

The Analysis of how to do Cross-cultural Business in the UK

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Abstract—The United Kingdom is an important developed country in the world. The long history has made the British punctuality, high quality life pursuing and principled. Moreover, the country is an open market for all the legal businesses from another country. However, it would affect the trade results if the international traders do not know how to be in accordance with the British businessmen. Therefore, this paper aims to analyze the basic situation of the UK and shows some taboos which would be disgusted by the British people. It also demonstrates some advice about how to do business with the British people.

Keywords—the United Kingdom; cultural; variables; business

I. INTRODUCTION

The United Kingdom is consisting of England, Wales, Scotland, and Northern Ireland. English has been a widespread way of communication in all these four places although the specific dialects such as Welsh and Scottish are spoken in various regions. The global impact of the UK has been significant even though its speed of development is decreasing in recent years. The history of Great Britain can be traced to the time of the Anglo-Saxon [1]. Wales, Scotland and Ireland were all be controlled by England due to the subsequent war of conquest. Moreover, Ireland was independence in 1922, but some places had remained as part of the United Kingdom which is called Northern Ireland. These paper aims to introduce the political and legal variables, economic variables, educational-cultural variables, social-cultural variables which can identify the characteristics of the UK to help the cross-culture business.

II. POLITICAL AND LEGAL VARIABLES

A. Relevant Legal Rules

The two-party system has existed in Great Britain and the primary groupings have been the Conservative Party and the Labor Party since the 1920s. In addition, the prime minister

and cabinet hold all political power, then the cabinet has been chosen from members of Parliament by the prime minister. Even the monarch of the UK should act on prime minister's advice [2]. Furthermore, the leaders of government departments are almost appointed by cabinet ministers.

B. Defense and Military Policy

The UK has no national police force because the police force is organized by individual provincial areas. There is no minister exclusively responsible for the police affairs. And the police and crime commissioner (PCC) would be elected to oversee each provincial police force [3]. In particular cases, Scotland Yard handles the UK's responsibilities about international criminal affairs.

Otherwise, prime minister and the cabinet have been responsible for national defense through the defense policy formulating by the secretary of state for defense. Moreover, the ministry from the secretary of state for defense has controlled for the armed forces [4]. The secretary of state would be consulted by the chief of the defense staff, namely the chiefs of army, navy and air force. The internal security and intelligence are undertaken by the government agency which called MI5 while foreign intelligence is charged by MI6.

C. Foreign Policy

The approach of economic development in Britain is based on free enterprise international trade. It positions itself as a global financial and investment center. There is a closed relationship between the UK and America because the British culture is affinity with the American. The UK is a member of the EU but uses the pound sterling as its official currency and rejects the euro currency. The people in this country pay attention to seeking exceptions such as the pursuing of Brexit which would hugely affect the economic, trade, and political matters of this country [5].

The work was supported by the Fujian's Provincial College Students' Innovation and entrepreneurship training program in 2017 (Grant No. 201713762052).

D. Political Stability

Britain is a country with constitutional monarchy which kept a part of features about its former empire through the Commonwealth. The royal family is just the nominal head of state with the confined influence in the affairs about ceremony, charity, ritual and tourism. The royalty gets diminishing influences even though the queen is still be respected. Political power is kept by the regime of bicameral Parliament with the House of Commons and the House of Lords. The real leader of the government in the UK is the prime minister, who is the head of the majority political party. The prime minister controls all the departments of government through the cabinet and ministers who are in charge of the department to manage Britain [6].

III. ECONOMIC VARIABLES

A. General Economic Framework

The basic economic situation of Britain could be identified from the Gross Domestic Product which is 2622.43 billion US dollars in 2017. It accounts for 4.23 percent of the world economy in that year. However, it can be seen that the growth rate of the UK should not be very good from the history data. Specifically, the annual GDP of the UK averaged around 1,100 billion dollars between 1960 and 2017. And the highest point in 2007 which is before the beginning of financial crisis in 2008 with about 3,000 billion dollars. It indicates that the Britain got the negative growth rate in recent years even though it is still a large economy. Britain has an advanced economic situation with high growth rate because of international trade in the time of the Industrial Revolution. The service provided has become the main power of the growth when manufacturing's contribution has declined to just around one-fifth of the total GDP in 1990s. The companies from American and Japanese had often chosen the UK to construct their European base.

