity [50].

4. Masculine and feminine orientation: the importance of work goals (earnings, promotion) compared to personal goals (cooperation, relationships). This feature reflects the distribution of roles between genders in a society. Masculine cultures emphasize assertiveness, competition, and achievement, while feminine cultures value collaboration, modesty, and caring for others.

5. Short-term versus long-term orientation: cultivating virtues related to the past and present or virtues related to the future. This aspect focuses on a society's time horizon and attitudes toward virtues. Cultures with a long-term orientation prioritize future rewards, persistence, and adaptability, while short-term normative orientation cultures emphasize traditions, immediate rewards, and stability [72].

6. Indulgence vs. Restraint (IVR). This dimension addresses the extent to which a society allows free gratification of basic human desires related to enjoying life and having fun. Indulgent cultures prioritize individual happiness and personal fulfillment, while restrained cultures regulate impulses and limit gratification.

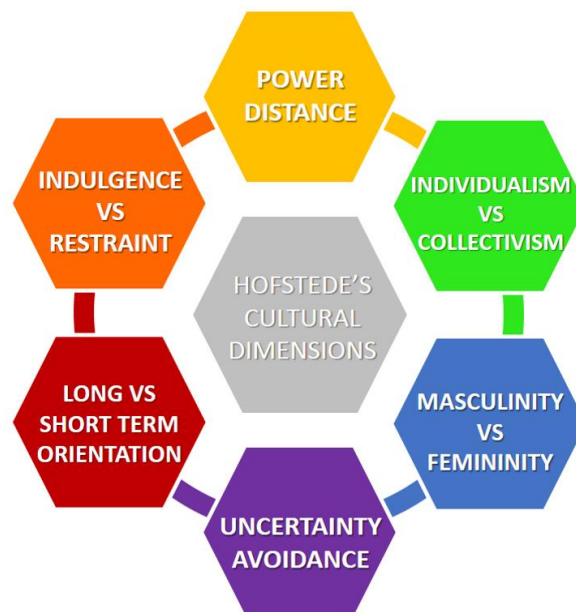


Figure 1.4. Hofstede's Cultural Dimensions [49]

These dimensions provide a structured framework for comparing and contrasting cultures, enabling businesses to anticipate potential challenges, tailor communication strategies, and adapt management styles. For example, in a high individualism culture, where individuals prioritize personal interests over group interests, a business might tailor its incentive and recognition programs to celebrate individual achievements. Recognition of personal accomplishments, performance-based bonuses, and individual career advancement opportunities could resonate well in such a cultural setting. On the contrary, in a high collectivism culture emphasizing group harmony and cooperation, the same business might foster team-oriented approaches [50]. Team-based rewards, collaborative projects, and a collective focus on organizational goals could be more effective in motivating and engaging employees in this cultural context.

Hofstede's Cultural Dimensions Theory serves as a valuable tool for international business practitioners, helping them navigate the intricate cultural landscape and make informed decisions that align with the preferences and expectations of diverse societies.

Contrasting with Hofstede's perspective on culture formation, Edward Hall introduces a distinct outlook, framing culture as a realm of knowledge inherent to the social community. Diverging from Hofstede's emphasis on the individual, Hall investigated the collective impact of group experience. Through the examination of message classification, variations in time and space perception, Hall introduces a novel concept that underscores the influence of the environment and the types of information metabolism on the qualitative aspects of information exchange [24]. The forefront of cross-cultural communication science now embraces an understanding of information perception contingent on the contextual framework.

One structure for approaching intercultural communication is "high-context" and "low-context," which refer to the value that cultures place on direct and indirect communication. Expert Edward Hall developed a way of

understanding cultures by examining their social frameworks and identifying them as “low-context” and “high-context” cultures.

In high-context cultures, a significant portion of communication is implicit and relies on shared cultural knowledge, context, and non-verbal cues. Non-verbal cues such as facial expressions, body language, and gestures carry substantial meaning. People in these cultures often understand the meaning behind the words without explicit explanation.

High-context cultures prioritize relationships and social connections. The history of relationships plays a crucial role in communication. Maintaining group harmony is often a priority. Conflict may be addressed indirectly, and saving face is crucial to social interactions. The vast majority of Asian, African, Arab, Central European and Latin American cultures are considered of this type.

Table 1.1.

Edward T. Hall's cultural factors

	Low-Context	High-Context
Example Countries	US, UK, Canada, Germany, Denmark, Norway	Japan, China, Egypt, Saudi Arabia, France, Italy, Spain
Business Outlook	Competitive	Cooperative
Work Ethic	Task-oriented	Relationship-oriented
Work Style	Individualistic	Team-oriented
Employee Desires	Individual achievement	Team achievement
Relationships	Many, looser, short-term	Fewer, tighter, long-term



Decision Process	Logical, linear, rule-oriented	Intuitive, relational
Communication	Verbal over Non-verbal	Non-verbal over Verbal
Planning Horizons	More explicit, written, formal	More implicit, oral, informal
Sense of Time	Present/Future-oriented	Deep respect for the past
View of Change	Change over tradition	Tradition over change
Knowledge	Explicit, conscious	Implicit, not fully conscious
Learning	Knowledge is transferable (above the waterline)	Knowledge is situational (below the waterline)

*Source: [66]*

In low-context cultures, the messages are transmitted verbally in a clear and direct way, that is, what is meant is said. People in low-context cultures tend to express themselves explicitly, and the meaning is usually conveyed through spoken or written words rather than inferred from the context. Information is valued for its own sake, and relationships may not be as central to communication. Clarity and precision in communication are prioritized. Individual expression and achievement are often emphasized over group considerations. Personal opinions and decisions carry significant weight. North American and Western European cultures are often categorized as low-context.

Understanding whether a culture is high-context or low-context is crucial in navigating cross-cultural interactions. It significantly influences the manner in which messages are expressed, relationships are established, and conflicts are addressed.

There are other theories devoted to the study of cross-cultural aspects of international business. A significant contribution to the study of this topic was made by Edgar H. Schein, Fons Trompenaars, David Matsumoto, Erin Meyer.

As businesses increasingly engage with diverse cultures globally, a strategic approach becomes imperative for navigating nuances and seizing opportunities. Theoretical perspectives on cross-cultural aspects go into the profound influence of culture on business practices, communication strategies, negotiation dynamics, and organizational structures [72].

