

CULTURAL ISSUES IN 'DOING BUSINESS WITH AMERICA'

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Abstract: *The paper aimed to describe the sensible information concerning doing business with America. This is a qualitative study which gives an idea about America, traditions & customs, American culture, their business practices, HRM practices, legal environment and most important part of this paper is comparison between Indian and American business practices.*

Keywords: *IHRM, Business with America, HRM in America*

Doing business internationally is a dynamic set of activities where an organization deals with the external relations to going global. These include economic, political and legal surroundings. The central issues for decision to go global are concerned with minimizing the risk. Usually, here life of a business comprises dealing with permits, getting credit, protecting investors, paying taxes, enforcing contracts, trading across borders and the like. This paper aimed to develop an understanding concerning the doing business with America and their HRM practices.

The Country

The United States of America is the world's third largest country in size and nearly the third largest in terms of population. Located in North America, the country is bordered on the west by the Pacific Ocean and to the east by the Atlantic Ocean. Along the northern border is Canada and the southern border is Mexico. There are 50 states and the District of Columbia.

For centuries native peoples lived across the vast expanse that would become the United States. In the early 17th century, settlers moved from Europe to the New World, established colonies, and displaced the native peoples. The settlers fought for their independence from Britain in the late 18th century and formed a union of states based on a new constitution. The nation continued to expand westward and although the country is a relatively young nation, it has become a global power since declaring independence from Britain on July 4, 1776.

Citizens over the age of 18 years old vote to elect the President and Vice President of United States every four years. The president lives in the White House in the capital city of Washington, D.C. There are two houses of Congress: the Senate and the House of Representatives. There are 100 senators, two from each of the 50 states and each serves a six-year term. There are 435 representatives who must be elected every two years. The Supreme Court is made up of nine justices who are picked by the president and must be approved by Congress. For the first time in the nation's history an African American, Barack Obama was elected President of the United States in 2008. Advances in the past hundred years have established America as a world leader economically, militarily, and technologically. America has the largest coal reserves in the world.

Official Name	United States of America
Population	316,537,000 as on August 27, 2013
Form of Government	Constitution-based federal republic
Capital	Washington, D.C.
Area	3,803,290 square miles (9,850,476 square kilometres)
Major Mountain Ranges	Rocky Mountains, Appalachian Mountains
Major Rivers	Mississippi, Missouri, Colorado
Language	English, Spanish
Money	U.S. dollar

Traditions and Customs of the United States

American culture encompasses the customs and traditions of the United States, including language, religion, food and the arts. Nearly every region of the world has influenced American culture, as it is a country of immigrants, most notably the English who colonized the country beginning in the early 1600s. U.S. culture has also been shaped by the cultures of Native Americans, Latin Americans, Africans and Asians. The term Western culture often refers broadly to the cultures of the United States and Europe.

American Culture – Key Concepts and Values

Individualism: The concept of individualism in the US plays a significant role in the lives of many Americans. American culture emphasizes individual initiative and personal achievement. Independence and self-reliance are highly valued and also extends to the workplace where business is frequently carried out autonomously. Consequently, one's position in US society is determined by one's own achievements as oppose to status or age.

Low context culture: Generally speaking, those cultures described as low context tend to communicate meaning and information explicitly through words. Americans are task centered and thus the primary purpose of communication is to exchange information, facts, and opinions. In the US, conflict is dealt with directly and openly, and for this reason, Americans will not hesitate to say "no" or criticize others in public. This direct style of speech is often interpreted by foreign visitors as rude and may cause embarrassment to business people who are unaccustomed to such explicit communication. However, it is important to remember that in a business context it bears no relation to personal feelings and should not be taken as such.

