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Department of Business and Economics Studies

Influence of National Culture on Business and Organizational Culture

In Iran & United Kingdom

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2018

Student Thesis, Master Degree (One Year), 15 Credits
Business Administration
Master Programme in Business Administration (MBA): Business Management 60 Credits
Master Thesis in Business Administration 15 Credits

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Abstract

Title: Influence of National Culture on Business & Organizational Culture – in Iran & United Kingdom

Level: Final research for Master of Business Administration (MBA)

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Year: 2018

Purpose: The purpose of this study is to explore the influences of national culture on organizational culture of multinational company and international business. For this purpose, cultural dimensions of Hofstede et. al (2010) was applied to investigate differences in organizational culture of two countries. Also, to investigate business strategies in particular countries.

Methodology: As a research philosophy, interpretivism is more appropriate to the study since purpose of the research is to explore how culture influences organizational culture and business of multinational company. Method that has been used for data collection is qualitative based on secondary and primary data. Primary data was conducted through interviews from ten respondents in both countries.

Conclusion: Culture is fundamental for business/international business. Cultural knowledge, negation and social system are the main cultural factors influencing the business. Adaptation of organizational culture in host country is necessary. Creating mixed culture is more appropriable in host country.

Limitations: Geographically, this study is limited to Iran & UK, It is limited to petrochemical and oil companies

Suggestions for future research: In the future research could be investigated the legal, political and economical factors that influences international business. As culture is a wide issue, researches can be done on other cultural factors.

Key words: Culture, international business, cultural knowledge, negotiation, social system, organizational culture, power distance, collectivism vs. individualism, adaptation of culture.
3.3.2 Induction ................................................. 30
3.3.3 Abduction ................................................. 30
3.4 Research Methods ........................................ 31
  3.4.1 Qualitative research ................................... 31
  3.4.2 Quantitative research ................................ 31
  3.4.3 Primary data .......................................... 32
  3.4.4 Interview ............................................... 32
  3.4.5 Presentation of Analysis Data ...................... 37
  3.4.6 Case study ............................................ 38
  3.4.7 Reliability and validity .............................. 38
CHAPTER 4: EMPIRICAL FINDINGS ........................................ 40
  4.1 Overview of Persian Gulf Petrochemical Industries Co. ................. 40
  4.2 National and organizational culture of Iran .......................... 40
  4.3 Culture and its influence on Business in Iran ....................... 40
  4.4 National and organizational culture of UK ......................... 43
  4.5 Culture and its influence on Business in UK ....................... 43
  4.6 Influence of national culture on organizational culture, Iran ........ 45
  4.7 Influence of national culture on organizational culture, UK .......... 46
  4.8 Summary of Findings ..................................... 47
CHAPTER 5: Analysis .................................................. 50
  5.1 Culture and its influence on Business in Iran ....................... 50
    5.1.1 Negotiation ..................................... 51
    5.1.2 Cultural Knowledge .............................. 52
    5.1.3 Social System ................................... 53
  5.2 Culture and its influence on Business in UK ....................... 53
    5.2.1 Negotiation ..................................... 55
    5.2.2 Cultural Knowledge .............................. 56
    5.2.3 Social System ................................... 57
  5.3 National culture and its influence on Organizational Culture ....... 57
  5.4 Summary of analysis ..................................... 61
CHAPTER 6: Conclusion ............................................... 65
  6.1 Answers to Research Question ................................ 65
  6.2 Contribution of the study .................................. 67
6.3 Implication .................................................................................................................. 67
   6.3.1 Theoretical implications....................................................................................... 67
   6.3.2 Managerial implications.................................................................................... 68
6.4 Reflection on Study ................................................................................................ 68
6.5 Future Studies ......................................................................................................... 69
References ..................................................................................................................... 71
Appendices .................................................................................................................... 76
Appendix 1: Interview questions.................................................................................... 76
Appendix 2: Interview Transcription ............................................................................ 77

List of Tables and Figures
Table 3.1, Respondents, Own construction................................................................. 33
Table 3.2, Interview questions, Own construction..................................................... 34
Table 4.1, Summary of findings (Iran), own construction......................................... 48
Table 4.2, Summary of findings (UK), own construction.......................................... 48
Table 5.1, Summary of analysis, own construction.................................................. 62

Figure 1.1, disposition, own construction................................................................. 7
Figure 2.1, UK in comparison with Iran, Hofstede’s website..................................... 19
Figure 2.2, Theoretical Framework, Own construction.......................................... 25
CHAPTER 1: INTRODUCTION

In this chapter, the background of study presented. Furthermore, problem definition and research gaps are well discussed. Lastly, the aim, research question, and limitation of the study are provided.

1.1 Background
According to Trompenaars & Hampden-Turner (2012, p. 27), the meaning of culture is social interactions or communications and common ways of processing information among people interaction with shared definition of beliefs. Accordingly, culture is a set of social norms, conventions, and traditions that transferred to those who will live tomorrow.

Pothukuchi, Damanpour, Choi, Chen, & Park (2002), described culture as a pattern of values and beliefs that are manifest in behaviors, practices, and different artifacts shared by members of organizations or nations. Generally, organizations from different countries have different basic values, but organizations from the same country they only differ in organizational practices. Many multinational companies faces challenges while entering to foreign market and fail. According Alvesson & Sveningsson (2015) organizational change is another important aspect of multinational company while doing business in host country. Adaptation of organizational culture of host country is the key of successful business.

According to Hofstede (2011), national culture consists of six dimensions: Power distance, Individualism vs collectivism, Masculinity vs femininity, Avoidance of uncertainty, Long-term orientation vs short-term orientation, Indulgence vs restraint. He also mentioned, in Asia and Middle East countries collectivism and high power distance culture is more common, in Wester and European countries practicing individualism and low power distance culture. Therefore, it is necessary for multinational company to have knowledge about host country. Additionally, many multinational companies suffer from cooperation, communication, conflicts, and commitment of destination’s partners and scholars (Pothukuchi et al., 2002).
According to Leung, Bhagat, Buchan, Erez, & Gibson (2005), international business relates to expanding economic interdependence within countries and reflection in increasing cross border flow of goods, services, and capital. Through the international business process, cultural differences among countries influence each other and will change but it’s not seen that these changes bring cultural convergence. In fact, international business is a recipient of cultural change and to flourish it is highly important to realize reciprocal relationships with cultural change and it is complex (Leung et al., 2005).

According to Drogendijk & Slangen (2006), national cultural differences can define as the extent to which the shared values and norms in one nation differ from another. One of the stream of international business research that has usually included cultural differences as an explanatory variable is on foreign entry mode choices by multinational organizations.

1.2 Problem Definition
According to Schuler & Rogovsky (1998), it is important that multinational companies adjust their practices and relationships to the culture of a specific host country. Doz & Prahalad (1986) approve this, who believe in how important is thinking globally and acting locally. In addition, the role of national culture is crucial defining cross-national differences. National culture has significant relationship with performances and practices of multinational companies. Indeed, national cultural values are more likely to yield better performance and predictable behavior for multinational organizations.

In the cross-cultural and international management, differences between cultures are been conceptualized in term of cultural differences. Cultural difference includes the difficulties, risks, and costs associated with cross-cultural differences between two organizations or groups, and individuals. Therefore, cultural differences have significant influence on the ability to manage foreign operations and the choice of foreign entry mode (Björkman, Stahl, & Vaara, 2007).

Furthermore, the key characteristics of international business expansion, and the main reason for organizational complexity in comparison to domestic expansion, is the need of bridge to the differences between the local operations and new local contexts.
Moreover, there is a need for multinational organizations those engaged in international business expansion to set up subsidiaries and start their operations in targeted country contexts. However, to bridge to the distances between the organization and the host country, multinational organizations need to adjust their organizational structure and decision-making routines to the host country (Hutzschenreuter et al., 2011).

There is no shortage of studies on culture. Trompenaars & Hampden-Turner and Hofstede, Hofstede & Minkov have done the main streams of work those are the central trait theories of culture. These researchers came up with several cultural dimensions that discussed and compared to every country's culture. Hofstede et al. (2011) have become with Power distance, Individualism vs collectivism, Masculinity vs femininity, Avoidance of uncertainty, Long-term orientation vs short-term orientation, Indulgence vs restraint cultural dimensions.

However, Trompenaars & Hampden-Turner (2012) have become with Universalism vs particularism, Individualism vs communitarianism, Neutrality vs affectivity, Diffuse vs specific, Achievement vs ascription, Time orientation, Relation to nature cultural dimensions.

1.3 Aim of the Study
The aim of this study is to explore the influence of national culture on organizational culture and business. In other words, understanding how national culture has influence on organizational culture of company while doing business in home country and overseas. According to Birukou, Blanzieri, Giorgini, and Giunchiglia, (2013) culture is traditional behavior of society or a particular race or region. Accordingly, people of society have their own norms, value, and behaving actions.

According to our aim of study, we came up with two research questions:

1. How does national culture influence organizational culture?
2. How does national culture influence business?

However, the limitation of this study will be:

- Geographically, this study is only limited to Iran and UK. As the company we focused is in these two countries.
- It is limited to petrochemical and oil companies, which produce chemical and polymer products. Therefore, it is not covering all kind of businesses and areas.
- In this study, we only focused on two cultural dimensions, which are Power Distance and Individualism vs. Collectivism.
- In this study, the cultural dimensions of Hofstede et al. (2011) have focused only.

1.4 Disposition

In this chapter, an introduction of the research was give, and later on research, questions and objectives were clarify. In the second chapter, the relevant theoretical literature and areas will presented. In the third chapter, appropriate research design for reaching the defined objectives are explored. The next chapter, empirical findings will presented and finally, in last chapter, conclusion as well as suggestion and recommendation will brought up.
CHAPTER 2: LITERATURE REVIEW

The theory discussed in this chapter will explain the concept of culture. After starting with a wide definition and key concepts of culture, it will narrow down to factors relevant to the influences of culture on international business organizational culture. This chapter provides a theoretical framework of the study as well.

2.1 Culture
According to Birukou, Blanzieri, Giorgini, and Giunchiglia, (2013) culture arise from notion of civilization. Culture refers to traditional behavior of nation, which been created and developed by human race and followed by each generation. Culture describes traditional behavior of a society, or a particular race, or a specific region. Certain group included in the range of a society, have their own norms, values and acting or behaving in particular ways (Birukou, et al. 2013). Hofstede (2011) described culture as social programming of the mind that differs one social group from another. Moreover, Hofstede, Hofstede & Minkov (2010, p. 6) referred culture as conventions and rules.

According to Straub, Loch, Evaristo, Karahanna, & Srite (2002) culture surrounded by religion, art, laws, morals, knowledge and other usual habits of people in specific society. A group of people living around one cultural circle, sharing common habits every day and each person being program by the society. People being automatically mind programmed from repeatedly actions of the society and they adopt similar behaviors as other people in the society perform. These kinds of behaviors develop by the time and become fundamental in human mind, which becomes part of their culture (Paul Henry, 2006). Culture can only be a social phenomenon because it creates by individuals that behave and act similar as other people, where they create a group and live in the same social atmosphere (Hofstede et al., 2010, p. 6).

Culture refers to the set of traditions of specific society. In other words, culture is a set of behaviors, beliefs, attitudes, and mindset of particular society or group of people. Culture made by people and people are the one designing and making aspects of culture. Furthermore, culture is very important aspect of doing business locally or internationally.
Indeed, people of different country or society do business according to their culture. On the other hand, people doing business based on their attitudes and behavior those came from the society.

### 2.2 Influences of Culture on business

According to Leung, Bhagat, Bunchan, Erez and Gibson (2005) culture is the key influence of international business. In order to internationalize business, multinational companies should adopt rules and cultural values of the country they are implementing their business to their work culture and business performances. By adapting to different cultural aspects, they will allow implement their business more effective.

According to Langford (2000) world is becoming smaller because many business practices are going international. In last few decades internationalization raised very fast. Accordingly, companies cross borders to different countries make world become smaller and national cultures become extinct. Therefore, when companies doing business internationally culture may influence effectiveness of companies’ activities and performances (Langford, 2000).

Tihanyi, Griffith, & Russell (2005) discussed that when multinational companies implement business abroad it can increase cost, decreasing benefits, and creates difficulties for business operations. Indeed, the difficulties that companies may face cause of not undertaking cultural norms and values of foreign society. Furthermore, they also discussed that building relationship with local partners abroad reduces risks regarding cultural distance. Therefore, it allows companies to make their business operations more efficiency due local partners have better knowledge about their national culture.