Geert Hofstede's Cultural Dimensions Theory offers a framework to comprehend how cultural disparities impact various facets of international business. His dimensions, such as power distance, individualism-collectivism, uncertainty avoidance, masculinity-femininity, long-term orientation, and indulgence vs. restraint, furnish structured insights into the values and behaviors of diverse societies. This framework aids businesses in informed decision-making, facilitating adaptability for successful global engagements.

Contrasting this individual-focused perspective, Edward Hall presents a unique outlook, conceptualizing culture as collective knowledge inherent in social communities. Recognizing whether a culture is high-context or low-context is crucial for effective cross-cultural interactions, influencing message expression, relationship establishment, and conflict resolution.

## **2. CULTURAL ASPECTS IN INTERNATIONAL BUSINESS**

### **OPERATIONS**

2.1 Risks and opportunities related to cultural aspects of international business

In the complex field of international business, the cultural dimension stands out as a dynamic force that presents both significant opportunities and big risks. The diverse web of global cultures offers businesses a wealth of opportunities for

market expansion, innovation, and the creation of an inclusive global workforce. However, the complicated interplay of cultural differences also brings forth challenges, ranging from communication obstacles and ethical dilemmas to legal compliance issues.

Global cultural diversity offers businesses the potential to expand their markets, drive innovation through a wide range of perspectives, and build an interconnected global workforce [32, p.23]. Understanding and exploiting the opportunities inherent in cultural diversity is not just a strategy, this is the way to success in international business.

Cultural diversity presents businesses with the chance to tap into new markets and diversify their consumer base. By understanding and adapting to the cultural preferences, values, and behaviors of different regions, companies can tailor their products and services to meet the specific needs of diverse consumer segments.

Cultural understanding builds trust among consumers. When companies demonstrate awareness and respect for cultural values, consumers are more likely to engage with and remain loyal to the brand. Furthermore, cultural insights enable businesses to identify niche markets within larger demographics. Companies can create specialized products or services that cater to specific cultural subgroups, allowing for targeted market expansion.

For example, Netflix has capitalized on cultural diversity by investing heavily in producing and acquiring content that caters to a global audience. The platform offers a variety of content in different languages and genres, ensuring that viewers from various cultural backgrounds find content that resonates with them. Netflix's commitment to cultural adaptation has resulted in substantial international subscriber growth, contributing significantly to its global success (Figure 2.1).

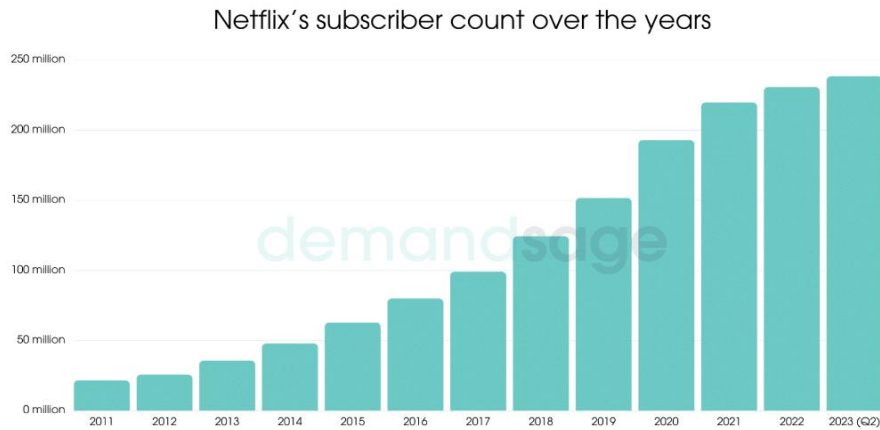


Figure 2.1. Netflix subscriber count [67]

Netflix's revenue has experienced consistent growth, driven in part by increased subscriptions resulting from its ability to appeal to diverse audiences (Figure 2.2).

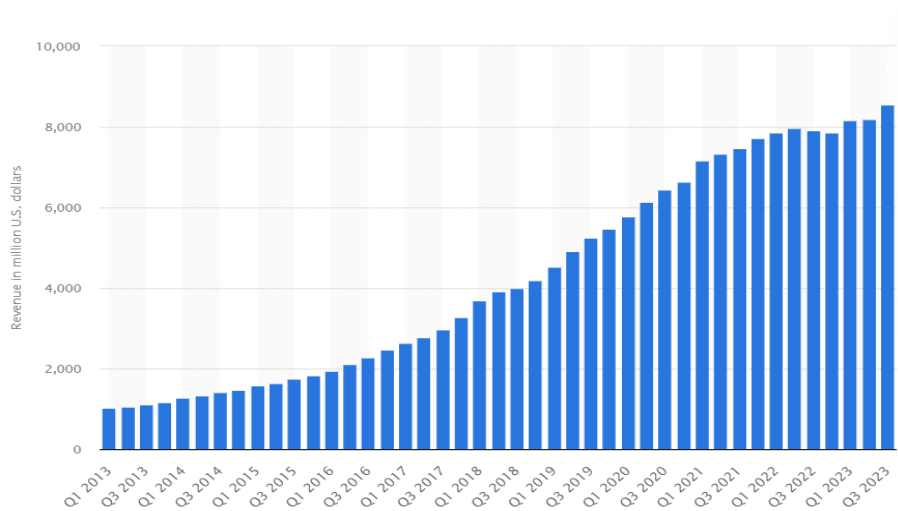


Figure 2.2. Revenue generated by Netflix [70]

Innovation and creativity thrive in diverse environments, making cultural aspects a rich source of opportunities for businesses. Cultural diversity promotes fresh perspectives, enhances problem-solving capabilities, and stimulates creativity. Concepts that may be common in one culture might be groundbreaking in another, leading to innovative solutions. Businesses can innovate by adapting global innovations to local contexts. This approach ensures that innovative

solutions are not only globally relevant but also resonate with specific cultural nuances.

For example, Google emphasizes creating an inclusive workplace that celebrates diversity. The company supports an environment where employees from diverse cultural backgrounds feel valued and can contribute their unique perspectives. The company is recognized for its innovative products and services. A diverse workforce contributes to a range of creative ideas and solutions.

Enhanced communication in a culturally diverse context encourages better relationships, minimizes misunderstandings, and contributes to successful international business engagements. Companies that invest in and prioritize effective cross-cultural communication strategies often experience improved stakeholder relationships and increased market acceptance.