Egalitarianism: An important element of American culture is the concept of equality. Despite many differences within American society, there is a collective understanding of the notion of equality that underlines many social relationships in the US. Americans believe in having equal rights, equal social obligations, and equal opportunities based on the concept of individual merit. Consequently, there is a general lack of deference in the US to people of greater wealth, age, higher social status or authority. This is evident in the way in which titles are seldom used in business environments and how Americans call each other by their first names almost immediately. Egalitarianism also contributes to the system of merit frequently referred to as the "American Dream", whereby hard work deserves success and financial prosperity. This in turn can often cause a dichotomy in the workplace and office hierarchy displaying a clear distinction between management and their subordinates.

Doing Business in the US

The world's third largest country both in size and population, the United States is a nation moving forward rapidly and successfully with its unique cultural diversity. Throughout the years, America has experienced waves of immigration from virtually every corner of the world molding the country into what it is today. After establishing its independence in 1776, the United States

has endured civil war, the Great Depression, and two World Wars to become the richest and most powerful nation state in the world. Today, the US is considered to have the strongest and most technologically powerful economy. For those wishing to conduct business in the US, gaining a professional insight into the cultural design of this distinctive country is essential to getting success.

Business practices in the United States

- It is customary to begin and end business meetings with a brief but firm handshake. Maintaining direct eye contact during this initial greeting and whenever in conversation is also essential, as it demonstrates to your American colleagues your interest and sincerity.
- The exchanging of business cards is a casual affair in the US and as such demands no clear ritual or set of rules. Americans regard business cards as a resource for future information. On the occasions when they are exchanged, it may be done either during introductions or when leaving.
- During negotiations, it is important to remember that the aim of most business discussions in the US is to arrive at a signed contract. Americans consider negotiations as problem-solving situations based on mutual benefit and personal strengths. Therefore, emphasis is placed on one's financial position and power.
- When doing business in the US, you will be expected to adhere to rules and guidelines that your US business counterparts must also follow. Company policy and business procedures such as legally binding contracts, are aspects of American business culture that require strict compliancy.

Few more business practices followed in US are described below:

Problem Solving	Fairly direct; fact-oriented; enjoy challenges; little saving face concerns; quick solutions preferred. Facts and logic are preferred over relying on one's intuition or "gut feeling." Like to plan and prepare but are flexible. Learning by trial-and-error is more accepted in the US than elsewhere.
Motivating People	Autonomy and initiative encouraged; change viewed as inevitable and as a normal part of progress. Individual seeks self-improvement and is motivated by receiving additional responsibility. Individual recognition for accomplishments
Appraising Performance	Company performance measured monthly or quarterly; employee performance measured "formally", often through a systematic "360 degree" review process in which employee and supervisor discuss goals and achievements based on departmental input.
Performance Expectations	"Protestant work ethic;" focus on the individual; task-oriented; expected to be "workaholics" and "team players." Although the typical workweek is 40 hours, unpaid overtime might be expected for salaried employees.
Negotiating, Persuading	Business and contract disputes rely primarily on legal system for regulation therefore; legal advice is brought in early in contract negotiations. Extensive bargaining in a business negotiation is seldom used.
Decision Making Process	While many have input, the leader often makes the decisions and all are expected to be supportive once a decision is made. Strategic decisions tend to be made with a shorter term outlook than in other cultures.
Participation in Meetings	While many have input, the leader often makes the decisions and all are expected to be supportive once a decision is made. Strategic decisions tend to be made with a shorter term outlook than in other cultures.
Superior/Subordinate Relationships	Casual; use first-names (and even nick-names) which denotes being liked and helps build trust; uncomfortable with hierarchy and class system; share information freely; bosses often have an "open-door policy."

Hiring/Dismissal	Hiring involves self-sell, taking credit, listing and slightly embellishing one's accomplishments. Rigid anti-discrimination laws are followed when hiring. "At will employment" allows employee or employer to end working relationship at any time for any reason.
Customer Relations	"The customer is always right;" little vendor/supplier loyalty; generous return policies for merchandise; fierce competition and low prices affords the consumer significant choice and buying power.