Miroshnik (2002) discussed that culture may influence international business, when multinational companies doing business abroad and pay less attention on cultural values and norms of the targeted country may lead them to fail in their business performances. In other words, they may face problems and failure in their business. According to Kim, Sohn and Choi (2011) to reduce the risk of failure and problems in international business
practices, it is important to increase the knowledge of foreign country’s culture and prepare for adaptation to particular norms and values.

### 2.2.1 Cultural Knowledge

To internationalize the business there is need for multinational organizations to get cultural knowledge of the country that they going to cooperate with. Due to differences in culture, multinational companies can influence not only in personal relationships but also on the possibility of co-operation in the business aspects. To work successfully in any country, organizations must first know the mentality of customers and partners (Kim et al., 2011). However, to understand the mentality of the society firstly, companies must know and respect the culture. Secondly, getting knowledge of the language, only in personal contact with native speakers of the language. Somehow, managers have to identify and compare categories of culture that influence their organizations. This will help them to understand the cultural differences that must be manage in their international business (Kim et al., 2011).

According to Junior, Meyer, Murphy (2006) many countries have their own culture, which is different from others. In most cases, multinational companies may face challenges when they enter to the foreign country’s market, due to these cultural differences. On the other hand, cultural issues are important factors that have strong influence on international business. Junior et al. (2006) discussed six cultural factors influencing international business; those are social system, negotiation, language, religion, values, and attitudes. As they discussed, these factors should adapt by multinational companies when they enter to international markets.

As discussed above Junior et al. (2006) discussed six cultural factors those influencing business and international business. In this study, we have chosen two of these factors, which are negotiation and social system. We have chosen these factors because these are the main issues of doing business locally and mostly important when the business is going abroad. Negotiation is the aspect that makes business and social system is the one that influences the performances of the business and its operation.
2.2.2 Social System & Culture
One of the issues described in Junior et al.’s (2006) six cultural factors is social system. Social system has high influence on international business because people from different cultural system behave differently and they differ in social stratification (Junior et al. 2006; Soares, Farhangmehr, & Shoham, 2007). For instance, societies differ in individualistic and collectivistic. Furthermore, negotiation is another factor that influences international business. Negotiation includes the way of communication, language, and the way of making decisions by people or multinational organizations (Hurn, 2007; Junior et al. 2006).

According to Tihanyi et al. (2005), international companies should be aware of societal value system when operating business abroad. In many countries social system differs, mainly consider on belief, language, education, and political economy. These societal values make difficulties for business operations. Therefore, multinational companies should adapt local culture and societal value of foreign country to implement business successfully (Tihanyi et al., 2005).

2.2.3 Negotiation & Culture
According to Hurn (2007), one of the factors that may influence multinational business performances is negotiation. International negotiation been defined as “getting people of different nationalities to seek agreement by considered dialogue on an agreed agenda”. The way of communication differs in different cultures. For instance, one sentence or expression may have one meaning in one culture and another meaning in another culture. Furthermore, negotiations include the way of communication, selecting language, and business ethics (Hurn, 2007).

Jameson (2007) discussed that cross-cultural business negotiation should base on interaction of other party. Therefore, Jameson (2007) said, “intercultural communication theories should be interaction based, emphasizing how individuals communicate, not how cultures communicate”. It is significant to increase knowledge of communicator’s national
culture that allows negotiating more effectively and better understanding the way of thinking (Jameson, 2007).

2.3 Cultural Differences
According to Sousa & Bradley (2006), cultural differences refer to cultural level and not individual level. The concept of cultural difference described as the degree of differences in culture values of one country and another country. Sousa & Bradley (2006) believed that the concept of cultural difference includes cultural values assessing distance within countries. In other words, the concept of cultural difference should apply at country level, not individual level.

According to Sousa & Bradley (2006), the impact of cultural differences on international business and its performance has been one of the important issues in the international business strategies and performances, while the relationships still unclear. Cultural differences may influence multinational companies in the degree of adaptation of their international business practices, choosing effective entry mode strategy, and their performances in foreign market (Sousa & Bradley, 2006).

According to Sousa & Bradley (2008), organizations that enter international markets should be prepared for challenges such as differences in consumer behavior, language, cultural standards, purchasing power, and legal frameworks. In other words, these differences are referring to differences in language, culture, and political systems between home and foreign countries. In fact, the concept of cultural differences been applied in most of business strategy areas. Cultural differences variables been used to explain international business and foreign market expansion. Generally, cultural differences between home and foreign markets create distances that are in turn influence the activities of firms in international arena (Sousa & Bradley, 2008).

2.4 Influences of Cultural Differences on Business
According to Shenkar (2001), cultural difference is a well-used construct in international business, which been applied to entry mode choice, foreign investment expansion, and performance of foreign invested affiliates within others. He also mentioned that measuring
extent to which different cultures are different or similar and the constructs applied to many business administrations discipline such as marketing, finance, management, and accounting. Therefore, cultural differences used as key variable in organizations behaviors, management, human resource management, and strategy. However, to understand and realize the culture construct it is important to recall that culture is complex and it is difficult to scale and conceptualize (Shenkar, 2001).

Tihanyi et al. (2005) discussed that international business transactions include interaction with different societal values system. Although, national boundaries usually do not correspond with homogeneous values system and there are strong forces among nations to create a shared culture. Therefore, by adapting to local cultural values, multinational organizations may create an additional burden. Accordingly, cultural difference is the principal of differences between the national culture of multinational companies and the countries of their operation (Tihanyi et al., 2005).

However, underlying the cultural differences in international business is the assumption, which differences between home and foreign country cultures will increase cost of entry, decrease operational benefits, and companies’ abilities to transfer competencies to foreign market (Tihanyi et al., 2005). According to Crotts (2004), cultural differences measure is the extents to that national culture is similar to and different from the culture of host country. Cultural differences construct been applied to business performance, expansion strategy, expatriate adjustment, degree of control in international joint venture, and technology transfer (Crotts, 2004).

According to Lee, Shenkar, & Li (2008), due to lack of familiarity with foreign market environment there are many challenges for multinational organizations to do business and manage themselves in foreign country. Additionally, these challenges could be challenges of working in foreign market and the challenges of working with foreign partners. However, culture been identified as a key influence on managing operations of multinational companies in foreign market. Therefore, they need to adjust to different cultural environments.
2.5 National Culture
National culture defined as collective mental programming of specific society or nationality and societies are sharing common national characteristics, which symbolize their culture. Country’s mental programming presenting its norms, values, beliefs, and behavior (Morden, 1999). Hofstede et al. (2010, p. 6) defined culture as “collective programming of the mind that distinguishes the members of one group or category of people from others”.

Hofstede (2011) introduced six cultural dimensions:

**Power distance** → power distributes unequally between people in society. Power distance is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.” Cultures that endorse low power distance expect and accept power relations that are consultative or democratic. (Hofstede et al. 2010, p. 61).

**Individualism vs collectivism** → Individualistic society focuses on personal attitudes, quality of life and collectivistic society focuses on relationship and cooperation (Antonakis and Atwater, 2002). The degree to which individuals are integrated into groups”. In individualistic societies, the stress put on personal achievements and individual rights. People are expect to stand up for themselves and their immediate family, and to choose their own affiliations. In contrast, in collectivist societies, individuals act predominantly as members of a lifelong and cohesive group or organization (note: "The word collectivism in this sense has no political meaning: it refers to the group, not to the state"). People have large extended families, which used as a protection in exchange for unquestioning loyalty (Hofstede, 2010).

**Masculinity vs femininity** → in masculine society role of men and women clearly separated and in femininity society gender is equal and relationships are more valuable. The distribution of emotional roles between the genders”. Masculine cultures' values are competitiveness, assertiveness, materialism, ambition and power, whereas feminine cultures place more value on relationships and quality of life. In masculine cultures, the differences between gender roles are more dramatic and less fluid than in feminine cultures where men and women have the same values emphasizing modesty and caring. As a result
of the taboo on sexuality in many cultures, particularly masculine ones, and because of the obvious gender generalizations implied by Hofstede’s terminology, this dimension is often renamed by users of Hofstede's work, e.g. to Quantity of Life vs. Quality of Life. (Hofstede et al, 2010, p. 139-140).

Avoidance of uncertainty → reaction in unknown situation. A society's tolerance for uncertainty and ambiguity. It reflects the extent to which members of a society attempt to cope with anxiety by minimizing uncertainty. People in cultures with high uncertainty avoidance tend to be more emotional. They try to minimize the occurrence of unknown and unusual circumstances and to proceed with careful changes gradually planning and by implementing rules, laws and regulations. In contrast, low uncertainty avoidance cultures accept and feel comfortable in unstructured situations or changeable environments and try to have as few rules as possible. People in these cultures tend to be more pragmatic, they are more tolerant of change (Hofstede et al. (2010, p. 191).

Long-term orientation vs short-term orientation → society with long-term orientation focuses on the future and Society with short-term orientation more focused on the present and past (Hofstede et al, 2010, p. 239). First called "Confucian dynamism", it describes societies' time horizon. Long-term oriented societies attach more importance to the future. They foster pragmatic values oriented towards rewards, including persistence, saving and capacity for adaptation. In short-term oriented societies, values promoted are related to the past and the present, including steadiness, respect for tradition, preservation of one's face, reciprocation and fulfilling social obligations (Hofstede, 2010).

Indulgence vs restraint → related to satisfaction of people on quality of life (Hofstede et al, 2010, p. 239). The extent to which member in society try to control their desires and impulses. Whereas indulgent societies have a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun, restrained societies have a conviction that such gratification needs to curbed and regulated by strict norms (Hofstede, 2010).

Trompennaars & Hampden-Turner (2012) defined national culture as social interaction, or meaningful communication, presupposes common ways of processing information among the people interaction with shared definition of beliefs. In other words, culture is a set of
traditions, conventions, social norms, rules governing the behavior of those who live now, and transferred to those who will live tomorrow.

Trompenaars & Hampden-Turner (2012) discovered seven cultural dimensions:

**Universalism vs particularism** → rules and relationships. This approach is “What is good and right can be defined and always applies.” In particularism cultures, far greater attention given to the obligations of relationships and unique circumstances (Trompenaars & Hampden-Turner, 2012, p. 139).

**Individualism vs communitarianism** → the individual and the group. Do people regard themselves primarily as individuals or primarily as part of a group? Furthermore, is it more important to focus on individuals so that they can contribute to the community as and if they wish, or is it more important to consider the community first, since that shared by many individuals? (Trompenaars & Hampden-Turner, 2012, p. 139).

**Neutrality vs affectivity** → the situation when emotions are shows up. Should the nature of our interactions be objective and detached, or is expressing emotion acceptable? (Trompenaars & Hampden-Turner, 2012, p. 139).

**Diffuse vs specific** → the degree of engagement. When the whole person is involved in a business relationship, there is a real and personal contact, instead of the specific relationship prescribed by a contract. In many countries, a diffuse relationship is not only preferred but also necessary before business can proceed (Trompenaars & Hampden-Turner, 2012, p. 139).

**Achievement vs ascription** → how status accorded. Achievement means that you judged on what you have recently accomplished and on your record. Ascription means that status is attribute to you by birth, kinship, gender, or age, but also by your connections and your educational record. (Trompenaars & Hampden-Turner, 2012, p. 139).

**Time orientation** → managing time - past, present, future. In some societies, what somebody has achieved in the past is not that important. It is more important to know what plan the person has developed for the future. In other societies, you can make more of an impression with your previous accomplishments than those of today. (Trompenaars & Hampden-Turner, 2012, p. 147).
Relation to nature → importance of nature in life. Some cultures see the major focus affecting their lives and the origins of vice and virtue as residing within the person. Indeed, they see nature as something to be feared or emulated (Trompenaars & Hampden-Turner, 2012, p. 173).

In this study we focused on specific issues of national culture such as power distance and individualism vs. collectivism dimensions of Hofstede et al.’s (2010) to discover that how these dimensions influence organizational culture of multinational companies while doing business in home country and internationally.

2.5.1 Power Distance
Accordingly, power distance proposes that power distributed unequally between members in society, less powerful deal with it, and agreed inequality of power (Hofstede et al. 2010, p. 61). Power distance happens when using of power on powerless members is appropriate, by forcing and controlling to reach goals and objectives. Inequalities in community can take place in terms of power, social status, authority, and rights (Antonakis & Atwater, 2002). High power distance been referred as “hierarchy” and low power distance as “egalitarianism” (Kirkman et al., 2009).

