

16.16: Introduction to Responding to Cultural Differences

What you'll learn to do: explain the strategies managers can use to respond to cultural differences

When businesses decide to engage in international activities, they must carefully consider the strategy they will use to expand. Using the wrong strategy can have disastrous results. For example, Lincoln Electric was a successful manufacturer of welding equipment and supplies. It was famous for its human resources policies, particularly its compensation system. When it was faced with foreign competitors, it decided to expand its production overseas. When it opened new factories, it used the same compensation system that was so successful in the United States. However, it soon found that its labor practices created all kinds of unexpected problems, both legal and cultural. It was forced to close its factories, and the fallout essentially destroyed the company. Lincoln Electric learned the hard way that replicating methods around the world is not always a good idea.

This section will examine different strategies businesses use to respond to cultural differences that can affect their success in the global marketplace

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