US Business Etiquette (Do's and Don'ts)

- DO address your American business colleagues with a title, such as "Dr", "Ms", "Mr", or "Mrs", and their last name when meeting someone for the first time. You may find that, your American counterparts will insist on using first names almost immediately; this is not a sign of familiarity but simply reflects the casual business style of Americans and their emphasis on equality.
- DO say "please" and "thank you" to everyone for even the smallest kindness. Politeness is highly valued in the United States and Americans will expect you to be as polite as they are.
- DO be prepared to partake in preliminary small talk with your American counterparts at the beginning of a business meeting. This will often include topics such as sport or the weather and is seen as a way to lessen apprehension and create a comfortable environment before entering into business affairs.
- DON'T expect all companies to be the same. Business culture in the US differs from company to company on many levels, including industry, region and business structure. It is advised to research as much as possible about the individual business culture of your American associates before meeting with them.
- DON'T make any other form of physical contact such as hugging when greeting your American counterpart for the first time. Americans respect their privacy and personal space.
- DON'T be offended or surprised if your American colleagues cannot accept a gift. Gift giving is often discouraged or limited by many US companies and therefore most employees are unable to accept them.

US Business Culture

The US business culture is unique in many ways. While not an exhaustive list, the following areas are among the most important and the ones most frequently asked about by foreign business people.

Corporate Culture

- Americans often take a "business-first" approach, with personal relationships playing a smaller role than in many other cultures. This is reflected in common phrases like "business is business" (meaning personal considerations shouldn't be taken into account when making a business decision) and "it's just business, it's not personal" (meaning that negative consequences from a business decision are not meant to be personally hurtful or insulting). Americans will generally do business with the company they think gives them the highest value for the lowest price, not based on personal relationships.
- Americans believe that being direct is a virtue. Americans ask for what they want, say what they mean, and expect you to do the same. "Yes" usually means yes, "no" usually means no and "maybe" usually means the person hasn't decided and wants to think more about the question. Americans expect you to get to the point, to tell them why your product or service is better, and to do so in a way that is easy to understand and meaningful to them. Being shy, unassertive or extremely deferential is often seen as weakness. Americans do not mind direct questions because they do not hesitate to say no.

- Americans expect all business interactions to be polite and professional. It is considered extremely rude to shout in a business context, even when two people strongly disagree. Likewise, it is considered rude to interrupt someone (even a junior person), or to make personal comments (e.g. "you're an idiot").
- Americans expect you to be positive about yourself, your products, and your capabilities. Americans tend to take information at face value, so being self-effacing or downplaying the capabilities of a product or service can be seen as evidence of poor quality.
- Americans commonly exchange business cards but they are very casual about it and there is no ritual or "right way" of doing so.
- Americans appreciate and expect persistence. It may take 10 or 15 attempts to get a response, especially from a potential customer.
- Americans expect you to ask questions if you don't understand something. Americans are not embarrassed to ask questions if they don't understand something, and they expect you to ask questions as well. If you do not ask questions, Americans will assume that you understand whatever is being discussed.
- Be on time to appointments as Americans consider it rude to be late in business settings. "On time" in America usually means five minutes early. Being up to five minutes late is acceptable, but requires a short apology for making the other person wait. Being more than 5 minutes late requires a phone call to warn the other person of the delay and to apologize.
- Americans value numbers and using figures and statistics to support your position will help you persuade them.
- Americans expect meetings to be as short as possible, and do not consider a meeting a success unless it results in a tangible action or decision.

Bargaining

- Americans usually begin negotiations with exaggerated or unrealistic demands, which they expect to adjust as the discussions progress.
- Americans believe the goal of business negotiations is to arrive at a signed agreement. Americans generally do not consider relationships or intangible benefits to be relevant to the negotiation process. For most businesspeople, the contract under discussion is the only legitimate concern of the parties involved.
- Americans don't believe it's necessary to have or build a relationship with someone before negotiating a contract with them. In fact, some Americans believe such activities are improper and unprofessional.
- Americans believe that the quicker negotiations precede the better for all concerned. They will move as fast as possible in the negotiations and assume you wish to do the same. They will usually view any attempt to go slower as a negotiating tactic.

