



Journal of Research in International Business and Management (ISSN: 2251-0028)
Vol. 10(2) pp. 01-02, April, 2023
Available online @ <https://www.interestjournals.org/research-international-business-management.html>
DOI: <http://dx.doi.org/10.14303//jribm.2023.009>
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Perspective

The role of national culture in international business: A literature review

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Abstract

This literature review examines the role of national culture in international business. It explores the different cultural dimensions and their impact on various aspects of international business such as marketing, human resource management, and negotiations. The review also discusses the challenges of managing cultural differences and presents strategies to address these challenges.

Keywords: International business, National culture, Human resource management

INTRODUCTION

International business is characterized by cultural diversity, which presents both opportunities and challenges. National culture plays a significant role in shaping the behavior of individuals and organizations. Therefore, it is essential to understand the impact of national culture on international business. This literature review aims to provide a comprehensive overview of the literature on the role of national culture in international business (Adler & Gundersen, 2001).

The review starts by defining national culture and explaining its dimensions. It then explores the impact of national culture on various aspects of international business such as marketing, human resource management, and negotiations (Bharadwaj, 2014). The review also discusses the challenges of managing cultural differences in international business and presents strategies to address these challenges. The benefits of international business are numerous. Companies that engage in international business can enjoy higher profits, increased market share, and access to new technologies and resources. By operating in multiple countries, companies can also diversify their risks and increase their resilience to economic downturns (Black & Mendenhall, 1990).

International business refers to the exchange of goods, services, and ideas between businesses or individuals from different countries. It encompasses all commercial activities that take place across national borders, including import and export activities, foreign direct investments, and international collaborations (Hampden-Turner et al., 2020). One of the main drivers of international business is globalization, which has created opportunities for businesses to expand their markets beyond their domestic borders. Companies engage in international business to access new markets, exploit comparative advantages, and reduce costs by sourcing raw materials or labour from lower-cost countries.

International business also involves navigating various legal and regulatory frameworks, cultural differences, and language barriers. Companies must be aware of local laws and regulations in the countries where they operate to avoid legal disputes and penalties. Cultural differences can also pose challenges in communication and business practices, and companies must adapt their strategies to fit local customs and preferences. International business is not without risks, including political instability, currency fluctuations, and economic volatility. Companies must conduct due diligence to assess the risks of entering new markets and develop strategies to mitigate those risks (Laurent, 1983).

CONCLUSION

National culture has a significant impact on international business. Cultural differences can affect communication,

Received: 02-Apr-2023, Manuscript No. JRIBM-23-94643; **Editor assigned:** 04-Apr-2023, PreQC No. JRIBM- 23-94643(PQ); **Reviewed:** 18-Apr-2023, QC No. JRIBM-23-94643; **Revised:** 19-Apr-2023, Manuscript No. JRIBM-23-94643(R); **Published:** 25-Apr-2023

Citation: Ambos E (2023). The role of national culture in international business: A literature review. JRIBM. 10: 009.

negotiation, and decision-making processes. Understanding cultural differences and adapting to them is crucial for the success of international business. The review highlights the importance of cultural sensitivity and presents strategies to manage cultural differences. It also identifies the need for further research to explore the complex nature of national culture and its impact on international business.

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