Ghemawat and Reiche (2011) presented countries with high power distance have influence on marketing communication with consumers. For example, communication based more on emotions rather than information. High power distance and collectivistic culture are focusing on long term relationships, while low power distance and individualistic culture that distribute more information. Considering online marketing, high power distance has less consumers than the once with low power distance. Lack of information cause less interaction. In other words large gap between seller and buyer cause less interest of purchasing (Ghemawat and Reiche, 2011).
2.5.2 Individualism vs. Collectivism

Hofstede et al. (2010, p.90-91) defined collectivistic societies as individuals are as group that supporting each other and being as a group makes them more powerful rather than being individual. Individualistic society more focuses on personal attitudes and quality of life. According to Antonakis & Atwater (2002), individualism can referred as members of the group focusing on independency and individually reaching goals and objectives. They discussed collectivism as focuses on reaching goals collectively and in-group. According to Gambrel & Cianci (2003) collectivism based on cooperation, relationship, interdependency of individuals, gains objectives with group, and giving priority to group rather to personal goals.

According to Pan & Zhang (2004) many businesses fail in international markets because they are not focus on cultural differences and destination’s national culture. In comparison between Chinese and Western countries cultural dimensions, Western countries are much higher in individualism (low collectivism) and China is low in individualism (strong collectivism). It is obvious that national culture differences influence on human mind and behavior. As mentioned, U.S is individualistic society, they value to work individually and unwillingness to cooperate and prefer self-sufficiency. Chinese society more likely to work in-group and it is more cooperative that reduces risks and increase abilities to reach organizational goals (Pan & Zhang, 2004).

Collectivistic society can have difficulties in creating relationships because creating relationships is an important stage and trust is main component, which builds by the time. Individualistic society’s partners in relationship present their independency and put themselves in the first place (Batonda & Perry 2003). Ringov & Zollo (2007) discussed that in individualistic society personal freedom and personal objectives is in the first place.

Batonda & Perry (2003) described developing relationships is easier for collectivistic society that is long term oriented because it allows having strong connections with oversea partners. For individualistic societies is more difficult to develop relationships, because they are oriented in short term and focused on financial income. As collective society is...
long-term oriented to maintain relationship is easier and is more significant. On the other hand, these societies are focusing on interaction and obtaining interests of partners. Oyserman, Coon & Kemmelmeier (2002) presented that collectivistic society characterize a group with common goals and shared value. Therefore, relationships are important and strive to maintain relationships. Individualistic societies with short-term orientation may have difficulties to maintain relationship. Somehow, they have segmented view of relationship, and third group takes responsibility and support of maintaining their relationship (Batonda & Perry, 2003).

The comparison between UK and Iran’s culture

![United Kingdom in comparison with Iran](image)

*Figure 2.1, UK in comparison with Iran, Hofstede, 2018.*

Our focus in this study is on collectivism vs. individualism and power distance cultural dimensions. As shown in above figure 2.1 comparison, UK is highly individualism country while Iran is more likely to collectivism culture. On the other hand, the power distance index in Iran is high, means that Iran carries power distance culture as well. In the other words, Iran’s culture is power distance and collectivism culture; however, UK’s culture is individualism.
2.6 Influences of National Culture on Organizational culture and Business

According to Kessapidou and Varsakelis (2002), national culture has impact on entry mode of multinational companies. When companies enter to the foreign country’s market face difficulties in their business operations. On the other hand, managers have difficulties to build relationships with oversea clients and business partners. Indeed, they will face conflicts in cross-cultural business performances. All these problematic issues arise because countries differ in their national culture. Kessapidou & Varsakelis (2002) referred that many multinational companies being unsuccessful on their business because they mistake on choosing location.

According to Drogendijk & Slangen (2006) countries have different cultural dimensions represents their own cultural value and norms and societies behaving differently. In international business, often companies face cultural problems. International business between Asia and Western countries has huge difference in power distance. Power distance in Asian counties is high that refers to be hierarchical organizational culture. However, European and Western countries are low in level of being power distance, which means less hierarchical structure and more equality. On the other hand, power distance has impact on negotiators behaviour. Moreover, power distance becomes important cultural dimension when doing business in countries with this cultural structure (Graf, Koeszegi, & Pesendorfer, 2012).

According to Pan & Zhang (2004) many businesses fail in international markets because they do not focus on cultural differences and destination’s national culture. In comparison between Chinese and Western countries cultural dimensions, Western countries are much higher in individualism (low collectivism) and China is low in individualism (strong collectivism). It is obvious that national culture differences influence on human mind and behavior. As mentioned, U.S is individualistic society, they value to work individually and unwillingness to cooperate and prefer self-sufficiency. Chinese society more likely to work in-group and it is more cooperative that reduces risks and increase abilities to reach organizational goals (Pan & Zhang, 2004). According to Leung, Bhagat, Bunchan, Erez and Gibson (2005) culture is the key influence of international business. In order to
internationalize business, multinational companies should adopt rules and cultural values of the country they are implementing their business to their work culture and business performances. By adapting to different cultural aspects, they will allow implement their business more effective.

According to Langford (2000) world is becoming smaller because many business practices are going international. In last few decades internationalization raised very fast. Accordingly, companies cross borders to different countries make world become smaller and national cultures become extinct. Therefore, when companies doing business internationally culture may influence effectiveness of companies’ activities and performances (Langford, 2000).

Tihanyi, Griffith, & Russell (2005) discussed that when multinational companies implement business abroad it can increase cost, decreasing benefits, and creates difficulties for business operations. Indeed, the difficulties that companies may face cause of not undertaking cultural norms and values of foreign society. Furthermore, they also discussed that building relationship with local partners abroad reduces risks regarding cultural distance. Therefore, it allows companies to make their business operations more efficiency due local partners have better knowledge about their national culture.

Miroshnik (2002) discussed that culture may influence international business, when multinational companies doing business abroad and pay less attention on cultural values and norms of the targeted country may lead them to fail in their business performances. In other words, they may face problems and failure in their business. According to Kim, Sohn and Choi (2011) to reduce the risk of failure and problems in international business practices, it is important to increase the knowledge of foreign country’s culture and prepare for adaptation to particular norms and values.

To internationalize the business there is need for multinational organizations to get cultural knowledge of the country that they going to cooperate with. Due to differences in culture, multinational companies can influence not only in personal relationships but also on the
possibility of co-operation in the business aspects. To work successfully in any country, organizations must first know the mentality of customers and partners (Kim et al., 2011). However, to understand the mentality of the society firstly, companies must know and respect the culture. Secondly, getting knowledge of the language, only in personal contact with native speakers of the language. Somehow, managers have to identify and compare categories of culture that influence their organizations. This will help them to understand the cultural differences that must be manage in their international business (Kim et al., 2011).

According to Junior, Meyer, Murphy (2006) many countries have their own culture, which is different from others. In most cases, multinational companies may face challenges when they enter to the foreign country’s market, due to these cultural differences. On the other hand, cultural issues are important factors that have strong influence on international business. Junior et al. (2006) discussed six cultural factors influencing international business; those are social system, negotiation, language, religion, values, and attitudes.

Social system has high influence on business because people from different cultural system behave differently and they differ in social stratification (Junior et al. 2006; Soares, Farhangmehr, & Shoham, 2007). According to Tihanyi et al. (2005), international companies should be aware of societal value system when operating business abroad. In many countries social system differs, mainly consider on belief, language, education, and political economy. These societal values make some difficulties for business operations. Therefore, multinational companies should adapt local culture and societal value of foreign country to implement business successfully (Tihanyi et al., 2005).

According to Hurn (2007), one of the factors that may influence multinational business performances is negotiation. International negotiation been defined as “getting people of different nationalities to seek agreement by considered dialogue on an agreed agenda”. The way of communication differs in different cultures. For instance, one sentence or expression may have one meaning in one culture and another meaning in another culture.
Furthermore, negotiations include the way of communication, selecting language, and business ethics (Hurn, 2007).

Jameson (2007) discussed that cross-cultural business negotiation should base on interaction of other party. Therefore, Jameson (2007) said, “intercultural communication theories should be interaction based, emphasizing how individuals communicate, not how cultures communicate”. It is significant to increase knowledge of communicator’s national culture that allows negotiating more effectively and better understanding the way of thinking (Jameson, 2007).

According to Tharp (2009), organizational culture is connect to organizational performances. Previously many multinational companies believed that it is difficult to manage and adapt their organizational culture or they were unaware of importance of organizational culture’s role in international business. As he also mentioned, culture is complex issue that includes a group’s shared values, beliefs, attitudes, artifacts, assumptions, and behaviors. Therefore, culture is deep and broad that it leads individual actions and performances (Tharp, 2009).

According to Hatch & Cunliffe (2013, p. 185), the organizational culture is made up of internal regulations and laws. Modernist claims that if culture can shape people's norms and values it should also possible to manage an organization's culture in such a way that desired behavior is guaranteed. They also discussed that manager’s directives have direct influence on the organizational culture of multinational company. As mentioned by Hatch & Cunliffe (2013, p. 63), organizational culture is a two-way stream, meaning that an organization and a nation both will influence each other.

According to Abdul Rashid, Sambasivan, & Abdul Rahman (2004), organizational change is the movement away from a present nation toward a future nation. Nowadays, international business environment is changing fast. As they believed, with impending move toward internationalization and liberalization of markets, organizations should be prepared to cope with the fast changes in business dynamics. However, many organizations
found that a change in their culture is a challenge. Organizational change process in every organization is unique in each situation, due to the nature of the business, the differences in the nature of organization, work culture and values, and leadership style, as well as the attitude and behavior of the employees (Abdul Rashid et al., 2004).

According to Alvesson & Sveningsson (2015), while an organization globalize and crosses the border main consideration should be on organizational culture and organizational change. Accordingly, change is the key aspect of success. To be able to make change in the organizational culture and structure, firstly organizations must define mismatches and organize themselves in the way they appropriate in that particular area. In addition, Alvesson & Sveningsson (2015) mentioned organizations must learn to adapt to change; there is always risks of failure while following the same structure. In addition, there is a theory of “Change or die”. Therefore, making change in the organizational culture becomes the key of the organizational success.

2.7 Organizational Culture
According to Slater, Olson & Finnegan (2011), organizational culture is the pattern of basic assumptions, which groups of individuals learn as they solve challenges, through the help of internal integration and external adaptation that has worked well to consider permanent. However, organizational culture should well teach to new members of organizations as the right way to think, perceive, and behave. Accordingly, organizational culture develops over time.

According to Schein (1990), organizational culture will be seen on three levels, those are artifacts, stated values and underlying assumptions. Artifacts is everything that an individual sees and hears things that can observe from watching a group of individuals. Artifacts include the organization's physical environment, language and style of the company’s employees (Schein 1990). Values are the basis for what considered right or wrong, and reflects the morals and ethics. These values can be written and unwritten rules that individuals use in different situations. A company's values and norms are essential to an organization if management hops to be able to communicate a common message; this lets the employees know what is expected from them (Schein 1990).
According to Slater et al. (2011), the success of a business performance is very dependent on the organizational culture; apart from this culture is also a competitive advantage when it is able to work for the company’s benefit. The organizational culture is very complex as the culture and it should not be something that can easily take over by other competitors; this enables culture to be viewed as an invisible asset if used correctly.

### 2.8 Theoretical Framework

![Theoretical Framework, Own construction](image)

Theoretical framework for this study is presented above. As shown in the framework, national culture has direct influence on organizational culture and business. As mentioned earlier, in this study we focused on specific issues of national culture such as power distance and individualism vs. collectivism dimensions of Hofstede et al.’s (2010) to discover that how these dimensions influence organizational culture of multinational companies while doing business in home country and internationally. First, we have chosen Power Distance and Individualism vs. collectivism out of many cultural dimensions because the culture of Iran in organizations is more power distance and according to the explanations and description of Hofstede’s model. However, in comparison between power distance of Iran and UK, Iran has the higher rank (Figure 2.1). Accordingly, we have chosen individualism vs. collectivism because UK has the higher rank in comparison with Iran in Hofstede’s model. Furthermore, the reason that why we following Hofstede’s theories is because that theories in his model are more wide and well discussed and compared in all countries so they were more useful and preferable for us in this study. Furthermore, theories of Birukou, et al. (2013) and Straub et. al (2002) represents definition of culture. Hofstede et al., (2010) discussed the national culture and cultural dimensions.
Leung et. al (2005), Tihanyi et. al (2005) and Kim et. al (2011) overviewed the influence of culture on business. Slater et. al (2011) and Schein (1990) discussed about organizational culture and Tharp (2009), Hatch & Cunliffe (2013) and Pan & Zhang (2004) discussed the influence of organizational culture on business. Theories are linked to the framework. As shown in the framework, national culture has direct influence on organizational culture and business. In our study, we have taken only two issues of national culture, which are power distance and individualism vs. collectivism. According to the Hofstede the major cultural differences of Iran and UK is power distance and individualism vs. collectivism.
CHAPTER 3: RESEARCH METHODOLOGY

This chapter will describe the research philosophy, research approach, purpose of the research, and data collection methods. There are various methods and procedures to be used in this study including interviews, secondary data, and primary data. In other words, this chapter presented the research methods of this study.