B. Central Banking System and Monetary Policy

The Bank of England is one of the oldest central banks in the world which was founded in 1694 and keeping the right to issue banknotes in England and Wales. The pound should still be a kind of major currencies for international trade. The "repo" set by the Bank of England was given the power to influence the general structure of interest rates. It also takes actively part in foreign exchange markets and acts as the government's banker.

C. Fiscal policy

The main sources for the revenue of the British government revenues are different kinds of taxes, which includes income taxes, corporate taxes and the sale taxes. The rate of individual income taxes is highest in Europe after the war. In addition, the value-added tax is also very high relative to another country which levies a 20 percent tax on purchases. Moreover, visitors from outside the EU who stay less than three months may claim tax back to attract more consumption by foreigners.

D. Economic Stability

Britain has had a relatively prosperous economy in the past decade with the productive and competitive market environment which could be said slightly more outstanding than another country. The capital, London, is a world-class city are emerging as a major center of culture and finance. However, it struggles with the bad situation such as slow growth rate, increasing the diversity of population and relationship with EU. the Brexit makes the country into a fluctuation in economic development.

E. Organization of Capital Markets

London has always been a world class financial center with the restructuring of financial sector between the 1980s and 1990s. The typically important changes had been shown in banking, insurance and the London Stock Exchange. The financial industry had offered more than one million positions and contributed about one-twelfth of the GDP in 1999. Moreover, the financial sectors in London have grown in size and influenced as the platform of international financial operations. The financial organizations such as commercial banks, insurance companies, pension funds, and investment banks aim to channel individual savings the individual company or person who need money for service fees. Britain capital flows have increased in recent years. Financial businesses such as foreign exchange, securities trading, home mortgages, and loans lending have expanded to stimulate the capital markets. Furthermore, there are also some companies which finance the leasing of business equipment and provide venture capital funding to enrich the markets.

F. Social Overhead Capital

The United Kingdom has a fairly high population density in a relatively small area with a significant change in the patterns of transport. The road networks have been improved due to the growth of automobile ownership. The commuter services of intercity rail in major metropolitan areas have been improved. Similarly, the progressing infrastructure of aviation business with growing international flights makes the air traffic better. It is worth mentioning that the operating of the channel tunnel rail link between England and France had a huge impact on the method chosen by Britain people to go to Europe.

G. External Economies

International trade has always been an important part of Britain's economy. The total value of imports and exports in international trade accounts for about half the country's GDP. And the volumes of both the exports and the imports in the UK are keeping stable growth in recent years. The principal imports of this country are foodstuffs due to its current situation of agricultural industries and part of its machinery and transport equipment. On the other hand, the main exports from Britain include machinery, automobiles, electronic equipment, chemicals and oil. In addition, the services such as financial services are another major export to contribute positively to the balance of international payment.

IV. EDUCATIONAL-CULTURAL VARIABLES

The Department of Education is responsible for education and children's services in Britain. The primary and secondary education are free and compulsory with funding by the state and charging by the local authority. Primary education is for children from age 5 to 11 and secondary education pays attention to children aged 11 to 19. The minimum age to leave school is 16 but students may stay on long period to get a certificate or take public examinations to get access to universities. There is also a small private sector with a small number of private schools to offer elite education for a small percentage of children which is different from the state sector. It is argued that private schools occupied talented children and educational resources which would widen economic and social gaps.

The development of higher education in the UK has kept on top in the world. The two legendary universities which are Cambridge and Oxford, still stand for the highest level of higher education in the world. The British universities historically have been independent, but they have close relationships with the government because the public funds for supporting higher education account for a large proportion of universities' income. Students are carefully selected by university according to examination performance, but the dropout rate is low by international standards. There is a unique innovation in higher education of the UK which is called the Open University. It is an educational institution that provides courses for adults through television, radio and local study programs to get a degree.