A prime example of the proper use of this opportunity is implementing multilingual customer support services to address the needs of a diverse customer base. This includes having customer service representatives who are proficient in different languages. Another example is localizing digital platforms, websites, and applications to cater to the linguistic and cultural expectations of users in different regions.

Companies like Amazon have succeeded by offering localized content and interfaces, making it easier for users from diverse cultural backgrounds to engage with their platforms. As a result, Amazon Web Services control 32% of the global cloud infrastructure services market [27].

However, it's crucial to recognize that while the cultural aspects of international business offer numerous growth opportunities, they also present a multitude of risks that can profoundly impact companies' operations. Navigating the diverse cultural dimensions in cross-border operations poses substantial challenges, ranging from miscommunications and ethical dilemmas to legal compliance issues. As businesses increasingly expand their reach across borders, understanding and mitigating these risks becomes a foundation for success.

Communication breakdowns arising from cultural differences pose significant challenges in international business settings. Misunderstandings, influenced by diverse communication styles, non-verbal cues, and language nuances, can have tangible impacts on collaboration and relationships.

Research by the Project Management Institute (PMI) indicates that inadequate communication is a primary contributor to project failure, with 56% of project managers citing it as a leading factor [61].

HSBC Bank incurred an approximate cost of \$10 million due to a marketing translation error that prompted a necessary rebrand [40]. The error stemmed from the bank's intended tagline, “Assume nothing” as it sought to solidify its global reputation for innovation. Unfortunately, the translation, which rendered it as 'Do nothing,' failed to instill confidence in the bank across various countries. This misstep led to a swift and expensive rebranding effort to rectify the perception issues and align with the intended message of innovation.

Cultural variations in ethical norms present substantial challenges for businesses operating in the international arena. One significant challenge involves navigating diverse perspectives on what is considered ethical or acceptable behavior in different cultural contexts. This can lead to misunderstandings, reputational damage, and legal issues.

Varied attitudes toward data privacy can pose ethical challenges in the digital age. Companies like Facebook have faced criticism for their handling of user data, with differences in cultural expectations and regulatory standards playing a role (Figure 2.3).

### HOW PEOPLE'S USE OF FACEBOOK CHANGED AFTER CAMBRIDGE ANALYTICA

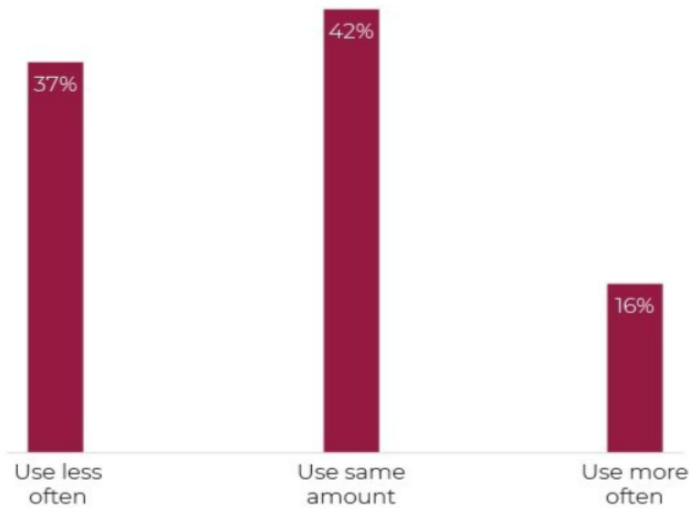


Figure 2.3. Percentage of Facebook usage after the scandal [62]

Managing employee relations in a culturally diverse workforce is a critical aspect of international business. Failure to address cultural differences can result in conflicts, lower morale, and decreased productivity. Companies that invest in cultural awareness, training, and inclusive leadership practices can build stronger, more harmonious teams that contribute to overall business success.

Microsoft has recognized the need to address diversity and inclusion issues in its multi-ethnic workforce (Figure 2.4). Microsoft has always prided itself on its diversity of employees with different cultural backgrounds, which has contributed to the diffusion of new ideas and the company's global success in localizing its products. However, differences in work values, particularly in decision-making styles, created barriers to effective collaboration. Microsoft prioritized inclusive leadership training for managers. The company aimed to equip leaders with the skills needed to navigate diverse teams successfully. By encouraging a culture of inclusivity and understanding, Microsoft sought to enhance employee relations and overall team effectiveness. The Microsoft report reads that 88% of employees reported positive sentiments when it came to factors

like authenticity, belonging, and a belief in Microsoft's commitment to diversity [65].

