

Global Business - The New Mantra

It is indeed heartening to see the opportunities of businesses transcending the limited boundaries created by political maps. Large & small corporations are becoming much more aware of need of doing business across the continents. This would help them tap into abundance of talent and opportunities available in different countries while increasing profits. Organizations must ready themselves for the age of "global business economies" else perish within existing orthodox business processes and ideas.

However before understanding the norms of global business it is necessary to investigate as to why organizations seek opportunities beyond their own countries. There are various business propositions because of which corporations expand globally. The more aggressive ones do so to seek new business geographies whereas the practical strategy is to tap into cheaper options of manufacturing & labor available in less advanced countries. A few of the defensive strategies would be, to protect oneself from foreign products, reliable raw material supply, technology acquisition, diversification and seeking politically stable environments.

Aggressive corporations seek expansion in growing economies to capture a larger market share. The advantage however lies in making quick choices as one has to strike gold before competitors get the knowledge of these markets. Some of the aggressive ideas are exploring new markets, increasing profits, acquisitions for augmenting business opportunities etc. Global expansion is also seen in the market of outsourcing where in cheaper & competent talent is offered work propositions for competitive advantage.

Whenever organizations move into foreign boundaries they follow a staffing cycle which helps them adapt better to the environment. The staffing strategies include staffing managers with home country nationality, host country nationality or third country nationality. Home country nationality is one of the original country while host country is where expansion is proposed. Third country nationals belong to none of these and have higher competencies to manage business. All models are productive and successful in their own way. However what is important is knowledge of "cross culture dynamics" else it can result in a complete disaster.

The research in cross culture surveys indicate alarming figures. Only 20% organizations globally invest in cross culture sensitivity processes. The losses on account of non awareness of cultures results in \$50,000 to \$150,000 per person deputed to the host country. The losses owing to winding up a of a business are over and above these costs.

It is important to understand no market is non profitable, it is only that cultural dynamics vary. Successful companies adapt themselves well to the local markets. Many of the organizations locally adapt their products & managers after which success flows easy. Also it is found that culturally aware managers can manage projects easily and productively because of which global corporations are now investing heavily into cross culture training processes.

It is thus important that more and more organizations should become aware of importance of cultural

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dynamics because new markets are now growing rapidly. Traditional companies need to look outside their cocoons and move out of their comfort zones. Americans Germans and Koreans are a success stories in themselves with regards to global expansions. India and China are a success stories where these companies have used local human capital & capitalized on market territories extensively.

It would not be a exaggeration to say economies are now expanding globally and micro & macro economic policies have a global focus. So sooner the corporations change to adapt themselves to these norms better it would be for them. All those who do not look at global markets would perish under the force of globalization. Thus to think global a human mind has to be trained for a global vision which is the essence of leadership development today.

Global leaders are the need of the hour today. Global organizations without globally oriented leaders is like a grand ship without a good captain.

In today's world where cross culture business situations pose great challenges it is important to train select leaders within the organization on cross culture issues. In order to understand cross culture dynamics it is first important to understand the meaning of culture.

Culture as per Sir Taylor is a complex whole that comprises of knowledge, beliefs, art, customs, laws, morals & other capabilities and habits acquired by human beings as a member of the society. It is also important to understand here that a culture is a creation of an important minority of the society. These are the people who also influence changes in the countries culture.

In the application of the above definition in corporations it is important to understand how this important minority behaves. This includes study of their knowledge base, beliefs, art of doing business, business etiquettes, and other important capabilities. Unless the foreign counterparts know how to manage these cross culture differences failure is but certain. Thus their training must include all these factors.

However only 2% Multinational Corporations actually invest in Cross Culture Sensitivity Training. This trend may now be changing because some of the statistics are alarming. A lack of cross culture training results in upto 50% managers failing in a foreign land. The losses can amount to anywhere between USD50,000 to USD1,50,000 per person as mentioned earlier. This is colossal wastage of precious wealth. As compared to this, investment in cross culture training is a fraction of it.

An ideal cross culture training comprises of understanding the values and the ethos of the host country. What is seen of the culture is only the tip of the iceberg. Below this iceberg is the values and ethos of the culture which needs to be understood. Unless the core values of the important minority are understood it is not possible to do business in a foreign land. The training can then extend to soft skills of International business. A global manager then needs to become a part of the foreign culture as an implementation process. Acceptance

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of this manager by people of the host country is the crucial test.

What we have experienced about foreign managers who lack cross culture sensitivity is that they struggle because they seek the norms of the home country in the host country. This is an impossible proposition. The manager needs to have prior knowledge of doing business in the host country and needs to accept and adjust to its norms effortlessly. When these managers deny the foreign norms, the host country executives deny to accept them. This builds great resistance which in-turn results in grave failures.

Global managers are aware managers who understand the importance of cross culture issues and are adequately trained to work through the global barriers. This leadership is different as it is more adaptable, aware and enjoy doing business in a foreign land. They infact become a part of this land and understand the business needs and processes very well. These are managers whose egos do not operate in the limitations of political boundaries of the Nations and work on the principle of win/win constantly.

Needless to say that these managers are well accepted and liked by the people of the land they wish to business with. It's analogy is simple; like sugar becomes a part of the milk easily and cannot be separated. these managers become inseparable from the foreign business culture while adding value to it too.