Cultural Anchors in a State of Flux: the Case of Brexit

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Abstract

Formal institutions such as laws and regulations, enacted and administered by statutory bodies can be changed overnight. However, that degree of volatility hardly applies to informal institutions, namely traditions, beliefs, national culture values and related behaviour, deeply engrained in social consciousness. Brexit brings about new regulations of international trade and business that cause operational disturbances to international business participants so far as the British market and counterparts are involved. In such a state of flux, business people might find some stability and comfort in the established societal-level values of the United Kingdom and respectively, in the mitigating role of intercultural competence. The paper attempts to reveal the underlying cultural values at a country-level of the United Kingdom and discuss their implications for international business participants. It is a conceptual desk research drawing on contributions of renowned cross-cultural communication scholars. The merits of the paper lie with its broad applicability, subject to further contextualization on behalf of international business agents.

Keywords: Brexit, national culture, cross-cultural communication, intercultural competence
JEL: F23, D91

Introduction

The key message the paper attempts to convey is about the endurance of informal institutions, and national culture values in particular. National culture as a factor of international environment is an imperative that should not be underestimated by international business players.

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Cross-cultural issues are sufficiently researched and well presented in the available literature sources. Gone are the days when cross-cultural knowledge was the preserve of the few, of those well read in cultural studies. The democratization of cross-cultural writings – descriptions, tips, and implications, is a fact. Strangely enough cross-cultural *faux pas* are here to stay. The real-world international business practitioners need to be repeatedly reminded that situations in which intercultural competence can make or break the deal are still abundant.

The paper deals with the culture factor at a high level of aggregation. Namely, culture at a country level, that of the United Kingdom. The limitations of country-level generalizations about culture are comprehensively discussed in the extant literature – from the controversies, surrounding the functionalist perspective of the national culture construct (e.g. Shenkar et al., 2008; Wolf and Silverman 2001; Yoshikawa, 1987; Magnusson et al., 2008; Chapman et al., 2008) to the consensus about "the ecological fallacy" (Hofstede, 1991) trap which encapsulates many of the constraints of the analytical applications of the national culture concept. More than that, in the case of the United Kingdom, one should be double-cautious as the country encompasses four constituent nations – England, Scotland, Wales, and Northern Ireland. The paper does not offer a discussion on cultural values of the four constituent nations. Besides, the report refers to business settings only as an application field for national culture peculiarities.

The paper envisions to further deepen international business practitioners' insights into national culture, thus, to enhance their sense of prediction and professional intuition. Cultural legitimacy of international business people is a prerequisite for building and maintaining their international authenticity, business success, and self-satisfaction.

Methods

The paper is a conceptual desk research based on multidisciplinary literature review, cultural analysis and analytical reasoning. The literature review covers contributions, coming from philosophy, cultural studies, physics, and most profusely, from cross-cultural studies. The cultural analysis uses the framework of cultural divides as validated by Richard Gesteland (2003). His framework and the elaborations he provides are strongly practice oriented, clearly and succinctly stated. Finally, the author employs her analytical reasoning skills to combine and stick together diverse disciplinary knowledge in a quest for delivering a unified paper, although imperfect one.

Philosophical underpinnings of the topic

Western mind and eastern mind are shaped by different ideas of reality. Having been strongly influenced by Plato, the western mind perceives reality as a stable and linear one, susceptible to measurement and management (Baggini, 2021: 8). The eastern mind perceives reality as organic and interconnected. For example, in the second century BCE

the Indian Buddhist thinker Nagarjuna developed the doctrine of *sunyata*, or emptiness, according to which "nothing exists entire unto itself but only in relation to other things" (Baggini, 2021). In the same vein of reasoning there is a concept from the African cultural tradition, a concept known as *Ubuntu*. *Ubuntu* means: "I am because we are; and since we are, therefore I am". It implies that "a human being becomes a person through others; only through you do I become an I, I am because we are; a person is a person through other persons" (Abdulai, 2009).

Besides philosophical and cultural views, those from the so called rational science also shed light on the focal role of relations and interactions in the everyday existence of people in general, and business people in particular. Quantum entanglement as a part of quantum theory postulates that "the properties of an object always depend on what it is interacting with" (Baggini, 2021). A similar logic may be applied to communication studies, thus saying that the qualities of a person depend on who he/she is interacting with, which naturally leads us to an established sociological view of reality as 'a socially constructed one' (Berger and Luckmann, 1966).

These are some of the philosophical views that provide a framework for understanding "a reality made up of relations rather than objects" (Baggini, 2021). People, international business people as well, should be wise enough to build and maintain meaningful relationships which at the end of the day might somehow help them make their way through the intricate labyrinth of formal man-made institutions.