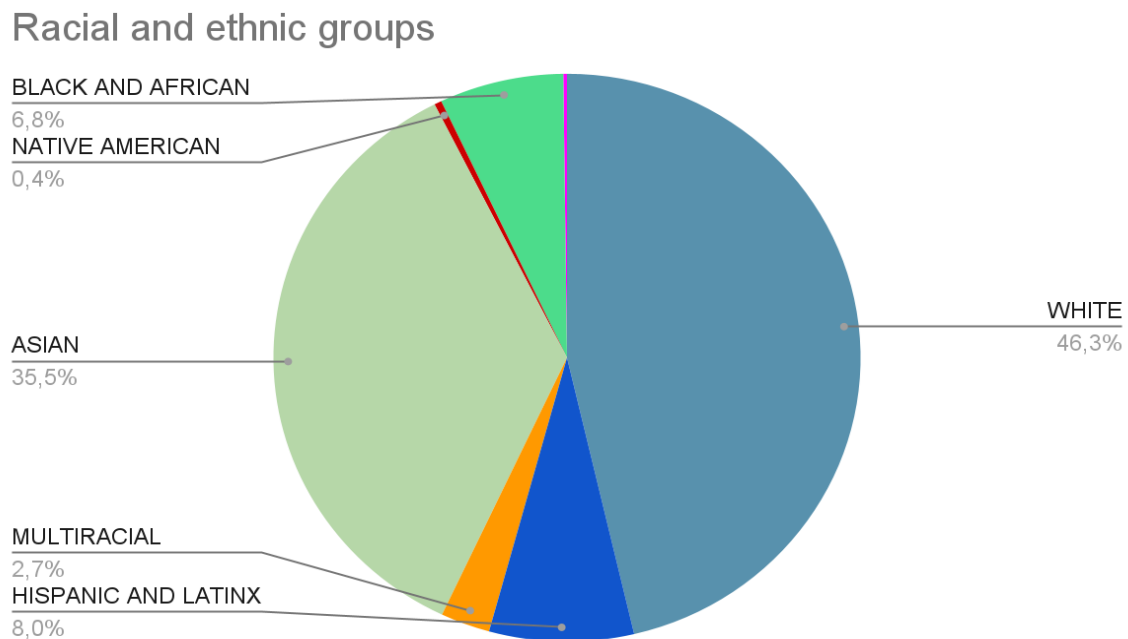


Fig. 2.4. Representation of racial and ethnic groups in Microsoft's US office

*Source: generated by the author based on [44]*

An accurate understanding of cultural dynamics enables companies to successfully navigate the complexities of international operations. By seizing opportunities and proactively addressing risks, companies can promote inclusive global strategies, ensuring continued growth and prosperity in a developing international business environment. In today's interconnected world, where diverse cultures intersect and shape business interactions, embracing a culturally intelligent approach becomes not just a strategy but a necessity for companies aspiring to succeed in the global arena. This approach not only enhances the effectiveness of cross-cultural management strategies but also promotes stronger connections with global stakeholders, contributing to the long-term sustainability and resilience of businesses operating internationally.



## 2.2. Case analysis of international companies` cross-cultural management strategies

Cross-cultural management strategies involve adopting and implementing approaches that facilitate effective business operations across diverse cultural environments. These strategies aim to navigate the challenges and leverage the opportunities presented by cultural differences in international business settings.

Cultural intelligence can be described as the capacity of a person to function effectively in an environment and situations that have culturally diverse people [28]. Developed as a concept in the field of management and psychology, cultural intelligence goes beyond mere awareness of cultural differences and emphasizes the capacity to navigate and work within diverse cultural contexts.

Cultural intelligence consists of 3 aspects:

1. Cultural awareness is the ability to pay attention to cues in a cross-cultural scenario effectively, creatively, and applying the best strategies at the moment.

2. Knowledge that involves a deep understanding of cultural norms, values, traditions and practices of different societies. It encourages people to seek accurate and nuanced knowledge about the cultures they interact with.

3. Intercultural competences are the skills needed to adapt to intercultural challenges, such as: global thinking, adaptability, global vision, empathy, curiosity, managing personal relationships, etc. [29].

McDonald`s exemplifies exceptional cultural intelligence through its consistent financial success, diverse workforce, effective marketing strategies, community engagement, and technological innovation. Moreover, McDonald`s places significant emphasis on localizing and adapting its products, services, and

marketing strategies to align with the specific cultural preferences of each international market. This strategic approach is deemed crucial for achieving success and resonance within diverse cultural contexts.

The company introduces culturally relevant items globally, like the McFlurry with local flavors, and adapts menus to dietary preferences and cultural taste, Ukrainian burgers, for example. The successful global campaign “I’m Lovin’ It” was adapted to resonate with cultural nuances. The company engages in local initiatives and community welfare globally. While competitors may strive for similar achievements, McDonald`s often sets the benchmark in the fast-food industry (Table 2.1). This demonstrates the company's ability to understand and adapt to diverse cultural contexts, contributing to its continued global leadership.

Table 2.1

Comparison of certain indicators of global fast-food chains

Name	Annual revenue (2023)	Number of restaurants (2022)	Number of countries and territories (2022)	The number of customers served per day
McDonald`s	\$25.0 billion	over 40275	over 118	over 69 million
KFC	\$6.8 billion	over 27700	over 130	over 12 million
Burger King	\$1.9 billion	over 18700	over 100	over 15.7 million

*Source: created by the author based on [41]*

Barriers to effective cross-cultural communication and interaction are often attributed to several key factors. These include linguistic differences, stereotypical thinking, divergent values, variations in behavioral norms, and a deficiency in trust (Figure 2.5). An integral strategic approach for managing an international company involves offering cultural sensitivity training to

employees. This equips them with the necessary skills to effectively collaborate in a multicultural environment, encompassing language proficiency, participation in cross-cultural communication workshops, and the development of intercultural negotiation skills.

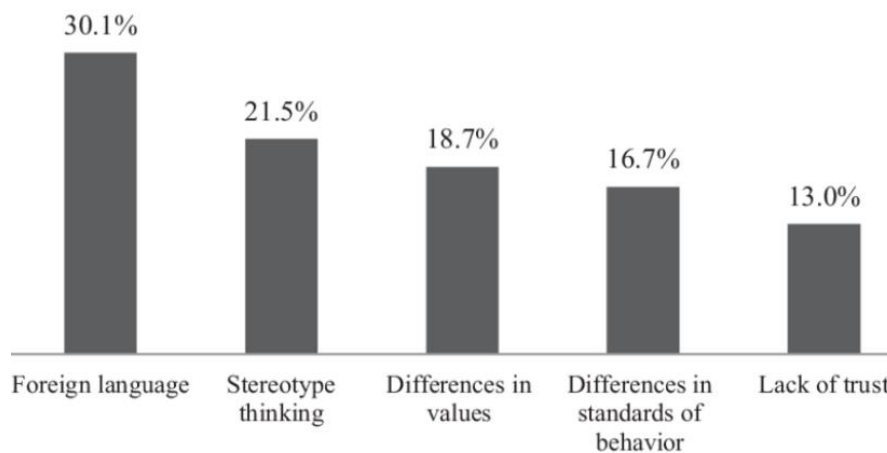


Fig. 2.5. Barriers for effective cross-cultural communication and interaction [58]

For example, P&G operates globally, facing diverse communication styles across regions. P&G invests in cross-cultural communication training for its employees, emphasizing the importance of adapting communication to different cultural contexts. Enhanced communication has contributed to P&G's ability to navigate diverse markets successfully.

Developing a team of leaders possessing a global perspective is crucial. Leaders who understand and appreciate cultural nuances are better equipped to lead diverse teams, make informed decisions, and drive the company's success in international markets.

Alibaba, a multinational enterprise with a global success spanning over 240 countries, has transcended its strong Chinese cultural roots to achieve success through adept cultural adaptation. Andrew Teoh, a former company executive

explains, “Alibaba is not like a Chinese company, it’s a blend of the good parts of East and West” [52].