3.1 Research Philosophy
There are three research philosophies, which has been focus of the philosophy of research and science. A brief explanation of these three philosophies is coming in following sections.

3.1.1 Positivism
According to Tesch (2013, p. 12), the August Comte’s (1798-1857) view that is pursuit of knowledge should limit itself to the laws and observable phenomena that determine how those phenomena interact, without any investigation of metaphysics or ultimate causes. (Another aspect that Comte has thought was humanism that bordered on humanity religion, which the worship object was take to humanity as a whole). In general, the view that knowledge is reliable only if based on what is scientifically empirical or immediately graspable; in recent usage, the term often relates to positivism. Therefore, as Tesch (2013, p. 12) mentioned positivism is “based on an independent existing social reality that can define as it really is”. Accordingly, positivism can be as a set of five principles:

1. Social, natural, and the unity of scientific method.
2. The goal of inquiry is to explain and predict.
3. Scientific knowledge is examinable.
4. Science does not equal mutual sense.
5. The theory to practice relation.

3.1.2 Realism
According to Given (2008, p. 731), realism relates to the range of epistemological and ontological positions through which research will be conducted. Realist epistemologies, “theories about what counts as knowledge” (Given, 2008, p. 731),
range from the view that the world can know directly through senses to the idea that internally consist interpretations of reality that can count as knowledge. Realist ontologies, “assumptions about the nature of reality”, range from the view that social structures and the world of objects exist separately of human experiences to the idea that the world exists independent of any others (Given, 2008, p. 731).

3.1.3 Interpretivism ➔ According to Leitch, Hill, & Harrison (2009), interpretivism refers to a life world ontology, which argues that all observations and values are theory. Furthermore, Carson, Gilmore, Perry, & Gronhaug (2001, p. 63) discussed that interpretivism research seek to build theory as an outcome of empirical insights so the theory building of a research is given careful and explicit attention. Therefore, the main purpose of interpretivism research is to achieve substantive understanding and meaning of how and why questions in respect to the phenomena under investigation (Carson et al., 2001, p. 64).

In this study, we will use interpretivism as our research philosophy because our purpose of research is to find out the influences of national culture on international process of multinational companies and their organizational culture abroad.

3.2 Purpose of Research
The research purposes are classified as follow:

3.2.1 Exploratory research ➔ According to Johnson & Duberley (2000, p. 153) exploratory research identifies and structures new problems. In social sciences, the term exploration or exploratory research refers to intentional, systematic data collection designed to increase the discovery of generalizations based on direct understanding and description of an area of social life. Accordingly, such research, depends on taken standpoint, is a distinctive way of conducting scientific process. However, to explore a given phenomenon, researchers must approach it with two specific orientations: open-mindedness about where to find them and flexibility in looking for data (Johnson & Duberley, 2000, p. 153).
3.2.2 Explanatory or Empirical research According to Given (2008, p. 573), explanatory research is the research that examines the feasibility of a solution using empirical evidence. Generally, the explanatory research term has been quantitative in nature and has usually examined prior hypotheses by measuring the relationships between variables. Furthermore, this term is often used synonymously with experimental research, with the implication that only experiments are capable of responding to causal questions. Moreover, this term can also contain other types of quantitative research classified under terms such as structural equation modeling and casual modeling, which attempt to identify causal relationships within the analysis of relations between variables (Given, 2008, p. 574).

3.2.3 Descriptive research According to Kothari (2004, p. 2-3), descriptive research includes fast finding enquiries of different kinds and surveys. The main characteristic of descriptive research is that researchers have no control over variables; they can only report what is happening or what has been happened. In fact, the researchers seek to measure such items as preferences of people or similar data. Therefore, the research method utilized in descriptive research is survey methods of all kinds, including correlational and comparative methods.

In this study, our research purpose fall into two purposes, exploratory and explanatory or empirical research. As the aim of our research, we defined and discussed the problems and influences arise from national culture differences for multinational companies while they are doing international business. Therefore, in previous chapter we discussed about national culture theories and issues that have more influences on international business organizational culture. Thought, we will prove our study by matching the data collected in literature review and collected primary data in analysis chapter.

3.3 Research Approach
There is three research approaches among the scientist research: deduction, induction, and abduction. These approaches are presented as follow:
3.3.1 Deduction—This approach owes much to what we would think of as scientific research. Deduction involves the development of a theory, which is subjected to rigorous test within a series of propositions. Therefore, it is dominant research approach in natural sciences, where laws will present the basis of explanation, allow the phenomena anticipation, predict their occurrence and then permit them to be controlled (Saunders, 2011).

According to Saunders (2011), deduction approach possesses several important characteristics. Firstly, there is a search to explain casual relationships between variable and concepts. Secondly, concepts need to be operationalized in a way that makes facts to be measured, usually quantitatively. Lastly, another characteristic is generalization, which means that it is necessary to select research’s sample carefully and to be of sufficient size.

3.3.2 Induction—According to Creswell (2013, p. 150), inductive approach refers to gathering information from interviews, observations, etc. In other words, it is the process of gathering detailed information or data from participants and form these data into themes or categories. These categories or themes are developed into broad theories, generalizations, and patterns that are then compared with existing literature on topic or personal experiences. Therefore, these developed categories and themes into patterns or theories will suggest a varied end for qualitative studies (Creswell, 2013, p. 150).

3.3.3 Abduction—Instead of moving from data to theory (induction) or from theory to data (deduction), an abduction approach is in effect of combining induction and deduction approaches. Abduction approach refers to the observation of surprising fact and then it will works out plausible theories of how this can occur (Saunders, 2011).

According to our purpose and aim of study, the suitable research approach will be an abductive approach. In this study, we discussed about previous theories and issues that have been done on national culture, as well as the influences of it on international business organizational culture of multinational companies. Then, we will connect theories to our
collected information and will analyze the findings and theories. Furthermore, we also observed the facts that work with theories how they can occur in business.

3.4 Research Methods
The main purpose of this study is to investigate the influences of national culture on multinational company’s organizational culture while doing international business. Basic social research methodology is divided in two types, Qualitative research and Quantitative research. In this study, Qualitative research been implemented as the research methodology.

3.4.1 Qualitative research
According to Saunders (2011), Qualitative research refers to use of any data collection method that uses or generates non-numerical data, such as interviews and categorizing data. Generally, qualitative research method is about living in the detail and it can offer valid and reliable descriptions of the data (Silverman, 2010, p. 9). Therefore, Qualitative research is call for moral responsibility in scattered field with dilemmas, not quick answer (Silverman, 2010, p. 11).

Further, Qualitative research is usually use small and specific sample (Alvesson & Sköldberg, 2009, p. 7). However, Qualitative research method is not to generalize the results but is to gain a greater understanding about the phenomenon of research, concentrate more on finding the options, experience and feelings of the individuals and producing subjective data, and it is also concerned with questions about what, why, and how (Alvesson & Sköldberg, 2009, p. 7).

3.4.2 Quantitative research
According to Johnson & Duberley (2000, p. 140), Quantitative method has been dominant method of research in natural science, which is also extended to social science. The aim of Quantitative research is to determine the relationship between an independent variable and a dependent or outcome variable in a population. In other words, the aim of this type of research is generalizability from the sample to the population. Accordingly, Quantitative
research is usually referred to hypothesis testing research and it includes experimental studies, pretest-posttest designs, and quasi-experimental studies, where valid and reliable measures and control of variables are required. On the other hand, data in Quantitative research are presented in numbers and figures (Johnson & Duberley, 2000, p. 140).

### 3.4.3 Primary data
In this research, primary data collection was adopted as an instrument to gather the information. The data are collected in order to define particular research problem is primary data. Primary data can be used to define new research gaps, problems, and analyzing previous data (Hox, and Boeije, 2005). According to Sekaran (2000, p. 221-222) primary data specified on group that can respond researcher questions. Answers of the respondents contribute to identify objectives of the research. Accordingly, primary data are the first original data generated by the researchers on the variables of interest for specific research. There are three different types of primary data collection methods include interviews, questionnaires, and observation. This research used interview method to gather the data (Sekaran, 2000, p. 221-222).

### 3.4.4 Interview
Saunders (2011) one of the useful method of primary data collection is interview. Using interview data allows researcher to collect valid and reliable data. Hox & Boeije (2005) also discussed that one of the effective data collection method is interview data. That allows respondents to show their emotions, describe their thoughts open, and speak about their experience. Sekaran (2000, p.221-225) referred interview can be arrange face-to-face, telephone, or email. He also described that interview can be unconstructed and constructed. Unconstructed interview focuses on general view of the despondence, it is open to question that allows respondent to tell what he or she thinks about specific issue and express themselves in their own way.

Accordingly, we also used interview for our data collection and we interviewed respondents from employees and top managers to ensure more validity of data (Appendix
Therefore, we interviewed selected employees and managers; those could find in below table.

### Respondents

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience</th>
<th>Type</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adel Nejad Salim</td>
<td>CEO of PGPIC</td>
<td>41 years</td>
<td>Face-to-face</td>
<td>36 min</td>
</tr>
<tr>
<td>Mojtaba Taheri</td>
<td>Managing Director of Noori Petrochemical, PGPIC’s Manufacturer</td>
<td>28 years</td>
<td>Face-to-face</td>
<td>34 min</td>
</tr>
<tr>
<td>Mohammad R. Saeb Nasagh</td>
<td>Managing Director of Boo-ali Petrochemical, PGPIC’s Manufacturer</td>
<td>25 years</td>
<td>Face-to-face</td>
<td>23 min</td>
</tr>
<tr>
<td>Mohammad H. Hazin</td>
<td>Managing Director of PCCI, PGPIC’s Commercial Company</td>
<td>21 years</td>
<td>Face-to-face</td>
<td>28 min</td>
</tr>
<tr>
<td>Majid Rezaei</td>
<td>Sales &amp; Marketing Manager of Jam Petrochemical, PGPIC’s Manufacturer</td>
<td>15 years</td>
<td>Face-to-face</td>
<td>37 min</td>
</tr>
<tr>
<td>MH Kakoei Nejad</td>
<td>Commercial Manager of PGPIC</td>
<td>27 years</td>
<td>Face-to-face</td>
<td>24 min</td>
</tr>
<tr>
<td>Negin Dadkhah</td>
<td>Commercial Executive, PGPIC’s UK office</td>
<td>5 years</td>
<td>Email</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>-----------------------------------------</td>
<td>--------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Sahar Hosseini</td>
<td>Commercial Executive, PGPIC’s UK office</td>
<td>7 years</td>
<td>Email</td>
<td></td>
</tr>
<tr>
<td>Sousan Naderipour</td>
<td>Head of PGPIC’s UK office</td>
<td>25 years</td>
<td>Email</td>
<td></td>
</tr>
<tr>
<td>Abdul Rasoul Dashti</td>
<td>International Relations Manager of PGPIC</td>
<td>19 years</td>
<td>Email</td>
<td></td>
</tr>
</tbody>
</table>

*Table 3.1, Respondents, Own construction*

**Interview Questions**

**Iran**

<table>
<thead>
<tr>
<th>Interview questions Iran</th>
<th>Theories</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question</td>
<td>Answer</td>
<td>References</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>UK</td>
<td>Interview questions</td>
<td>Theories</td>
</tr>
<tr>
<td>---</td>
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</tbody>
</table>

Table 3.2, Interview questions, Own construction

3.4.5 Presentation of Analysis Data
In this study, our method to gather the information and validate our theory was face-to-face interviews. According to our theories, aim of the study, and culture dimensions we designed our interview questions, they can be find in section 3.4.4. Therefore, the first step we took was doing the interviews with our selected respondents from the company we targeted in our study. Accordingly, we started our interviews with our respondents those are from Iran, as the management team for PGPIC is Iranians. Indeed, we have interviewed our respondents in Persian (Farsi) language because we wanted to transfer the meaning of our questions to them and what we really looking for. During interviews we started to record all the interviews so we could have them later for analyzing and findings. Therefore, after interviews, we transcribed all our interviews in Persian and then we translate them into English.
Furthermore, once we transcribed and translated all the interviews data (Appendix 2) we started to connect all of our questions and points were discuss with our theories. In other words, we tried to prove all our data founded with our theories to show the influence of national culture on business and organizational culture.