The welfare of the individual depends on the extent to which one can identify oneself with others, through mutual understanding and development. In the initial stages of international encounters, that is encounters with representatives of foreign national cultures, we do not know much about the personal identity of our foreign counterparts yet. That is why we rely on our knowledge and understanding about the collective identity of our foreign interlocutors. A central pillar in one's collective identity is his/her national culture background. Therefore, intercultural competence of international business practitioners is recognized as a major success factor in international business. Intercultural competence is a prerequisite for building and sustaining meaningful relationships with foreign counterparts for the sake of effective international business transactions. Intercultural competence has long been a research issue in cross-cultural communication studies.

The contributions of cross-cultural studies to international business

It is well established that international business is an interdisciplinary field. For decades international business draws on cultural and cross-cultural knowledge from behavioural science – on areas such as cultural anthropology and comparative cultural psychology. Culture cannot be left out of the equation (Minkov, 2011). North (1993) explains that individuals acquire mental models, shaped by (1) national culture, consisting of values and practices, passed down from generation to generation in a society; (2) personal experience; and (3) learning. An individual's mental models determine his/her perceptions of the

world and its workings; while in their turn perceptions define individual choices. National culture values and practices still vary widely among different countries. Heiner (1983) introduced the discussion about the connection between uncertainty and institutions. Being knowledgeable about and understanding national cultural values of foreign business partners provides some relative safety when one is uncertain and insecure yet about the personality characteristics of his/her associates. Therefore, rephrasing Minkov (2011), culture cannot be left out of the international business equation. Cross-cultural researchers are major contributors to the multi-faceted international business field. To start with the contributions of Parsons (1953), Kluckhohn and Strodtbeck (1961), Edward Hall (1976) in the 1950s, 1960s, and 1970s of the XX century. These contributions have laid the foundations for subsequent studies. To continue with Hofstede (1991) – whose contributions are the most used and quoted in the various disciplinary applications of cultural differences. Shalom Schwartz (2006) also offers some enlightening contributions – for instance, about the cultural differences in the West, and the cultural map that makes possible comparisons to be made among 76 national cultures, simultaneously on seven value dimensions. The contributions of Ronald Inglehart (2000), the director of the World Values Survey, also the contributions of the latest research project in the field of cultural differences – the GLOBE project (Javidan and House,2001, 2002) – cannot be underestimated. Last but not least, Bond and et al. (2004) further enrich the conceptual and analytical toolkit for intercultural analysis by viewing cultural differences as a function of not so much values but of the so called social axioms. That is, of commonly held beliefs, of 'generalized expectations' about people's behaviour in various social contexts.

For the purpose of this paper, Richard Gesteland's framework of cultural divides is used (Gesteland, 2003). Richard Gesteland is a Dane, a long-time practitioner of international business, being an expatriate in various regions across the world. His framework and the elaborations he provides are explicitly practice oriented. Gesteland identifies four divides of business culture around the world: (1) deal-focused and relationship-focused cultures; (2) formal and informal cultures; (3) time-rigid and time-fluid cultures; and (4) emotionally reserved and emotionally expressive cultures.

Deal-focused cultures prioritize tasks and their strict accomplishment, adequacy of functional knowledge, and work performance. The representatives of deal-focused cultures opt for a direct and straightforward way of expressing themselves. Deal orientation corresponds with cultural dimensions such as individualism (Hofstede, 1991), universalism and specificity (Trompenaars and Hampden-Turner, 1997), and low context (Hall, 1976). On the other hand, relationship-focused cultures emphasize human relationships, and the nurture of climate of trust and interdependence within small and cohesive groups. Relationship-focused societies draw a sharp divide between members and non-members of the in-group. The representatives of these societies employ an indirect and roundabout manner of expressing themselves. Relationship orientation is consistent with cultural dimensions such as in-group collectivism (Javidan and House, 2002), particularism and diffuseness (Trompenaars and Hampden-Turner, 1997), and high context (Hall, 1976).

Formality is about status, hierarchy, age, masculinity, and related formal business practices. Formality agrees with high power distance, implying existential inequality between high-ranking individuals and those of lower status. Informality coincides with egalitarianism (Hofstede, 1991), whereupon in an organizational context, inequality is not intrinsic but a result of ongoing role distribution. People in low power distance cultures may and do interchange organizational roles.