Savio Kwan, previously an executive at General Electric, played a pivotal role by introducing a Western-style rewards system at Alibaba, initially unfamiliar to Chinese employees. This system allocated half of the annual employee review based on performance metrics and the other half on adherence to Alibaba's six core values. This hybrid management approach not only fostered innovation within the company but also propelled Alibaba to excel on the global stage. “Alibaba’s retail ecommerce sales in China were nearly twice those of Amazon’s worldwide in 2022, at \$1.229 trillion compared with about \$657 billion” [33]. However, the company remains steadfast in its pursuit of global opportunities, with Alibaba's revenues in international trade exhibiting steady and substantial growth (Figure 2.6).

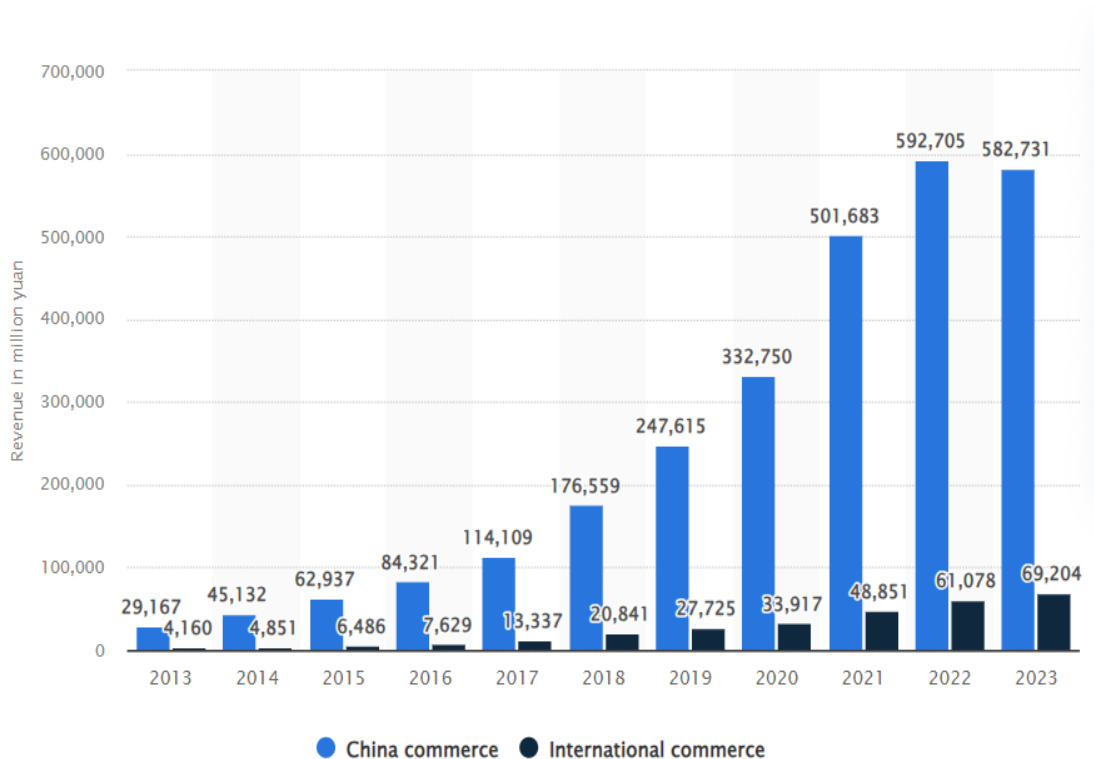


Figure 2.6. Annual e-commerce revenue of Alibaba from financial year 2013 to 2023, by region [59]

Effective communication strategies play a crucial role in fostering positive cross-cultural interactions. Recognizing and adapting to high-context or low-context cultural communication styles can significantly mitigate misunderstandings. Realizing the importance of effective communication strategies, successful international companies often invest in cross-cultural training programs for their employees.

Toyota's triumph in North America stands as a testament to its effective cross-cultural communication strategies. Through understanding and embrace of the unique American corporate culture, Toyota has demonstrated the flexibility to adapt to local communication norms. The establishment of relationships founded on trust and respect has played a pivotal role in solidifying Toyota's position as a major player in the automotive industry within the region.

An important factor in Toyota's cross-cultural strategy is supporting diversity and inclusion initiatives. Toyota leverages the diversity within its multicultural teams as a wellspring of innovation. "Global mobility programs not only allow for cultural exchanges but also enable Toyota to access and integrate diverse talent into its operations. The company values the unique skills, knowledge, and perspectives that individuals from different cultural backgrounds bring to the table, enriching the organizational culture and driving innovation" [74]. Toyota's expanding global sales revenue owes its success to carefully crafted cross-cultural management strategy (Figure 2.7).