Moreover, in this study we also used some data sources to collect information for our research. In this research we used scientific articles and books, which are based on International business, Culture, Influence of culture on business that appropriated our research aim.

3.4.6 Case study
Zikmund (2000, p.107) described that case study method is a research strategy that researcher collect information from other situations that are similar to the research problem. Eisenhardt (1989) referred case study can engage one or few cases. For case studies, methods that use to collect data are qualitative and quantitative which includes survey, interview, and sample. However, case studies use to define new theory or test existed theory.

According to Darke, Shanks, & Broadbent (1998) case study research has been used to develop theories and it uses to define limitations of existed theories. Case studies are needed to discover new theories that extend area of knowledge. The outcome and findings of the case study and analysis can be used to contrast the finding with researcher’s objectives.

3.4.7 Reliability and validity
According to Golafshani (2003), while doing a qualitative research it is important to consider on reliability and validity. Reliability and validity are two factors use in research to make sure the quality of study. Reliability uses in both quantitative and qualitative studies to evaluate and measure its quality. Purpose of reliability in qualitative researches is “generating understanding” and in quantitative is “explaining”. Furthermore, testing
trustworthiness is necessary, Golafshani (2003) states that “trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability”.

Moreover, the concept of validity in qualitative research is appropriate terms, such as, rigor, trustworthiness and quality. The term rigor in study appears in reference to the discussion about validity and reliability. The trustworthiness of the research report depends on issues, quantitatively, discussed as reliability and validity. The idea of discovering truth through measures of reliability and validity were replace by the idea of trustworthiness, which is “defensible”, and establishing confidence in the findings (Golafshani, 2003).

Moreover, we collected all the interviews data and transcribed them. We sent our empirical findings as a draft to the CEO of the PGPIC for double check and reliability of collected data. Thus, we sent the transcribed interviews to the interviewees to ensure that everything is right and the answered all well written without any miss understanding or data. Indeed, we verified all the data with interviewees to increase our data collection and research validity and reliability.
CHAPTER 4: EMPIRICAL FINDINGS

In this chapter, we will discuss empirical findings of our research. Firstly, the collected data from interviews that has been conducted from employees of the PGPIC will be presented. Further will be shown the table of comparison between Iran and UK based on our findings.

4.1 Overview of Persian Gulf Petrochemical Industries Co.
Persian Gulf Petrochemical Industries Co. (PGPIC) is the second largest petrochemical company in the Middle East. PGPIC has its subsidiaries in more than ten countries such as UK, UAE, Germany and China and its headquarter is located in Iran. PGPIC is the most profitable company in Iran, also is one of the largest holding company in the world. PGPIC is holding 40% of petrochemical production of Iranian market.

4.2 National and organizational culture of Iran
In our case study, we have defined national culture of Iran and related to high power distance and collectivistic culture. According to respondents in Iran, society is respective to elders. In addition, in organizations members respect and priorities their managers and others in higher position. Regarding the inequality, society has accepted and respect the inequality psychologically. In addition, it has been related to hierarchy that people with high power makes decisions, force and order to people who are dependent. There are very high dependency in high power distance culture as in Iran. Regarding collectivism, society is connected. In other words, people have close relationship with each other. For example, communicating openly, supporting each other in different cases, it can be in the work place, family or society.

4.3 Culture and its influence on Business in Iran
Culture strongly influences communication, relationship, and negotiation of business of PGPIC. It is important for PGPIC to have fair knowledge of Iran’s culture. Accordingly,
when their company implements its business, first they consider the culture of Iran. Therefore, PGPIC considers and respects norms, values, social system, and laws of Iran while doing business. All these factors influence their business.

While the company do not pay attention and value Iranian culture, they may not be successful and cannot perform effective business. Most of the respondents supported by saying: “In order not to face difficulties and risks our company follows Iranian culture and structure and also, creates suitable business strategies while performing in Iran market”. Therefore, before entering the market PGPIC needed to collect information about Iran’s culture and increase their knowledge of the market environment of Iran. In other words, in PGPIC’s business field they have to have enough knowledge for negotiating with Iranian customers and buyers.

Majid Rezaei also mentioned,

“If we think that we studied and know everything about Iranian culture, it is a big mistake. As while producing certain products, there are risks that government may disallow production of the products”

Sales & Marketing Manager of Jam Petrochemical, PGPIC’s manufacturer, Iran. Due to the fact that those products are not exactable in Iranian culture. For example: a beverages company, called Istak, entered to Iranian market and they were distributing alcohol drinks, with one or two percent vol. Accordingly, they could not survive in the market for more than two weeks because after people recognized the alcohol volume in their products, they stopped buying and also the government banned them to produce such products. So it is important for PGPIC to adapt its strategies and services to local interests and acceptable to people of different subcultures in Iran that is influenced by the Iranian culture.

According to the respondents, it is difficult to trust new companies and at the first step, while building relationship, PGPIC prioritize formal contracts. Further, they will have face to face contact rather than indirect. This will allow PGPIC to create better partnership
atmosphere with more trust and commitment. However, PGPIC gets to know their partners and customers before entering into the contracts. After few successful transactions, PGPIC develops strong relationship and trust with its partners and customers.

Business can be influenced by culture in different ways. One of the cultural factors is negotiation that has huge influence on business. Most of the respondents mentioned: “In different part of Iran people differs in their languages, belief, and values, but all of them speak Persian as their first language”. Accordingly, it is very difficult to identify the differences between one society to another in the same country. Therefore, PGPIC needed to understand the cultural issues that effects negotiation in Iran and tried to follow the cultural norms that influences effective business negotiation in Iran.

Indeed, by adjusting in line with the culture of Iran, PGPIC were able to perform better operations with clients, partners, and stakeholders. Culture directly influences relationships, which are understood by PGPIC, and this is why they prioritize on trust and commitment while developing relationships with its clients, stakeholders, and partners. As in Iran trust and commitment is important for doing business.

PGPIC uses strategies to avoid cultural risks and problems while implementing business. First, they discover and learn about cultural differences between cultural influences of people belonging to sub societies living in different parts of Iran. By this action, they will find out the weaknesses, strong points, and opportunities for their operations to survive and grow in all parts of Iran. After gathering differences between targeted societies sub culture and market environment, they will adjust and adapt their strategies to destination areas local culture.

Respondents mentioned, “This will put us on safe side, let company to reduce risks, and it increases the effectiveness of PGPIC in the market”. Furthermore, PGPIC teach the collected and learned knowledge of the culture to their employees to allow them perform more effectively in different parts of the country. On the other hand, PGPIC trains its employees with different cultures to maximize their performance.
4.4 National and organizational culture of UK
UK representing an individualistic and low power distance culture. Society prefer to be independent. Independency takes first place in their life in the workplace as well as in society. Being dependent or relying may see as shameful. Therefore, society encourage doing their things by their own. People firstly promotes individual goals and achievements. Regarding the power distance, society is distributed equally. To recognize managers and employees in UK office may be difficult for a person living in high power distance country. In UK, all members have their rights, equality to attend meetings, present ideas and the most important everyone is independent.

4.5 Culture and its influence on Business in UK
According to Adel Nejad Salim, CEO, strategies that PGPIC used to implement its business in UK were investigation, learning, and comparing cultural differences of both countries, and then they point out opportunities of their operation and business in UK. Respondents mentioned, “Culture is fundament of international business, therefore we used to research UK’s local culture and its market very carefully before entering to their market”. PGPIC started its business in UK after they gathered and drawn their knowledge of UK’s culture and its market.

International business has outpaced the ability of many multinational organizations to manage the accompanying cultural shifts. The focus has been on overcoming political, legal, economic, and technological barriers, while cultural barriers are usually unacknowledged or discounted. Therefore, PGPIC need to understand the culture of UK to over come barriers and failure in foreign market. This has been mentioned by respondents “Ignorance of cultural difference can result in missed opportunities, weak market share, low or negative return on investment, and reputational damage”. Thus, it is important to know that misunderstanding, biases, and tensions caused by cultural differences can even lead to outright failure.

According to the respondents, to implement international business successfully in UK, focuses of PGPIC are on different cultural values, religion, laws and norms. As UK is
multicultural country, they have their own accepted norms and rules of negotiation. While entering to UK’s market PGPIC consider on interaction of the customers. For example, UK is known as individualistic country and relationships are based on legal contracts rather than trust or personal contacts.

When it comes to negotiation with clients, language and the way of speaking becomes major issue. PGPIC has the ability to interact with clients to cooperate with the company. Sousan Naderipour exemplified,

“*Compare to Iran, in UK mostly we communicate with our clients indirectly. As in individualistic society time is more valued than relationship, so they prefer to negotiate by email and phone calls*”

Head of PGPIC’s UK office.

However, it is important to negotiate in formal language.

According to Sousan Naderipour, most of the management models, practices, and theories are laden with culture specific assumptions. However, cultural assumptions underlying management models and practices are usually unacknowledged. She said

“If we translate practices across cultures without any adjustment for cultural differences, our company can fail and even lead to losses”.

The respondents emphasized that International business of PGPIC in UK requires an in-depth understanding of local business customs. They further added that without full appreciation of how business is done in UK, including political and cultural influences, new entrants could quickly find themselves on the back foot with stakeholders. Therefore, PGPIC in UK updates their strategies every six months according to the market changes and local preferences. “Therefore, we have not experienced difficulties as our strategies in UK is completely localized and adapted to the UK’s culture” mentioned by respondents.

Negin Dadkhah exemplified,
“In the tech industry in a multi-cultural country like UK, we target all customers independent of their culture and believe in the global competitive tech industry, cultural influence is very much irrelevant”

Commercial Executive, PGPIC’s UK office.

In UK, working etiquette and professionalism seems to be influenced by culture in a positive way. Consumer behaviors and attitudes are highly influenced by culture. PGPIC in UK, try to modify their strategies in order to respond to those attitudes and behaviors, as the term customers always right.

Therefore, while companies move into a new market, business models should be adapted and modified to reflect local customs, habits, and preferences. This is what PGPIC did and what they do in UK market. In other words, PGPIC has made changes in service marketing, offerings, and pricing. Unless local cultures is being given priority in the business models and strategies, foreign businesses have a high risk of failure. Accordingly, the costs associated with failure in foreign markets can be significant. In other words, PGPIC provide services according to the local market’s preferences and they usually adapt their strategies with UK’s culture.

4.6 Influence of national culture on organizational culture, Iran

According to Mojtaba Taheri, “The culture of Iran has direct influence on business organizational culture of PGPIC and the business practices of PGPIC”

Managing Director of Noori Petrochemical, PGPIC’s Manufacturer, Iran. PGPIC uses goal-oriented strategies and power distance is high between top managers and employees. As Iranian culture is a power distant culture, organizational culture of PGPIC is also based on power distance. Managers in different departments use their power in different ways like in some departments they may use their power to make their department’s atmosphere collective, while in other department power may be used to control. Respondents also, mentioned that “The organization is well developed and the power distance has positive impact on employees, because we use our power to create great atmosphere for our employees and suitable for departments”.

45
Power distance of PGPIC’s organizational culture can be presented as stairs. Top managers are the powerful ones and employees are powerless. Furthermore, power distance between top managers and managers are low, whereas power distance between top managers and employees is high. In other words, power distance becomes higher when position becomes lower. Respondents also mentioned, “Organizational culture of PGPIC can be described as collectivistic, because members of the organization cooperate in every decision making processes, and we have close relationship with our managers and employees”. Moreover, members of PGPIC organization have open communication, access to information, and are goal oriented.

While company wants to develop new business strategies, they allow high position managers and employees to be aware, take part in meetings, and take part in making discussion. Accordingly, after gathering ideas and thoughts of other high-posted members of organization, decision-making process goes to strategists. However, the final decision will be made by strategists and top managers of the company who are in position to finalize the decisions and provide it to the CEO.

4.7 Influence of national culture on organizational culture, UK
Organizational culture of the PGPIC in UK is highly individualistic, as they have adapted to the individualistic UK culture. However, in some issues they still follow their headquarters’ culture, which is based on power distance and collectivism. According to the respondents, “By having collectivistic organizational culture our company increased productivity and reaching goals with group becomes much easier than individually”. Therefore, they are following collectivistic culture and it affected positively in their organization, even UK is an individualistic country. Furthermore, Sousan Naderipour said, “Here in UK, when it comes to decision making of some rules in our office, we usually participate in every meetings and the thoughts will combine together, but at the end the manager is the one who decides what should be implement”.

Moreover, PGPIC was forced to make changes in its organizational culture while entering to UK. There were many changes, mainly ethically and psychologically. That increases
chances to survive in foreign market. PGPIC’s UK office use power systematically, fairly, and collaboratively. However, in tech industry, solid hierarchy may become counterproductive. UK is known to be an individualistic country and although this can create talent and productivity but is a major source of stress and anxiety. Respondents said, “We prefer a collectivism society and workplace culture more, in which a prosperous business can grow and be more successful”.