V. SOCIOLOGICAL-CULTURAL VARIABLES

A. Attitude Toward Industrial Managers and Management

British tend not to accept the concept of management privileges, and they are more equal to each other. The subordinate can express their different opinions more directly to authority. The companies in the UK have been more conservative in management policies and practices although they are more liberal in ownership and governance. The typical decision-making process in the United Kingdom could be shown that centralizes power squarely in the hands of line managers. The initial problem would be to identify supervisory responsibility. The manager is responsible to analyze and resolve the problems which are identified with the help of senior managers or outside specialists and consultants. The employees at the lower positions often have little understanding of management's intents because decisions are passed to employees at the bottom of the hierarchy just through the changing work procedures. Hence, decision implementation tends to be slow since management has to persuade workers to accept the decision.

B. Inter-organizational Cooperation

British companies would oppose unitary boards of directors and prefer the separation of the roles of chairman which is different from the situation in the US to like to integrate these two positions into one person. They also spend far less money on government lobbying and have generally weak trade

associations. It should be noticed that firms in the UK tend to be more liberal than American companies and maintain more liquidity in ownership.

C. Class Structure and Individual Mobility

British people are more egalitarian without class consciousness. There are significant skills and qualification mismatches in the labor market which meant that labor mobility is low. The public agrees that employers should be responsible for paying wages that cover the cost of living. In addition, the national minimum wage increase is also supported by the common people. The policy about the wage subsidies for low-earning single parents and working couples without children are also supported by the majority of British. However, a small group of people have argued that extrinsic rewards need to be used instead of intrinsic rewards as a result of this process.

D. Attitude Toward Risk Taking

The attitude of British people toward risk-taking is definitely negative because they normally meet its obligations and liabilities. Britain managers focus on the size of any possible loss to avoid a serious loss or a potentially ruinous loss. They would ignore probabilities and calculate expected values for different decision outcomes to make safe decisions.

E. Basic Cultural Characteristics

British are normally private and traditional who would expect foreign visitors to learn British conventions and maintain decorum. Hence, it is not suitable to get too close with British managers personally in business. The British people would be to avoid direct conflict and to hesitate complains or inadequate services which mean that they tend to be unemotional or to downplay scenarios that might cause problems. In addition, the punctuated apologies and self-deprecating humor have shown the British's sophistication and politeness. There are some different English terminologies with another English-speaking country such as the "ground floor" is the first floor in Britain. Moreover, the position of the steering wheel and driving habits in the UK are opposite the American. The most popular things for the British have included the pub, tabloid newspapers, soccer and cricket.

VI. BUSINESS TIPS IN THE UK

The following tips should be known by the business people who would form partnerships with the British. The first one is that the British managers are more formal for the meeting and paying attention to privacy who is somewhat touchy. The second tip would be to avoid the conversation about family or work at the initial meeting. The topics for chatting should stick to safe subjects like the weather, sports or English cultural life. Then the decorum should be maintained to avoid casualness in dress and conversation in the British business environment. The fourth tip would be that the third parties are important to help to build the relationship. However, the third-party responsibilities are over once the contact is made. Fifthly, objective facts, product safety and market flexibility should be presented in the negotiation to impress the UK's managers. In

addition, two breaks should be observed during business days which are including morning coffee and afternoon tea. Moreover, fine manners and good etiquette should be kept at all social occasions such as holding doors for women. Finally, punctuality is highly important and on time for appointments would be expected by the British.

VII. CONCLUSION

In conclusion, the different variables in the UK should affect the British to construct a special business style. To do business in the UK should pay attention to the characteristics of the British managers and follow the general tips. However, the younger generation of the British is quite different who would be breaking with traditions. Furthermore, many foreign managers live and work in Britain to supervise some of the top companies there as a result of globalization. Hence, the negotiation with them in the UK might be much easier than before. Actually, Britain is an attractive place to work and the British business culture would be easier to fit into.

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