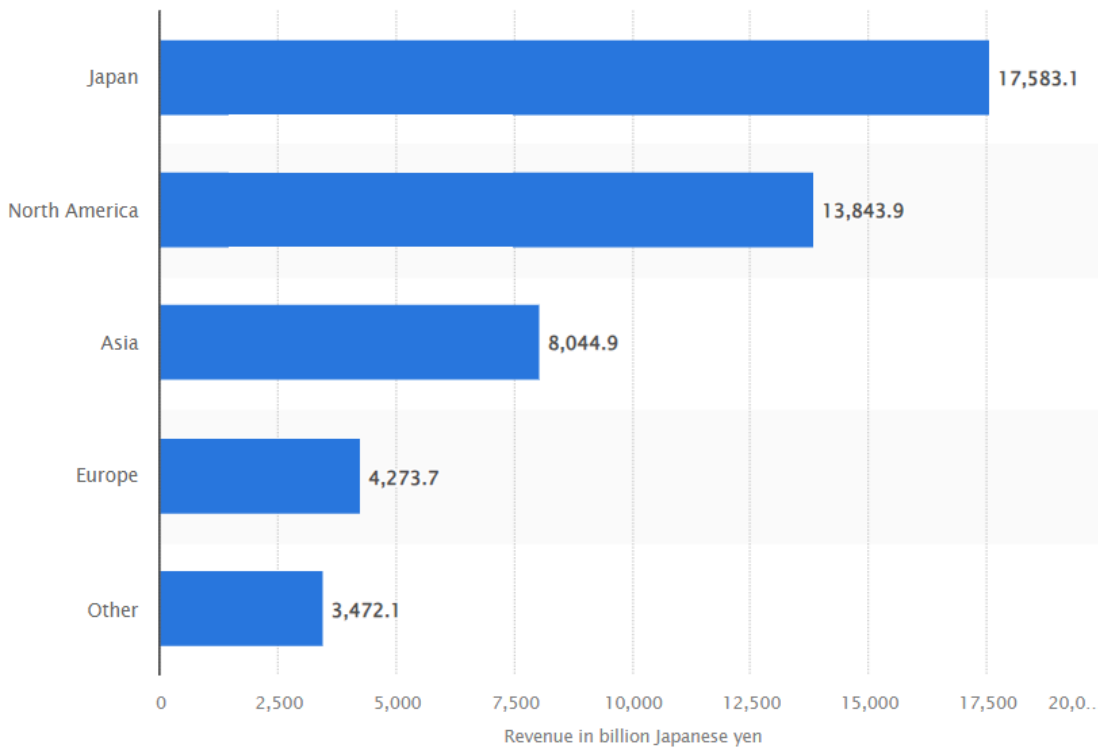


Fig. 2.8. Toyota's revenue in financial year 2023, by region [32]

A crucial element of success in a cross-cultural business setting is the capacity to analyze errors promptly and find effective solutions. Regular evaluation of the effectiveness of cross-cultural management strategies and a willingness to adapt based on feedback and changing circumstances are extremely important.

The Coca-Cola “Share a Coke” ad campaign encourages people to share their favorite drink by personalizing bottles with their names and the names of loved ones. However, this social campaign faced criticism in Israel. The campaign involved identifying and printing the top 150 most popular first names with the aim of attracting new customers. In Israel, this approach had the opposite effect. Personalizing Coke bottles proved challenging in a country where cultural identity is strongly tied to religion and ethnicity.

“The problem surfaced when one Arab-Israeli citizen accused coke for not printing any Arabic name among the popular Israeli names. According to the

citizens, creating a campaign by adding the first names is like challenging the already existing socio-cultural dilemma. Coca Cola reacted to this by telling the customers that they can get their names printed at designated stores” [73].

Examining these cases of companies employing diverse cross-cultural management strategies illustrates the significance of cultural factors in international business. Consequently, a carefully devised strategy emerges as a key element for success. Implementing effective cross-cultural management strategies can strengthen the resilience of organizations, encourage innovation, and contribute to sustained success in the global business environment.

### **3. RECOMMENDATIONS FOR INTERNATIONAL BUSINESS ENTERPRISES ON CROSS-CULTURAL MANAGEMENT**

Taking into account insights from theoretical foundations and a nuanced analysis of specific intercultural management strategies, it becomes evident that certain recommendations can serve as guiding principles for companies seeking success in cross-cultural contexts. While acknowledging the need for tailored approaches based on unique cultural contexts, types of intercultural cooperation, and other influencing factors, we are going to outline general recommendations

that hold relevance in the field of international business. These recommendations aim to provide a framework for companies to effectively manage cross-cultural environments, promoting adaptability, inclusivity, and strategic success on a global scale.

First of all, it is worth emphasizing the importance of such a concept as cross-cultural competence, which is a component of success in the activities of international companies in cross-cultural environments. In the pursuit of operational excellence amid rich cross-cultural interactions, the cultivation and application of cross-cultural competence emerge as a key factor. R. Leavitt and G. Ferraro concur that cross-cultural competence encompasses a spectrum of behaviors, relationships, and policies conducive to effective operation within the international relations framework, they highlight the practical manifestation of this competence, emphasizing its realization through the acknowledgment of individual cultural traits and the construction of communication strategies attuned to these characteristics, thereby facilitating the seamless reception of information by the cultural participant [33, p.18].

Researchers categorize competence utilization into three sectors: macro, meso, and micro levels [34, p.11]. At the macro level, it is applied in global initiatives that seek to enhance communication in diverse political, organizational, administrative, public, and educational processes. On the meso level, competence is employed within small groups requiring cross-cultural facilitation or mediation. Meanwhile, at the micro level, competence becomes indispensable for fostering personal connections.

To cultivate cross-cultural competence among organizational employees, a foundational step involves a comprehensive understanding of its components. S. Chan provides a clear delineation of these components, offering qualitative insights [35, p. 42]. The key facets of cross-cultural competence identified by Chan include:



1. Self-awareness. This component involves recognizing and understanding one's own cultural values, biases, and assumptions. Self-awareness is foundational to cross-cultural competence, as it allows individuals to navigate their own cultural background and potential biases, fostering openness to diverse perspectives.

2. Knowledge of information specific to each culture. Cross-cultural competence requires a deep understanding of the values, norms, customs, and behaviors of different cultures. This knowledge extends beyond general awareness and involves a more detailed and context-specific understanding of each culture with which an individual interacts.

3. Skills that enable successful interactions. The practical application of knowledge and self-awareness is crucial in successful cross-cultural interactions. This includes the ability to communicate effectively, adapt behaviors, and navigate cultural differences in a way that promotes understanding and positive engagement.

These three elements work together to form a comprehensive approach to cross-cultural competence. Self-awareness serves as the foundation, allowing individuals to approach interactions with humility and an understanding of their own cultural lens. Knowledge of specific cultural information provides the necessary context for meaningful engagement, and skills enable individuals to bridge cultural gaps and build effective relationships. S. Chan also emphasizes that intercultural competence requires a sensitive mind and willingness to accept alternative points of view [35, p. 44]. Chan's model emphasizes the dynamic interplay of these elements, highlighting the importance of continuous learning and adaptation in cross-cultural interactions.

Jaccarino and Kendall formulated an empirical model to evaluate and comprehend the cross-cultural competence process within an organization. The model comprises four integral elements: cultural awareness, skill development,

developmental planning, and organizational strategy [35, p. 43]. These elements are considered pivotal factors for attaining cultural competence (Figure 3.1).