According to Sousan Naderipour, it is very important for PGPIC to understand the way people communicate, make decisions, and comprehend across different kinds of cross cultural backgrounds. Additionally, it is difficult to interpret certain behaviors, there should be a significant emphasis placed on concept of acceptance. The key to success is accepting and understanding the differences on multicultural teams and using them to enhance the way the teams make decisions. Respondents mentioned, “We provide diversity training for our employees and they can learn to be culturally mindful. In general, they can be adaptable while communicating with people of other cultural backgrounds”.

4.8 Summary of Findings
Cultural differences are widely used construct in global business, where they applied to entry mode choice, performance of foreign affiliates, and foreign investment expansion among others. Moreover, the construct applied to the most of business administration disciplines, such as marketing, management, and accounting. According to the respondents, in PGPIC’s management system, cultural difference used as a key variable in PGPIC’s organization behaviors, management, and human resource management. Furthermore, management practices those are compatible with national culture of targeted market could be result in better performance of organization.

Cultural ignorance may threaten organization’s ability to retain, leverage, and attract its global talent. According to the respondents, when they employed local staff in their UK’s office, they adapted human resource policies to reflect the cultural background of their local employees. Moreover, those factors that influence employees job satisfaction and motivation is vary across cultures and depend on employees’ cultural profile.
Table 4.1, Summary of findings (Iran), own construction

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>IR</th>
</tr>
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<tbody>
<tr>
<td>FACTORS</td>
<td>High Power Distance/Collectivism</td>
</tr>
<tr>
<td>NATIONAL CULTURE</td>
<td></td>
</tr>
<tr>
<td>CULTURE INFLUENCING BUSINESS</td>
<td></td>
</tr>
<tr>
<td>1. Cultural Knowledge</td>
<td>Gathering knowledge of different market</td>
</tr>
<tr>
<td>2. Social System</td>
<td>Norms, Values, Beliefs (Ex: Islamic beliefs, face to face communication)</td>
</tr>
<tr>
<td>3. Negotiation</td>
<td>Based on trust and commitment</td>
</tr>
<tr>
<td>ORGANIZATIONAL CULTURE</td>
<td></td>
</tr>
<tr>
<td></td>
<td>High Power Distance/Collectivism</td>
</tr>
<tr>
<td></td>
<td>Managers make decisions. Members in lower position are not participating actively in meetings, also following the orders. Employees working in a group. Close relationship between employees.</td>
</tr>
</tbody>
</table>

Table 4.2, Summary of findings (UK), own construction

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>FACTORS</td>
<td>Low Power Distance/Individualism</td>
</tr>
<tr>
<td>NATIONAL CULTURE</td>
<td></td>
</tr>
<tr>
<td>CULTURE INFLUENCING BUSINESS</td>
<td></td>
</tr>
<tr>
<td>1. Cultural Knowledge</td>
<td>Gathering knowledge of country's culture</td>
</tr>
<tr>
<td>2. Social System</td>
<td>Values, Rules &amp; Regulations</td>
</tr>
<tr>
<td>3. Negotiation</td>
<td>Based on laws, regulations, and contracts</td>
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</tr>
<tr>
<td><strong>ORGANIZATIONAL CULTURE</strong></td>
<td>Low Power Distance, Collectivism/Individualism</td>
</tr>
<tr>
<td></td>
<td>Managers make final decision.</td>
</tr>
<tr>
<td></td>
<td>Employees can have their rights; bring out their thought regarding issues.</td>
</tr>
<tr>
<td></td>
<td>Employees are from both countries Iran and UK.</td>
</tr>
<tr>
<td></td>
<td>Staff are independent, at the same time should follow the specific rules.</td>
</tr>
<tr>
<td></td>
<td>Close relationship between employees.</td>
</tr>
</tbody>
</table>

(Ex; Indirect communication, email, after confirmation of all the terms its going to be direct communication)
CHAPTER 5: Analysis

In this chapter, the analysis of findings will be presented. All important and interesting issues will be discussed and compared with the existing theories. The differences and similarities between our data and the theory will be highlighted.

5.1 Culture and its influence on Business in Iran
Culture arises from people, culture relates to traditional behavior of nation that has been made and improved by human race and transferred to next generations (Birukou, Blanzieri, Giorgini, and Giunchiglia, 2013). In other words, culture is the traditional behavior of specific society or region. Furthermore, certain group included in the range of a society, have their own norms, values and acting or behaving in particular ways (Birukou, et al. 2013). According to Straub, Loch, Evaristo, Karahanna, & Srite (2002) culture surrounded by religion, art, laws, morals, knowledge and other usual habits of people in specific society. A group of people living around one cultural circle, sharing common habits every day and each person being programed by the society.

According to the findings, PGPIC prioritize on culture while doing business, they respect and pay attention to the norms, values, social system, and laws of Iran since these are the culture of people and nation. Miroshinik (2002); Thanyi et al. (2005) mentioned, companies fail and face difficulties while they ignore culture of the specific nation. Accordingly, culture has influenced PGPIC’s performance in depth, so they would adapt themselves with culture of people, in different local market of Iran. In other words, PGPIC adapted its organizational culture to the culture of home country to avoid cultural risks and barriers. According to Langford (2000), culture plays an important role for business practices. Therefore, organizations should prepare for adaptation, which is increase business productivity and effectiveness of companies.

Culture is fundament for PGPIC when doing business, so it is important for the company to research, study, and collect information of local culture and market. Accordingly, business will not be successful if the basic idea regarding culture is not strong. As we found
PGPIC’s business performance is being more successful, effective, and profitable when they adapted culture of Iran during their operations.

Leung et al. (2005) also supported that culture is the key influence for business. According to Junior et al. (2006), multinational companies will face many cultural barriers when they enter to new market with different culture. Thus, they mentioned six cultural factors those have strong influence on business: social system, negotiation, language, religion, values, and attitudes. Moreover, to get success in business performance, it is important to adapt to the culture, law, norms, and values of the country (Miroshnik, 2002).

We have defined that culture differs in the way society behave. As mentioned, culture becomes an important aspect for PGPIC, due cultural difference influences business performance and its effectiveness. This will increase effectiveness of the company and it will reduce risks of failure. When PGPIC chooses new domestic destination, first, they will study the culture, social value, and atmosphere of that particular market and then they will enter to the market. With this action, they prove that organizations should prepare for adaptation, which is increase business productivity and effectiveness of company (Langford, 2000). Therefore, PGPIC do not face difficulties while implementing their business in new market.

5.1.1 Negotiation
According to Hurn (2007), one of the important cultural factors that influences business performances is negotiation. Negotiation includes the way societies communicate and societies negotiate in different ways. For example, a phrase or sentence can have different meanings in different cultures. Jameson (2007) referred negotiation of partners is based on interaction and cooperation. Hurn (2007) described negotiation as “getting people of different nationalities to seek agreement by considered dialogue on an agreed agenda”.

Negotiation differs in different part of Iran and people from different society communicate and exchange information in different ways. Negotiation does not influence PGPIC because staffs of the organization culturally mindful, therefore they are successful in
building close relationship. Employees have enough knowledge and skills of how to interact with partners, build close communication, seek agreement, and cooperate effectively.

According to our findings, effectiveness of business depends on how is the partners’ relationship. On the other hand, to build close relationship it is important that partners trust each other. Accordingly, it proved that negotiation of partners is based on interaction and cooperation of each other (Jameson, 2007). Furthermore, close relationship creates close communication that allows company to cooperate more effectively. If trust does not exist in relationships, it affects business, and relationship can be based on requirement or necessity. Also, if partners mistrust it becomes difficult to develop and maintain relationships.

5.1.2 Cultural Knowledge
According to our findings, when company wants to implement their business in Iran, first they research and gather knowledge of that specific area’s culture, and then they will operate their business. By discovering and learning culture of the country, companies will avoid cultural risks that influence the company and its business performances. On the other hand, cultural knowledge allows companies to find out their weaknesses and strong points. It allows the organization to create an effective strategy that increases business productivity. Kim et al. (2011) referred that organizations should collect information and increase knowledge of the country and its culture. It is important for organizations to have knowledge about mentality of society, customers, and partners. Cultural knowledge reduces risks and allows organizations to perform successful business.

According to Shenkar (2001), to understand and realize the culture construct, it is important to recall that culture is complex and it is difficult to scale and conceptualize. Lee et al (2008) referred organizations face challenges while implementing their business in different country due to lack of culture knowledge of society.
According to the findings, lack of cultural knowledge reduces productivity and increase risks of failure. As we mentioned, in different part of Iran people differs in their languages, belief, and values, but all of them speak Persian as their first language. Therefore, it becomes difficult to define culture, social norms, and values of different society in Iran. Indeed, we should not think that we studied and know everything about other culture it is a big mistake. Accordingly, PGPIC continues increasing cultural knowledge at the same time while doing business. However, lack of knowledge influences business relationship between partners and stockholders (Kim et al., 2011).

5.1.3 Social System
Companies should take in consideration social system of the country in their performances. In business operations, while making strategies and planning, company must consider on social system. Social system is a cultural factor that has strong influence on business operations. Social system has been referred as convention and it differs in different part of the country (Tihanyi et al., 2005; Hofstede et al., 2011). Accordingly, it is difficult to understand and study societal value and norms in different part of the country.

PGPIC studies and gathers knowledge regarding social system of particular location, so they can perform business operations more effectively when they adapting it into their actions. Tihanyi et al. (2005) referred that social system differs in religion and language. Thus, companies should take in consideration social system of the country or the destination of their business operation. These societal values create difficulties for businesses and its effectiveness. By adapting social system of society, companies reduce risks of cultural difference and increase effectiveness of their business.

5.2 Culture and its influence on Business in UK
According to Leung et al. (2005), when multinational companies been oversea, it’s important organizations prepare themselves for adapting the host country’s culture, norms, and values. By adaptation of host country’s culture, organizations can perform their business operations more efficiency. Tihanyi (2005) referred failure of multinational companies causes of ignore or not undertaking culture of host country. Indeed, when organizations do not follow norms, values, and law of the foreign country, they may face
difficulties and it will become risky to operationalize their business in that particular country.

Accordingly, PGPIC’s subsidiary in UK is being successful in their business operations, due to adaptation of host country’s culture. According to our findings, their organization is focusing on overcoming political, legal, economic, and technological barriers. Indeed, ignorance of cultural distance can result in missed opportunities, weak market share, low or negative return on investment, and reputational damage. While organization does not undertaking culture of host country, it influences on customer behaviors as well. By adapting culture of host country, companies will avoid cultural influence and risk of failure. In other words, it will prove Leung et al.’s (2005) theory of adaptation and preparing for adapting the culture of the host country.

PGPIC’s business strategies in host and home country are different. There were changes in pricing, service marketing, and offering when PGPIC entered to UK, these changes has been done to interact with new customers in new market. Thus, they followed and provided services that are being accepted in local market of UK. Furthermore, PGPIC is making changes and providing new strategies every six month according to the market changes and local preferences.

According to Kim et al. (2011), to implement business successfully in any country, companies must know the mentality of customers. On the other hand, mentalities of customers create from their culture. Accordingly, to understand the mentality of customers, firstly companies should know their culture. Managers of the organizations must identify culture and categories of culture that influence their organization’s operation. By identifying culture of host country, companies are being aware of cultural difference and it will help managers to create effective strategy and manage their business successfully in foreign country. Indeed, PGPIC did it very well and they are driving customers’ mentality and preferences.
We have discussed that culture has huge influence on business effectiveness in destination country. Therefore, it is important for multinational organizations to adapt the culture of foreign country. Adaptation avoids chances of failure and increases business productivity, effectively, and success. However, culture could influence negatively if companies do not take in consideration and adapt cultural aspects of destination’s norms, values, and laws. Moreover, PGPIC is forced to adapt culture of UK and make changes in pricing, services, new business strategies that appropriates in host country.

5.2.1 Negotiation
According to Hurn (2007), negotiation strongly influences international business. Negotiation is differing in different countries; in language and the way people communicate. He also referred that effective negotiation is to find mutual language with customers and partners. As mentioned, according to Jameson (2007), negotiation should be based on interaction of partners. Therefore, it is important to have knowledge of foreign country’s culture, which makes easier for communicators to understand each other. PGPIC has been supported their thoughts, negotiation has huge influence on their business effectiveness.