Greetings

- In business situations, shaking hands is the ubiquitous and accepted way of greeting others. Handshakes should be firm and brief, as Americans don't like weak handshakes or holding hands for a long period of time.
- You should always stand up when greeting someone.
- American greetings are usually informal. "Hi," "How are you?" or "Hi there" are considered customary, even in formal business settings.
- The greetings "How are you?" or "How are you doing?" are not actual inquiries into your well-being, they are simply greetings. The only proper responses are "Fine," "Great" or "Very well, thank you."
- The farewell "See you later," is not meant literally and does not mean the person actually expects to see you in the future.

- When saying good-bye, Americans frequently say, "I'll give you a call," "Let's get together," or "Let's have lunch." These are not meant literally and they do not mean the person actually intends to call or set up a further meeting.

Body Language

- Americans expect you to smile. It is considered unfriendly not to smile or to refuse to shake hands, when you meet someone. In general, Americans smile more than most other business people.
- Americans usually maintain 1.0 to 1.5 meters of separation when speaking and will often feel uncomfortable if you stand any closer while talking.
- Touching is a very tricky area. Some people are very comfortable touching and being touched and see it as a friendly action (for instance slapping someone lightly on the back is a common gesture between friends). Some people are very uncomfortable with being touched. It is best not to touch unless you are sure the other person is comfortable with it.
- It is considered unremarkable for either men or women to sit with their legs crossed.

Differences between Indian work culture and work culture in US

In all the Western countries, especially USA, people strictly adhere to the time. They work in the office for eight hours a day. They attend the meetings sharply in scheduled timings. They take lunch break for half an hour. On the contrary, in India, people do not adhere to the timings. No doubt, they work for long hours approximately for 10-12hrs a day and sometimes even on weekends, but take long tea breaks and lunch breaks. They are not very imperative on deadlines and keep negotiating for extension of timeline. Sometimes scheduled meetings are cancelled, due to absence of some key persons.

One more major difference is the work-life balance. In Western work-culture, they give more value to the time spent for their personal life. They do not carry the workplace pressures or stress to home. Eventually work is a part of their life, but not the life itself. Nevertheless, they stay back at office occasionally, when they need to work. Most of the Indians think workplace as an opportunity to build their future and put forth extensive efforts to climb the corporate ladder and earn monetary benefits. They work day and night beyond limits, which results in losing work-life balance. This also makes them encounter a lot of pressure, as the demands at work place and family are almost opposite. There may be a greater sense of ownership of work in Indians and they value work more than that of personal life.

The relationship between the boss and subordinates is believed to be more formal and hierarchical in India. People in power openly display their ranks according to which importance is given. Employees are not supposed to expect clear guidance from the managers and they are often not assigned with important work. Subordinates are expected to take the blame for things that go wrong. The relationship between boss and subordinate is rarely close/personal. In general company meetings only few people dominate, even though their decisions are wrong. However, it may vary from company to company. Whereas in western work culture the relation between boss and subordinate is not more formal and hierarchical, superiors treat subordinates with respect and do not demonstrate ranks. Subordinates are entrusted with important assignments. Blame for things that go wrong is either shared or is often accepted by the superior, due to it being their responsibility to manage. Managers often socialize with subordinates. Meetings are interactive sessions to arrive at best decisions.

In mentoring, Indian managers are a bit soft in critical assessments. Seniors tend to lean more on positive feedback during an appraisal, leaving the criticism unsaid. In India either due to the appraisal process or due to the lack of skill of the appraiser, the much needed critical assessment is often held back. In the US, there is a better balance in practice.

In Indian work-culture, people do not accept change easily; lot of resistance is encountered in order to implement change. In western work-culture, people are adaptive and conducive to change implementation.

