Choose two culturally diverse countries and compare their cultures. Discuss how cultural differences influence the costs of doing business between two countries.

For the purpose of this essay, the two countries that have been chosen for discussion are Japan and America. This essay will explain and analyses their similarities and differences; how this will influence or has influenced in the past the cost of doing business between both countries. Are you able to be more specific about any of your findings?

As a starting point, culture itself would need to be explained. An understanding of culture needs to be established, as well as the reason for the great role it plays in business. With the words of Greet Hofstede, "culture is a collective programming of the mind which distinguished the members of one human group from another". This definition to an extent explains the importance that culture holds, culture is the source of who people are and this affects decisions and actions they carry out. Therefore, culture is not a topic that can be overlooked.

In business, culture is equally as powerful in taking the lead role in communications. There is a necessary Importance for firms to be internationally aware of different cultures if they want to be able to achieve international trade; globalization. They need to be culture literate; knowing the necessary aspects of different cultures for example, how difficult the Japanese market is vague – in what ways? (Rugman and Collinson, 2006 p.502 not needed for paraphrased ideas), that Americans like bargains or the high taste of the French people (Deresky, 2003).

According to Hill (2008) 'a relationship may exist between culture and the cost of doing business in a country or region'. Therefore for successful business transactions between two countries, culture needs to be understood. For example if America wishes to do business with Japan as they currently do, they need to understand the Japanese cultures necessary for them to follow or if a developed country firm wants to do business in developing country, they need to understand culture to succeed, for example Wal-Mart’s entry into Mexico (see Hill, 2008) You’ve been asked to compare two countries only – use those only. I can see that you’re reading for relevant ideas, but you must aim to be as specific as possible about exactly what the cultural differences are in these two countries and how they affect business.
According to Garrison (1996, p.6) “We are part of an inter-dependent global trading system” this means that international business is a key part of most countries economic growth, which they try to maintain and grow. Therefore, Knowledge of foreign business culture is needed by all those playing the transnational business game” (Garrison, 1996, p.7)

The question to be asked is what actually makes these countries so culturally diverse from one another that warrants a complete research of the different culture? According to Cooper (2013) “The U.S.-Japan economic relationship is strong and mutually advantageous” the statement is supported by the fact that they account for over 30% of world domestic product and for a sizeable portion of international trade in goods and services. Therefore, A relationship like this is necessary to preserve. This could prove difficult because of the contrast in culture the Japanese possess in comparison to Americans.

Exploring the social structure in both countries, it is easy to find that in Japan, family values are highly expressed and this is sometimes displayed in organizations; where some employees are given their roles because of family. However, this is frowned on in America and considered nepotism (Griffin, 2007). This difference could pose problems both countries would find it hard to understand why family in business is considered differently.

Hosfstedte's five dimensions of culture (Hosfstedte, 1980) place Americans as Individualistic people while Japanese people are considered to use a more collectivistic approach. Employees in Japan are identified as members of a group and are expected to show qualities of unity, loyalty as their group identity. These two extremes of characteristics amongst the people of both countries would have an affect on how employees in both geographic areas would work and how this would reflect in business. This idea of group identity was strengthened by Japan's isolation from the rest of the world until the 1850's (Griffin, 2007). Linowes' chart (1993) on differences of culture between Japanese and American people also strengthens Hosfstedte's argument. Americans are described with terms like outspokenness individuality while Japanese people are described as being silent and conforming. Those points are starting to address the first part of the question, but you can capitalise on those better by how this makes a difference to business, perhaps with an example.
sound like two different ideas. Aim for one topic per paragraph, but more fully explained.

In the case of language, according to Griffin (2007), social hierarchy determines how people communicate to each other; language used when speaking to someone of superior ranking is different from when speaking to colleagues. Although this is also common in American culture, where the boss is spoken to with more respect than what?, the Japanese go a step further than what is expected. Rugman and Collinson (2006, p.505) explain that there is “a high correlation between hierarchical relationships in the workplace and social status outside the workplace”. The notion of linking workplace stations to social status would be frowned on in a country like America; where equality amongst all types of people is encouraged and expected; although this is not always the case.

Another important element of the Japanese culture is the principle of ’wa’. Wa could be described as meaning ‘peace and harmony’ (deresky, 2003. P.107) This surrounds the idea that harmony within group is necessary and needs to be persevered for business success (Rhee 1989). In the western culture like America, harmony amongst colleagues would depend on the organizational structure and span of control exercised. In a flatter organizational structure, it is expected that the whole team have similar goals and objectives for the company; this could contrast a higher organizational structure, where employees on the lower level of the hierarchy would have different goals from employees on higher levels.

In Japanese culture, the idea of duty to a firm the employee works for is exercised. The same way a firm would look after an employee. Employees in most firms in Japan would be expected to have lifetime employment. This is rarely the practice in American firms. However, some Japanese firms are letting go of such cultures like  

According to Mcdonald and burton (2002) cultural differences play a significant role in the development of international business activities and in the problems of managing these activities. Through culture, People possess different behavioural styles, which would affect the way they operate in business.

Although some radically cultural differences in countries limit business activities between them, this is not always the case. Firms need to be aware of different social orientation according to Griffin; in Japan where collectivism is practiced and the opposite culture is practiced in America: individualism, these differences have to be put into consideration when doing business. Training could either be provided for managers if for example an American company moves to Japan or vice versa. An American manager might find it hard to adapt to collectivism; where decisions would take longer to make and this could also
be the case for a Japanese manager in America. These would be some of the costs incurred when doing business between both countries.

According to Deresky (2003 p.108) Japanese people tend to think of American organizations as lacking in employee loyalty and spiritual quality while Americans think Japanese businessman as arrogant and secretive. These stereotypical assumptions could lead to conflict between both parties and result in an irreconcilable dispute. This idea is not always true for American companies; Google for example is one of the companies with high employee loyalty because of its treatment of their employees. In the case where Japanese business people would wish to work with Google, their expectations may contradict their findings.

Although understanding cultures of other countries with business potential is expected, that is not always the case. Some countries use a ethnocentric idea to assume their culture and approach superior to others (Garrison, 1996) America sometimes display this quality in its business activities with other countries and this has brought financial losses for some companies for example Wal mart expecting acceptance in south korea (see hill)

Wendy's in Japan is another prime example of a negative influence of cultural differences. When the company decided to open fast food stores in china, it believed it could achieve the success McDonalds had, as that was one of the latter's biggest Market outside America (Gilbert 2009). However, Unlike Wendy's, McDonalds understood the cultural differences that existed and adapted to the new environment. In this case, differences in culture incurred the company financial losses because of lack of research.

There are some relevant ideas here, showing wide reading, which is good. However, I found the structure pretty fragmented, i.e. you have a lot of short paragraphs briefly describing what a large number of differences are. You could improve this by more clearly linking connected ideas around one topic per paragraph, and developing each of these more fully, with more explanation and examples.

However, my main observation is that you do not yet seem to be directly addressing the second part of the question, i.e. about cultural impacts on costs. You do need to find info on that relationship – perhaps a lecture materials may give a starting point?

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