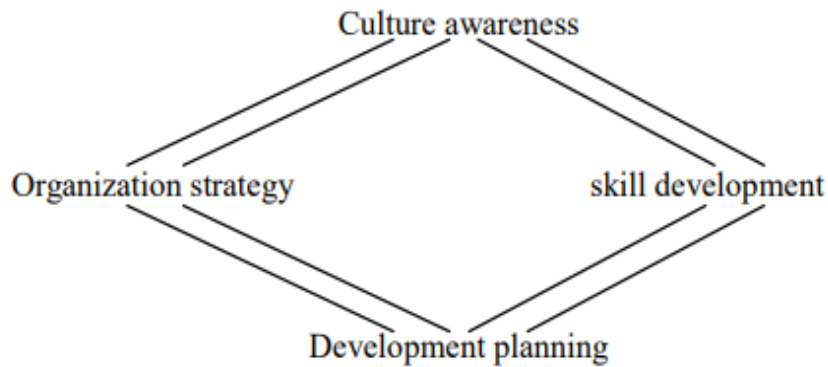


Figure 3.1. Cross-cultural competence model by Jaccarino and Kendall

Jaccarino and Kendall suggested that cultivating cross-cultural competence is not merely a moral imperative for organizations and individuals, but also a prudent business decision that profoundly influences the entire organization. “Building cross-cultural competent organizations involve more than hiring diverse top executives or training employees to speak a different language. It includes developing an organizational atmosphere of inclusiveness” [35, p. 44].

Moreover, according to Jaccarino and Kendall's model, an effective cultural competence program aiming to transform organizations into culturally competent entities should encompass the four elements highlighted in the cultural competence model. Additionally, it should incorporate an organizational strategy that reflects the organization's dedication to cultural competence, promote awareness within the organization to cultivate an environment conducive to cultural change and acceptance, conduct skills assessments of the workforce to gauge current status and future requirements, and devise development plans for implementing strategies that enhance cultural competency [36, p. 47].

Therefore, a primary recommendation for international companies operating in cross-cultural environments is to enhance cross-cultural competence

not only among specific employees but across the entire organizational structure. While developing training programs for the organization's professionals, it is essential to guarantee the inclusion of all these elements and incorporate case scenarios that closely mirror real-world situations [37].

A crucial suggestion for international business enterprises is to create a group of leaders with a global mindset. Leaders who grasp and value cultural nuances are better equipped to guide diverse teams, make well-informed decisions, and propel success in international markets.

Leaders with a global mindset, informed by Hofstede's cultural dimensions (such as power distance, individualism vs. collectivism, uncertainty avoidance, etc.), can tailor their approaches to align with cultural preferences and expectations. For example, a leader in a high-power distance culture may adopt a more authoritative leadership style, whereas in a low power distance culture, a more collaborative approach might be effective.

Fons Trompenaars, known for his research on cultural dimensions, emphasizes cultural dilemmas in leadership. Leaders with a global mindset, influenced by Trompenaars' work, would recognize and navigate dilemmas such as universalism vs. particularism or individualism vs. communitarianism. Adaptive leaders would understand these cultural tensions and adapt their leadership strategies accordingly. Furthermore, leaders with a global mindset will serve as motivators for the entire team, encouraging them to enhance their cross-cultural competence and effectively utilize its tools in cross-cultural business communication.

Incorporating diversity and inclusion is a strategic approach supported by various studies and years of experience. Such policies contribute to a more culturally competent and innovative workforce, enhancing an organization's ability to navigate the complexities of the international business landscape. Johns and Yanchus emphasize the significance of such policies, highlighting that

organizations with diverse and inclusive cultures are more likely to attract and retain top talent [63].

One key aspect of these policies is the recruitment and hiring of local staff. According to research by Cox and Blake, hiring local employees enhances cultural competence within the organization [39, p.78]. Local staff bring a deep understanding of the cultural nuances of the region, contributing to effective communication and relationship-building with local stakeholders. This aligns with the broader idea that a diverse workforce enhances creativity and problem-solving, as noted by Cox, and fosters a culture of innovation.

Aware of the importance of staffing with local personnel, it is worth giving another recommendation, which follows from the previous one. R. Tung, a prominent researcher in international business, emphasizes the importance of alliances and partnerships as a means to navigate the complexities of different cultural environments. Tung suggests that forming strategic partnerships provide access to critical information about the local market, consumer behavior, and cultural nuances [40, p.397]. This aligns with the idea that collaboration with culturally knowledgeable partners is an effective way to gain insights and adapt strategies accordingly.

Having previously emphasized the significance of employing localized communication strategies, it is noteworthy that the effectiveness of this approach has been validated by the experiences of numerous multinational corporations. Consequently, the subsequent recommendation underscores the adoption and implementation of localized communication strategies.

In this context, exploring the works of Edward T. Hall, a pioneer in intercultural communication, becomes particularly relevant, given his introduction of the concepts of high-context and low-context cultures. In each specific case, it is critically important to determine the culture of the context in which the cooperation is taking place and to choose an appropriate strategy. As we have mentioned before, high-context cultures, such as many Asian, African,

Arab, Central European, and Latin American cultures, rely heavily on implicit communication, where much of the message is conveyed through non-verbal cues and shared cultural knowledge. In contrast, low-context cultures, often found in North American and Western European societies, prioritize explicit verbal communication [24].

For selecting appropriate communication strategies, exploring the insights of Gudykunst and Kim proves valuable, as they extensively discuss the significance of tailoring communication strategies to cultural contexts. It is also worth getting acquainted with the works of Hofstede, known for his theory of cultural dimensions, which deals with the ways of adapting to cultural differences in communication styles.

Another crucial suggestion is to promote ongoing learning, emphasizing not only the development of cross-cultural intelligence but also the exploration of ethical principles, keeping up with modern trends, and fostering proficiency in language skills.

Encouraging employees to stay informed about cultural trends, changes, and nuances in the markets where the business operates is crucial for several reasons. Firstly, cultural sensitivity allows employees to navigate cultural differences respectfully. Secondly, employees who are aware of cultural trends may identify opportunities for products or services that cater specifically to cultural preferences. Finally, for international businesses, staying informed about cultural trends globally provides a broader perspective. This global awareness is invaluable for decision-making, strategic planning, and maintaining competitiveness on the international stage.

Ethical considerations in the context of international business involve adhering to moral principles and values in all aspects of operations, transactions, and relationships. Understanding and integrating ethical considerations is vital for sustainable and responsible business practices. Ethical considerations often extend to a company's impact on society and the environment. International

businesses are increasingly expected to engage in socially responsible practices, such as environmental sustainability, fair labor practices, and community engagement. Furthermore, companies must ensure that their operations do not contribute to human rights abuses, and they should actively promote and protect human rights within their sphere of influence.

With the increasing reliance on technology, ethical considerations in international business also encompass data privacy. Companies must handle customer and employee data responsibly, respect privacy laws and protect sensitive information.