The way people communicate is important for cross-cultural business. PGPIC created an organization that staff can have open communication with each other. As discussed, business effectiveness depends on organizational culture of multinational organization. Staff of the PGPIC’s subsidiary is from both home and host country. Accordingly, it is important for multinational companies to build an atmosphere that staff from different cultural background can negotiate with each other without any barriers. According to our findings, PGPIC has created mixed organizational culture, which is appropriate for their employees. By creating this kind of organizational culture, effectiveness of the organization increased, because employees become culturally mindful and adaptable when they communicate with people of other cultural backgrounds internally and externally. Indeed, open communication makes employees closer and they will increase knowledge of each other’s culture.
Moreover, Tharp (2009) also mentioned that organizational atmosphere increases productivity of the company and its business performances. He mentioned that companies have difficulties to manage and adapt organizational culture while doing business abroad, because individuals have different beliefs, attitudes, and behaviors. Furthermore, organizational culture can be presented as made up laws and regulations. Managers create their own laws and regulations that appropriate to their business and it would increase productivity of business performance (Hatch & Cunliffe, 2013, p. 185).

5.2.2 Cultural Knowledge

As discussed in the theory, to internationalize the business there is need for multinational organizations to get cultural knowledge of the country that they going to cooperate with. Due to differences in culture, multinational companies can influence not only in personal relationships but also on the possibility of co-operation in the business aspects. To work successfully in any country, organizations must first know the mentality of customers and partners (Kim et al., 2011).

Multinational organizations should consider on gathering knowledge of cultural different of home and host country. As we mentioned, there is high risk of failure while the company is not aware of culture of host country. Therefore, it is necessary to study foreign countries culture. When entering to new market, organization should be aware of customer’s behavior and their needs, so that they can create strategies and make changes to reflect local customers’ habits and preferences.

Success of international business depends on how deep and wide knowledge organization has about culture of foreign country. Indeed, without understanding the local culture, new business performance can be fail quickly. Junior et al. (2006) referred that countries differ in their culture. Therefore, multinational companies should know culture of foreign country that they are going to its market. He also mentioned that many international companies face challenges while doing business abroad, to avoid cultural difference; organizations should well adapt the culture of host country.
5.2.3 Social System
According to Junior et al. (2006) countries differ and have their own social system. While multinational companies implement their business in foreign country, they should take into consideration social system of country do not face cultural challenges. Tihanyi et al. (2005) referred that social system of countries mainly differs on political economy, language, belief, and education. By adapting these factors companies avoids risks of failure.

PGPIC adapted social system of UK and they followed norms, values, laws, and regulations of host country. Therefore, multinational companies should make changes while they enter to foreign market; they should try to modify their strategies regarding those attitudes and behaviors that exist in host country. They also should provide services, which are suitable to the local market. Adaptation of social system will influence positively on international business of multinational companies. Furthermore, according to the findings, PGPIC is not experiencing any cultural difficulties or challenges in foreign market, because they completely adapted UK’s culture.

5.3 National culture and its influence on Organizational Culture
PGPIC practicing goal oriented strategies that are referred to individualistic culture. According to Hofstede et al. (2010, p.90-91), individualistic societies are goal oriented and organizational atmosphere of the company is cooperative, open communication, and there are close relationships between members of the organization.

In high power distance organizational culture, managers in high positions are taking part in making strategies and planning for business operations. Those who are in lower positions do not have possibility to take part in meetings and bring their ideas (Hofstede et al., 2010, p.90-91). Moreover, managers use their power to control and force. According to our findings and theories, organizational culture of PGPIC’s headquarter can be defined as semi power distance. As mentioned in the finding, in the meeting employees in most cases are quite and follows the orders. Inactivity of staff may prevent effectiveness of the company. On the other hand as they work collectively increases effectiveness of their organization. Collective organizational culture of the organization will be discussed later.
As organization culture is high power distance final decision is made by the person in power, as managers or CEO.

Collectivistic society work as a group, they have close relationship and cooperative, which increases their effectiveness (Gambrel & Cianci, 2003). According to the findings, PGPIC uses collectivism organizational culture in mixture of power distance culture to control and make employees more collaborative by letting them to decide on some issues by themselves. As a conclusion, the organizational culture of PGPIC’s headquarter can be presented as mixed culture, collectivism and power distance.

Furthermore, as mentioned, PGPIC practicing mixed organizational culture that will allow them to perform and operate their business successfully. On the other hand, organizational culture is an important aspect for organizations because organizational culture is the main aspect of controlling the business performance and practices.

PGPIC’s business performance is becoming more effective and successful. The reason behind is that all members have close relationship and cooperate with each other. They have ability, skills, knowledge, and experience. Skillful employees are work more efficiency in marketing researches and communication with clients. That has huge influence on business performances, which increases productivity of the organization. According to Slater et al. (2011), success of business depends on the organizational culture of the company. As Pan and Zhang (2004) referred collectivistic society prefers to work in a group and cooperate that allow them increase chances to reach objectives and reduces risks of facing difficulties and failure.

According to Ghemawat and Reiche (2011) power distance influences communication between marketers and customers. As they referred, communication is based on emotions rather than information. Considering online marketing, lack of information influence negatively on customers, customers do not get interest and interacted with services while they do not get the information they need. In other words, large gap between seller and buyer cause less interest of purchasing. That influence on number of customers, high power
distance has fewer consumers than the once with low power distance. They also mentioned that power distance and collectivistic culture pay importance on developing long-term relationship.

As we mentioned earlier, organizational culture of PGPIC’s headquarter is mixed, which means they practice power distance and collectivistic organizational culture. Staff of PGPIC are skillful, experienced, and have knowledge regarding marketing research and communication with clients. Therefore, they focus on long-term relationship and have deep connection with their customers. When employees negotiating with their clients they are able to get know their expectations and needs, after receiving their comments, they organize meeting with managers, marketers and strategist to solve the problems and make customers satisfy. Therefore, we can define that not all organizations with power distance have negotiation problems with customers.

According to Batonda and Perry (2003), it is difficult for collectivistic societies to build relationships because trust plays the main role in relationship, it is difficult for organizations to recognize trust, and trust creates over time. The also referred, as collectivistic society focuses on long-term relationship, while parties trust each other after several transactions, developing and maintaining relationship becomes easier. In addition, it is important for PGPIC to create trust with its partners to build close and long-term relationship. They also mention that if trust does not exist between parties, creating relationship would be difficult. It is difficult to recognize trust, relationship, and belief of partners and it takes time to be known. They also mentioned there are companies that do not value time and honesty. For example, companies do not follow their promises, dishonest and not taking responsibility. Therefore, trust is the focus of PGPIC when creating relationship with partners.

According to Tharp (2009), many multinational companies were unaware of necessity of organizational culture and other organizations find it difficult to adapt and manage organizational culture. It is important to adapt culture and manage it effectively to implement international business successfully. According to Alvesson & Sveningsson
(2015), it is necessary to make changes in the organization culture in host county, by practicing home countries culture in host country increases risks of failure. Tharp (2009) discussed “Change or Die” so the organizations should correspond to the host countries culture. He also referred culture is complex issue that includes shared values, beliefs, attitudes, and behaviors. Culture has impact individual actions and performances, which affects the organization. Managers can influence them on the organizational culture. However, managers from different cultural background faces difficulties to manage. In this case, it is backward. As employees in UK are more open and independent, that is helpful for the manager to discuss possible and effective ways of solving problems. That cause to make better solutions and decisions.

According to our findings, PGPIC is focusing on creating skillful staff those can increase effectiveness of their business. For example employees who can handle the difficulties, stresses, also who can balance the pressures of management, time and cost. Multinational companies should provide different training for employees to make them culturally mindful, accept changes, and open-mindedness. However, it takes time for employees to accept the change, deal with it, and value it. On the other hand, trainings are important to increase confidence and effectiveness of the employees. Trainings improve employees while communicating with partners and customers. In other words, skillful employees increase productivity of the company.

As UK is individualistic country, PGPIC adapted their organizational culture to semi individualistic organization. Employees prefer to work individually and be independent. Antonakis & Atwater (2002) supported their thought by saying, individualism can be referred to as the members of a group focusing on independency and individually reaching goals and objectives. Indeed, PGPIC made goals and objectives for each employee to reach them by their performances.

According to the findings, employees of the PGPIC in UK are from both countries, Iran and UK, in some points they perform as power distance and collectivism. For example when they planning new strategies and operations, managers in high position making
decisions. In this case, organization uses power distance. High power distance been defined as hierarchy (Hofstede et al. 2010, p. 61). In other situations, power in PGPIC’s organization is used systematically, fairly, and collaboratively. That inclines more to organizational culture with low power distance, because members of the organization are treated equally.

Moreover, PGPIC is practicing both collectivistic and individualistic culture in their UK’s subsidiary. By creating this kind of organizational culture, they avoid influence of cultural difference between employees. On the other hand, they will increase business effectiveness of the organization. However, the organization prefers to have collectivistic culture, because employees can be more cooperative and have close relationships. Hofstede et al. (2010, p. 90-91) referred that in collectivistic society, individuals’ work as a group, by supporting, cooperating, and building close relationships. Pan and Zhang (2004) mentioned collectivistic societies prefer being as a group because it reduces risks, less stress, and increase effectiveness of the organization.

To increase effectiveness of PGPIC’s business and continue to globalization, the focus of the organization is effective cross-cultural communication. We have defined that organizational culture plays an important role on business performance and its effectiveness. Furthermore, diversity of work force increases opportunities and avoids cultural difference, which leads organization to business productivity. Moreover, managers in high positions can create organizational culture. They can provide diverse trainings and practices for employees that increase ability and skills, which has positive impact on the organization. However, it is difficult and takes long time to create beneficial organizational culture but it has its benefits, profitableness, effectiveness, and success.

5.4 Summary of analysis
We mentioned that Iran’s culture is highly power distance and collectivism and in gathering knowledge, they will gather knowledge of Iranian culture and those elements that they have influence on business. Accordingly, the social system is more to norms, values, and beliefs such as Islamic beliefs or face-to-face communication and negotiations are based on trust
and commitment. Thereby, the organizational culture is high power distance and collectivism as the Iran’s culture. Furthermore, the culture of UK is low power distance and more individualism. In gathering knowledge, they gather knowledge of British culture and those elements that have influence on international business. Therefore, the social system is more on values, rules and regulations and negotiations are based on laws, regulations, and contracts. Thus, the organizational culture is low power distance, individualism, and collectivism.

Furthermore, as mentioned it is important to adapt culture and manage it effectively to implement international business successfully. Tharp (2009) also referred culture is complex issue that includes shared values, beliefs, attitudes, and behaviors. Culture has impact individual actions and performances, which affects the organization. Therefore, multinational companies should provide different training for employees to make them culturally mindful, accept changes, and open-mindedness. In this study, we tried to connect all the theories with our finding to prove the impact and influence of national culture on business and organizational culture of a company or organization.

Table 5.1, Summary of analysis, own construction

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>IR</th>
<th>UK</th>
<th>CONNECTION OF THEORIES</th>
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<tbody>
<tr>
<td>FACTORS</td>
<td>NATIONAL CULTURE</td>
<td></td>
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<tr>
<td>IR</td>
<td>High Power Distance/Collectivism</td>
<td>Low Power</td>
<td>Morden (1999)</td>
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<td></td>
<td></td>
<td>Distance/Individualism</td>
<td>Hofstede et al. (2010)</td>
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<td>Trompenaars &amp;</td>
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<td>Hampden-Turner (2012)</td>
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<td>Kirkman et al. (2009)</td>
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<td></td>
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<td>Antonakis &amp; Atwater (2002)</td>
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<td></td>
<td>2. Social System</td>
<td>Norms, Values, Beliefs (Ex; Islamic beliefs, face to face communication)</td>
<td>Values, Rules &amp; Regulations (Ex; Indirect communication, email, after confirmation of all the terms its going)</td>
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3. Negotiation

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<tbody>
<tr>
<td>High Power Distance/Collectivism</td>
<td>Based on trust and commitment</td>
<td>Based on laws, regulations, and contracts</td>
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<tr>
<td>Managers make decisions.</td>
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<tr>
<td>Members in lower position are not participating actively in meetings, also following the orders.</td>
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<tr>
<td>Employees working in a group.</td>
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<tr>
<td>Close relationship between employees.</td>
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<tr>
<td>Low Power Distance, Collectivism/Individualism</td>
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<tr>
<td>Managers make final decision.</td>
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<tr>
<td>Employees can have their rights; bring out their thought regarding issues.</td>
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<tr>
<td>Employees are from both countries Iran and UK.</td>
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<tr>
<td>Staff are independent, at the same time should follow the specific rules.</td>
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<tr>
<td>Close relationship between employees.</td>
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Hofstede et al. (2010)
Pan & Zhang (2004)
Ghemawat and Reiche (2011)
Tharp (2009)
Hatch & Cunliffe (2013)
Antonakis & Atwater (2002)
CHAPTER 6: Conclusion

In this chapter, the results to the research question will show how the aim has been fulfilled. Furthermore, the contributions of this study from a managerial-, theoretical- and societal point of view will be explained. Recommendations for future research will be given based on the limitations of this study and finally a reflection of the study will be provided.

