

*Culture: The silent language of  
International Business*

# Presentation Map

- What is cultural diversity?
- Importance of cultural diversity
- Cultural Analysis
- ***Case Study:*** Wal-Mart in China
- Conclusion

# What is Cultural Diversity?

- Culture – Software of the mind. Defines the way one thinks, acts and perceives others. A community/societal feature
- International Business – Bridge to understand customer expectations better. Grasp over customers' language, religion and attitude crucial
- Differentiating characters life style, values, ideals, practices, race, national origin, demographics, world view, society behavior

# Few examples

- British protect their privacy, personal questions not welcome. In India, personal inquiry is sign of showing interest
- American communication direct, Japanese subtle
- Japanese decision making group consensus, Americans take quick singular decisions
- Exchanging pleasantries contrasting in America and Japan
- Business women rights advanced in America, not so in Japan and Middle-East
- Beef unwelcome in India, pork in Middle-East

# Importance of cultural diversity

- Implication in all fields of International Business Management:
  - *Marketing*
  - Advertising
  - Business Negotiations
  - Human Resources
  - Industrial Relations
  - Organization Structure

# Cultural Analysis for International Marketing

- Relative motivations in culture
- Characteristic behavior pattern
- Cultural values relevant to product
- Characteristic form of decision making
- Appropriate promotion vehicle
- Appropriate institutions for the product in customer minds

# Wal-Mart in China

- Strategy adopted: Juxtapose and incorporate aspects of Chinese and American cultures
- Studied demographics: Rising middle classes, selected major towns for outlets
- Chinese historically shopped in Wet-Markets: Cheap but unhygienic. Wal-Mart outlets were clean and sold high quality items at lower rates
- Most Chinese didn't drive: Parking areas minimal
- Live fish, eels, snakes, frogs and sea-cucumbers killed on the spot

# Wal-Mart in China

- Respected Chinese custom of gifts, but maintained their culture of integrity
- Got around red-tape with patience and sustained healthy business practices. Engrained philosophy of quality customer service and fair price
- Aware of work culture in state companies, coaching and training plans for employees
- Chinese don't have large wardrobes: Executive limits number of suits
- Intent of turning into an entirely Chinese entity



# Conclusion

- Wal-Mart's sensitivity towards understanding the Chinese customers, employees and government alike resulted in a hugely profitable business
- Cultural adaptability to delight customers is an instrument towards competitive global advantage
- Beyond mere adaptability, businesses must design practices to suit local culture

# Bibliography

- Managing Cultural Diversity in Globalization – S.K. Bhatia/ Poonam Chaudhary
- The Wal-Mart Decade

**Thank You!**