The Legal Environment of Business

There are various laws that are used to ensure that the business works in the right way. These laws are put in place to regulate the way the business is done and are meant to curb unethical business activities. The main laws that affect the business include consumer protection law, antitrust law, environmental law and the law that protect the public interest. The laws that affect business occupations, according to Alexander et al. (2011) are occupational qualifications, diversity laws, employee's health and safety. Laws that affect the business organization are incorporation law, bankruptcy, patents law, copyrights and trademark law. All these laws affect the business in one way and the other and should be adhered to at all cost to ensure that the business function is regulated.

The Legal Environment of Business ensures that all the business across the globe is regulated thus working in a regulated environment. The number of laws that are put in place to ensure that the business act as required affect the way the business execute their duties. Due to the consequences that are attached therein, the business is forced to comply with these laws or otherwise they will close their business. Otherwise, these regulations have very well made the environment to be conducive for new business to come up as competition is ensured. This makes the public to receive quality and cost effective goods and services that have no or less effect to the environment.

HRM Practice in USA

Recruitment: The United States uses a recruitment system which is neither strongly career based nor position based. Entry into the public sector is conducted by direct application and interview for a specific post and most posts are open to external applicants. A very small percentage of positions are filled through a centralized examination. Preference in recruitment is given to certain military veterans but there are no other diversity policies in place regarding recruitment.

Performance: The United States uses performance assessment in HR decisions to the same extent as the average OECD country. Performance assessment is mandatory for almost all employees and takes the form of a meeting with the immediate superior every six months and annual written feedback. A fair range of criteria is used in assessment, which focuses on outputs, competencies and interpersonal skills. Assessment is of high importance for career advancement and remuneration. The United States uses significantly more performance-related pay (PRP) than the average OECD country. PRP is mandatory for most employees, takes the form of one-off bonuses and permanent pay increments, and represents 1-5% of base salary.

Pay-setting: Base salaries are set by statute and adjusted by the president or Congress whereas bonuses are handled at the agency level. Generally there is no negotiation, neither at the individual nor collective level, over remuneration. Base salary is indexed to the Employment Cost Index by default and all remuneration is revised annually. Job content and seniority is of high importance to base salary levels for almost all employment levels, with relevant experience also factoring in. Seniority pay is in use and previous salary level and the number of years in similar positions factor into pay levels.

Promotions: Qualifications are the key determinant of promotions for all levels of staff, with experience and performance appraisals not being considered of major importance. Postings are published on transparent listings open to all employees, applications are reviewed by the HR department to shortlist candidates, and there is systematic use of selection panels and some use of assessment centers. There are no formal restrictions to promotion between hierarchical grades. Specially directed information sessions and coaching are available to further the promotion of women, the disabled and other minorities.

Mobility: The level of internal mobility in the United States public sector remains stable and there are no plans to increase or decrease it. Public servants on external posting retain the right to return to their position and risk forgoing their pension rights if they do not return.

Training: Some public employees receive training upon entry, depending on the requirements of the specific post and the needs of the employee. On average, employees undertake 1-3 days of training per year.

Work Conditions: The average yearly working hours in the United States public sector, 1 840 hours in 2010, is reasonably high compared to the OECD average of 1 745 hours. This is driven by higher than average weekly working hours and a few days less annual leave. Data is not available regarding the average number of sick days taken but a policy of counting unused sick days toward annuity is in place to curb absenteeism.

Conclusion

It is clear that the HRM practices and the business practices in all the countries are different. It is imperative to know the Business culture of the country you are dealing with in international marketing, without which there is little possibility of success in the business at each stage right from the first communication to actually getting the contract and making business deals complete.

It is generally assumed that the business all over the world has one language and that the profit must be made by seller and buyer must get the expected product at a cheaper rate. But it is quite difficult to generate basic minimum confidence in the opposite party in the foreign country. The confidence building is a relatively slow process depending on many factors. The most important out of these factors is the understanding of the others culture. Once you are aware about the basic business culture of a foreign country, it is easy to go ahead in the business negotiations with the potential clients.

It is, therefore, essential for understanding the cultural aspect of business dealing and follow them in the right perspective for success in the International Business.

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