Language proficiency is a critical component of cross-cultural competence in international business. Language is the primary medium for communication. Proficiency in the local language allows for clear and unambiguous communication, reducing the risk of misunderstandings and misinterpretations. In many cross-cultural business scenarios, negotiations and conflict resolution require a nuanced understanding of language. Furthermore, speaking the local language demonstrates respect for the culture and can help in establishing trust and rapport with local partners, clients, and employees. Different cultures may have specific ways of conducting business conversations, writing emails, or participating in meetings.

Language proficiency facilitates effective market research. Professionals who can comprehend local documents, interviews, or media reports firsthand can gather more accurate and detailed information about market trends, consumer behavior, and competitor strategies.

For employees engaged in international business, investing in language training programs or hiring individuals with language skills can significantly enhance the organization's ability to operate successfully in diverse cultural settings.

The following recommendation is the basis of conducting international business in a cross-cultural environment, nevertheless, it is worth reminding

about utilizing localization and adaptation strategies that are crucial for resonating with diverse audiences across different countries.

Adapting products to meet the specific needs and tastes of a local market is essential. Additionally, brands often need to be localized to be more appealing and relevant to local consumers. Moreover, tailoring marketing messages to reflect cultural nuances is crucial for effective communication. In-depth knowledge of local consumer behavior that includes understanding how consumers make purchasing decisions, their preferences, and the factors that influence their choices is vital.

The last recommendation is efficiency analysis that involves systematic evaluations, audits, and data-driven decision-making to enhance the effectiveness of strategies.

In this context it's worth defining KPIs specific to cross-cultural objectives. These could include metrics related to employee satisfaction, market penetration, customer feedback, and successful adaptation of products or services to diverse markets. Furthermore, it's recommendable to employ statistical data to understand cultural trends, consumer behavior, and market dynamics, analyzing data on a global scale as well as at the regional or local levels to identify patterns. Finally, it's important to promote a culture that views failures as opportunities for improvement. Mistakes should become a stimulus for development and an important factor for the development of future strategies.

In conclusion, the recommendations provided for international business enterprises on cross-cultural management underscore the critical importance of embracing cultural diversity and understanding its multifaceted dimensions. These guidelines can be useful for organizations seeking success in international business, where cultural nuances play a crucial role. Incorporating these recommendations not only facilitates effective communication and collaboration but also enhances organizational resilience, promotes innovation, and ultimately

contributes to sustainable success in the dynamic and developing field of international business.

## **CONCLUSIONS**

In the rapidly evolving field of international business, the ability to navigate and leverage cross-cultural dynamics is paramount. Cross-cultural competence goes beyond the basic understanding of cultural differences, it entails a deep appreciation for diverse perspectives, values, and etiquettes.

As businesses increasingly engage with diverse global cultures, adopting a strategic approach becomes imperative for navigating the complexities of international operations. Seizing opportunities and proactively addressing risks enables companies to promote inclusive global strategies, ensuring continued growth and prosperity in the evolving international business environment. In



today's interconnected world, where diverse cultures intersect and shape business interactions, embracing a culturally intelligent approach becomes a necessity for companies aspiring to succeed in the global arena.

Recognizing the barriers to effective cross-cultural communication, ranging from linguistic differences to trust deficiencies, highlights the need for a strategic approach in managing international companies. This involves providing cultural sensitivity training to employees, equipping them with skills for effective collaboration in multicultural settings, including language proficiency, participation in cross-cultural communication workshops, and the development of intercultural negotiation skills.

The examination of companies employing diverse cross-cultural management strategies underscores the crucial role of cultural factors in international business. A carefully devised strategy emerges as a key element for success, as effective cross-cultural management strategies contribute to organizational resilience, encourage innovation, and promote success in the global business environment.

Taking into account insights from theoretical foundations and nuanced analyses of specific intercultural management strategies, certain recommendations stand out as guiding principles for success in cross-cultural contexts. While recognizing the need for tailored approaches based on unique cultural contexts, types of intercultural cooperation, and other influencing factors, general recommendations hold relevance in the field of international business.

Cultivating cross-cultural competence among organizational employees involves a comprehensive understanding of its components, comprising cultural awareness, skill development, developmental planning, and organizational strategy, provides a structured approach to evaluate and comprehend the cross-cultural competence process within an organization.

The effectiveness of employing localized communication strategies, validated by the experiences of multinational corporations, is crucial. Ongoing

learning, encompassing the development of cross-cultural intelligence, exploration of ethical principles, staying updated with modern trends, and fostering proficiency in language skills, remains a main recommendation. Adapting products to meet local needs and tastes is essential for success. In addition, efficiency analysis involving systematic evaluations, audits, and data-driven decision-making enhances the overall effectiveness of strategies.

The significance of this work lies in bridging the gap between theory and practice, offering practical strategies for businesses operating in culturally diverse settings. The findings of this study are relevant for international practitioners, guiding them toward informed decision-making, effective risk management, and the cultivation of a global mindset. The practical implications of this study extend to enhancing organizational resilience, fostering innovation, and contributing to sustainable success in the global business landscape.

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## Annex A

### SUMMARY

Hrytsai Y. Cross-cultural aspects of international business. – Masters level Qualification Paper. Sumy State University, Sumy, 2023.

The master's qualification paper focuses on the complexities of cross-cultural aspects in international business, examining theoretical foundations, cultural considerations, and case analyses of management strategies. The main aim of this research is to discover the essence and relevance of cross-cultural aspects in the context of international business and offering practical recommendations for international business enterprises on cross-cultural management.

Keywords: international business, culture, cross-cultural aspects, cross-cultural competence, cross-cultural management, communication strategies, cultural diversity.

### АНОТАЦІЯ

Грицай Ю. Крос-культурні аспекти міжнародного бізнесу. – Кваліфікаційна магістерська робота. Сумський державний університет, Суми, 2023.

Магістерська робота присвячена дослідженню крос-культурних аспектів у міжнародному бізнесі, теоретичних основ, культурних міркувань та аналізу конкретних стратегій управління. Основною метою цього дослідження є визначення сутності крос-культурних аспектів у контексті міжнародного бізнесу та надання практичних рекомендацій для міжнародних бізнес-підприємств щодо крос-культурного менеджменту.

Ключові слова: міжнародний бізнес, культура, крос-культурні аспекти, крос-культурна компетентність, крос-культурний менеджмент, комунікаційні стратегії, культурне різноманіття.