Time-rigid cultures appreciate punctuality. Punctuality equals reliability. Plans, agendas, schedules, deadlines are fixed and strictly followed. Time-rigid cultures are also known as monochronic ones (Hall, 1976). Time-fluid cultures are much more relaxed about punctuality, respectively unwilling to accommodate arbitrarily set time constraints. Time is flexible and stretchable. Human relationships take precedence over sticking to meeting times and deadlines. Hall (1976) coined the term polychronic for time-fluid cultures.

Members of emotionally-reserved cultures keep emotions for themselves rather than demonstrate them in public. Reticent cultures avoid using animated hand gestures and facial expressions, have larger comfort zones, and refrain from using physical contact in the context of business communications. Emotionally-reserved cultures are also known as neutral cultures (Trompenaars and Hampden-Turner, 1997). Emotionally-expressive cultures value artistic paraverbal and non-verbal communication. These cultures are also designated as affective ones (Ibid.).

At a national culture level, the United Kingdom is a deal-focused, moderately formal, monochronic, and emotionally-reserved culture.

Discussion: The United Kingdom national-culture profile and its implications for international business practitioners

British culture is perceived to be deal-focused, that is, task-oriented. Business people are ready to start discussing business issues just after a couple of minutes of small talk. Argumentation should be well-considered, substantiated with facts and figures, and devoid of overstatements. However, as politeness is a quality of the highest rank in the British value system, roundabout communication is adopted for subtly expressing disagreement and refusal.

Generally, the British are viewed as deal-focused, which should mean that personal relationships are not as important as in the Southern European countries. Nevertheless, the British like to work with people who are already known to them and can be trusted. A good practice to follow in an attempt to establish initial business contacts is to arrange for an introduction by a third party, known to both sides. Irrespective of their deal orientation, viewed as a central societal tendency, the British seek for long-term associations with business counterparts. A perspective partner who seems going after a speedy transaction without making efforts to nurture long-term relationships is looked down upon.

The British culture is known as moderately formal. Formal business approach is the norm – that is, formal ways of addressing business counterparts, formal business attire, while civility, politeness, and orderliness are underlying values. Notwithstanding, the

British business culture is lower on power distance than many European countries. One should not misinterpret this as insufficient hierarchy. The organizational hierarchy is clear-cut and decisions are made from superiors, yet they are communicated to subordinates as guidelines, suggestions, and questions. Moreover, despite their formality, the British manifest a laid-back disposition towards business. Respectively, it is preferable to show that everything is carefully considered and under control. Last but not least, while the British tend to be rather formal, especially during the initial stages of negotiation, humour is a subtle but important element of the business context. The British are known for the idiosyncrasies of their humour and appreciate interlocutors who understand it and wittingly reciprocate.

The British are monochronic, that is their culture is time-rigid. Business people are expected to be proficient time-managers. It is important to be on time or even a couple of minutes early to prove your British partner that you share his/her high regard for punctuality. In case of a delay, one should immediately inform his/her counterpart and extend an apology. Business meetings in the United Kingdom are monochronic. They start and end according to a pre-determined time, and follow an agreed agenda. However, the British are willing to spare time at the end of the meeting in case additional issues which need to be discussed should arise.

The British are emotionally-reserved. They are known for their 'tongue-in-cheek' and do not tolerate an open display of emotions. British business counterparts avoid using physical contact in the process of business communications, except for handshakes, which are the most common form for greeting. Although emotionally neutral, the British expect moderately direct eye contact to be maintained.

Conclusion

The relevance of hard facts about Brexit and the resultant operational disturbances is indisputable. Brexit makes it more intricate for both the British and international business practitioners. New rules and regulations incur higher (sometimes, much higher) work efforts and costs for doing business. The technicalities of Brexit-related changes in formal institutions may repel many international business practitioners from the British market. Without underestimating the immense power of the technical aspects of international business transactions, the paper puts forward the behavioural perspective as well. Economic and cultural feasibility should go hand in hand. Therefore, despite Brexit-bound economic grievances, business people may find some comfort and shelter in the behavioural appropriateness as a result of intercultural preparedness. And, although intercultural competence is not a panacea, it may assist business actors in undertaking business transactions in a more comfortable and self-satisfactory manner. For all the solid arguments in favour of Western-minded business rationality, more often than not long-term oriented business people 'sniff books before buying them'. By cultivating a common ground and a shared working culture, business partners can feel at ease with each other.

Building and maintaining mutual understanding among international counterparts is a culturally universal good practice and a prerequisite for economic success.

As far as the paper is of conceptual and exploratory nature, fruitful avenues for further research are the design and conduct of empirical studies which to glean insights from the experience and attitudes of real-business-world practitioners.

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