6.1 Answers to Research Question

1. How does national culture influence on organizational culture?

2. How does national culture influence business?

Our results show that national culture influences organizational culture. As we mentioned, negotiation, cultural knowledge, and social system are the aspects, those have strong influence on organizations and their culture. For example, failing to negotiate properly because of cultural barriers and issues, which the organization do not consider it as important, can lead to an overall failure in business operations. Thereby, these three aspects seem to be link to each other. When organizations are going oversea, culture must always be considered as an important factor that influences the entire business operation in the foreign country.

Furthermore, cultural differences also can influence the business; we can mention language, norms, manners, behavior, and differences in the negotiation process. Thereby, culture can influence the organization’s entire operation and performances in a foreign country or either in home country. However, many companies may lead to conflicts and misunderstandings if they not being able to handle these cultural differences. Organizations those are not well aware of this fact may suffer big losses and fail to be able to manage future operations abroad.
Multinational companies must always investigate and enhance cultural knowledge in details and discover cultural factors those influence the effectiveness of their business. Therefore, by discovering norms, values, and social values, organizations can find out the society’s mentality. On the other hand, organizations must always research and investigate the way people in host country think, act, talk, and perform; by following their mentality and adaptation of their culture, they will reduce the risk of failure.

Moreover, culture must be fundament for every organization that wants to go abroad or wants to expand their business domestically. Accordingly, it is strongly important for companies to research, study, and collect information of local culture and market. Therefore, business operations will not be success if the basic idea regarding culture is not strong enough. As we found and analyzed, PGPIC being success in home and host countries market because they studied, researched, and adapted culture of Iran and UK while their operations.

As a conclusion, culture must become an important aspect for organizations, due cultural difference influences business performance and its effectiveness. This will increase effectiveness of the company and it will reduce risks of failure. When companies want to choose new domestic destination, first, they must study the culture, social value, and atmosphere of that particular local market and then they should enter to the market. With this action, organizations will prepare for adaptation, which is increase business productivity and effectiveness of company. Therefore, organizations will not face many difficulties while implementing their business in new market.

At last, it’s important to adapt culture and manage it effectively to implement international business successfully. As a recall, Tharp (2009) referred that culture is complex issue that includes shared values, beliefs, attitudes, and behaviors. Culture has impact on individual actions and performances, which affects the organization. Managers can influence them on the organizational culture.
6.2 Contribution of the study
Although adaptation of the culture is not new, previously many companies as McDonald's and IKEA adapted culture of foreign while implementing business abroad. Therefore, in our research we presented important cultural issues influencing business. We investigated organizational culture of PGPIC in Iran (home country) and UK (host country) and how national culture of home and host countries influences their organizational culture and operations.

6.3 Implication

6.3.1 Theoretical implications
We defined the following gaps in our study:

Many theories discussed that multinational companies must adapt culture of host country. We have defined companies must not completely adapt organizational culture of foreign country. In some cases, it is more productive while organizations practices mixed culture. While organization practices both home and host countries culture in their organization, it can increase business effectiveness. As we mentioned above, PGPIC practices mix culture in UK. UK is individualistic country, but in some points PGPIC perform as collectivistic and power distance. While having collectivistic organizational culture companies increased productivity and reaching goals with group becomes much easier than individually.

Furthermore, we tried to focus on two cultural dimensions, which are Power Distance and Collectivism vs. Individualism to show the influence of national culture on organizational culture and business. In many researches authors tried to compare and focus on all cultural dimensions and there was not any author focus on the two cultural dimensions. In other words, we tried to study in focus of these dimensions and specifically their influence on business and organizational culture. In addition, there is not many studies or we say there is no study on our criteria about Iran and UK, which we studied to fill a gap of theories. So future studies may refer to our study or they can improve ours and fulfill the gaps those we could not fill, if any.
6.3.2 Managerial implications
We have defined that national culture is fundamental of international business. While multinational companies implement their business in foreign country, focus of managers and owners should be on national culture, norms, and values of the host county. Moreover, it is important to have knowledge about each single cultural issue that influences business.

In addition, it is very important for managers to determine the influences of national culture on international business of the company and its organizational culture. Their main attention must be on three elements, negotiation, cultural knowledge, and social system; those have strong influence on business and international business of multinational organizations in compare of home and host countries’ culture. Furthermore, Culture in turn influences both the negotiation and strategic planning process of multinational organization. Therefore, without considering culture at new location or market, it will be difficult or impossible for companies to handle themselves in new market.

6.4 Reflection on Study
The purpose of our study was to determine the influences of national culture on international business organizational culture. We mentioned three elements, negotiation, cultural knowledge, and social system; those have strong influence on business and international business of multinational organizations in compare of home and host countries’ culture. We have chosen Persian Gulf Petrochemical Industries Co. (PGPIC) as our case study. We investigated their organizational culture in Iran (home country) and UK (host country) and how national culture of home and host countries influences their organizational culture and operations.

We have undertaken this study to provide a deeper understanding of the influences of national culture, a case study on PGPIC that is located in Iran. Since we could not find any similarities, our study provides the elements those have strong influence on organizational culture of multinational companies while they are doing business in home country and internationally.
We have used a qualitative method consisting of interviews with top managers and employees of PGPIC’s headquarter in Iran and its subsidiary in UK. The method was chosen because of the possibilities to have close interaction with interviewees to understand deeper of our topic.

6.5 Future Studies

We believe that it can be difficult for the conclusions to be understand and we do not know if our study will use as a tool or not. The theories included in our thesis bring more questions that could not be included because of narrow purpose. These problems and questions can be studied maybe as another thesis. As our opinion, problems such as deeper analysis of international business and process of internationalization can be included in future research. Future studies can analyze political, legal, and economical factors that can influence international business and business operations. Furthermore, we studied only on one multinational organization thereby future studies can be focused on more organizations to conclude and analyze more wide and liable.

We strongly believe that future studies can be developed in the subject “culture” and in different business fields. On the other hand, culture is a broad issue that can cover many different issues of business and international business area. Researches can be done in for instance deeper investigations of language barriers and issues and how these issues influence the business operation.

All these studies can be useful for any multinational organizations that do not have enough experiences in foreign markets but they are thinking and wish to enter to the unknown markets and area. Indeed, this field may help the organization’s ability to prepare for them and handle them becomes an important point.

Now days, every organization that likes to go abroad and do business globally, must understand and realize beliefs, values, and norms that underlie their own country’s management practices and business, understand organizational and national culture of others, and avoid cultural barriers and risks.
People with different cultural backgrounds usually do not share the common assumptions and this has an influence on international business and business operations on several levels. For instance, the trust between partners, attitudes toward each other, and flexibility and tactics while negotiating can be influenced.

When organizations are preparing for going abroad or implement business in new location, they must think in other side of culture, such as the elements of other country’s or region’s culture. This is why culture is an issue, which will influence business and international business. From the factors of culture, norms and values are the ones most important issues that can influence business and international business in depth.
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Appendices

Appendix 1: Interview questions

Iran
1) How does national culture of Iran influence your company? 
2) Which cultural factors mainly influences business of PGPIC in Iran? Why?
3) How does the social system of Iran influence PGPIC?
4) What kind of cultural risks and problems your company faces when doing business in Iran?
5) What kind of strategies do you use to avoid cultural impact when implementing business in Iran?
6) How would you represent organizational culture of your company?
7) Does your company adapt national culture of Iran and why?
8) Which of cultural dimensions are more appropriate to your organizational culture and why?
9) What kind of strategies managers’ use to manage their employees in Iran?
10) How does cultural adaptation influences on employee’s performance?

UK
1) How does national culture of UK influence your company?
2) Which cultural factors mainly influences International business of PGPIC in UK? Why?
3) How does the social system of UK influence PGPIC?
4) What kind of cultural risks and problems your company faces when doing business in UK?
5) What kind of strategies do you use to avoid cultural impact while doing business in UK?
6) How would you represent organizational culture of your company?
7) Does your company adapt national culture of UK and why?
8) Which of cultural dimensions are more appropriate to your organizational culture and why?
9) How does cultural adaptation influences on employee’s performance? Do they accept and perceive foreign culture easily.
10) What kind of strategies managers’ use to manage their employees?
Appendix 2: Interview Transcription

CEO of PGPIC-Adel Nejad Salim

According to Adel Nejad Salim CEO of the PGPIC, culture strongly influences communication, relationship, and negotiation of international business. Accordingly, when the company implements its business abroad first they consider the culture of target country. Therefore, before they enter to the foreign market, they collect information about targeted country’s culture and increase their knowledge of foreign country’s culture and market environment.

Secondly, they will teach the collected and learned knowledge to their employees to allow them perform more effectively in destination country. He also mentioned, “One of the cultural influences that we may face is religion”. According to him, as Iran is Islamic country, when they go abroad, PGPIC correspond or adapt foreign country’s religion and culture to minimize cultural risks.

Adel Nejad Salim also mentioned, “We use some strategies to avoid cultural risks and problems for PGPIC when we are going overseas”. According to him, firstly they discover and learn about cultural differences between PGPIC’s organizational culture, Iran, and targeted countries. By this action, they will find out the weaknesses, strong points, and opportunities for their operations in those countries. After all gathered differences between PGPIC’s organizational culture and targeted countries’ culture and market environment, they will adjust their organizational culture to destination countries’ national culture. He said “This will put us on safe side, let company to reduce risks, and it increases the effectiveness of PGPIC in foreign market”.

Furthermore, according to him, by adjusting their organizational culture they will be able to perform better operations with overseas clients. He also mentioned that trust and commitment is necessary and takes first place for PGPIC when building relationship with its overseas clients. He said, “If partners do not trust each other they may face difficulties...
to build relationships and this trust will be built upon knowing cultural differences between parties”.

Moreover, PGPIC uses goal-oriented strategies and power distance between high position managers and employees is low. According to the CEO, when they want to develop new business strategies, they allow high position managers and employees to be aware and take part in discussions and meetings. However, the final decision will make by strategists of the company who are in position to finalize the decisions and provide to the CEO. Accordingly, gathering any ideas and thought of other high posted members of organization will create the decisions and then goes to strategists. According to him, “Organizational culture of PGPIC is collective, members of the organization cooperate in every decision making processes, and we have close relationship with our managers and employees”.

Sales & Marketing Manager of Jam Petrochemical, PGPIC’s Manufacturer - Majid Rezaie

According to Javad Rezaei, international business creates by communication and relationship between parties. As he said, “To build relationship it is important that parties trust and cooperate with each other closely”. Accordingly, when doing business overseas as in Eastern countries, creating trust is necessary. He referred that if parties do not trust each other, it can be difficult to develop and maintain relationship. Therefore, if parties do not trust each other, they will not allow having strong ties and business relationship. He suggested, “It is better to implement business in countries that are close to your culture and also, those who have close communication and cooperation with your country”.

According to him, when multinational companies want to enter to the foreign market, they should be aware of differences and be able to adapt their organizational culture to the foreign market’s culture. He also exemplified the startup business between Japan and Iran. According to him, “Japanese companies gathered information about Iranian culture and Iranian companies organizational culture. They collected information and increased their knowledge about Iran and companies, for example the way that women dress up in society and workplace”.

78
As he explained, after gathering of these kind of information Japanese companies developed new strategy regarding their dress up and wearing in their headquarters in Iran. After all, they designed suitable clothing, called Shawl, for using of women employees to cover their hair. In other words, Japanese companies adapted and suited their organizational culture to Iranian culture to perform more effective in their operations in Iran.

As he referred again “Trust and cooperation is important for international business”. He also exemplified “There was a foreign company that started its business in Iran and company used its employees from local country”. Therefore, he asked the company that why they do not employ locals of Iran, it reduces costs of the company and you can save a lot. However, the answer he got was “Local people do not trust each other; therefore we have to bring our personnel to implement our business more effective”. He exemplified in order to reach the importance of trust in some cultures. According to him, culture is very important aspect, when entering to foreign market companies should be aware of cultural distance and risks of foreign country’s market.

According to him, risks and difficulties that companies may face is lack of knowledge of foreign country’s market culture and people’s culture. It is difficult to study, gather information, and recognize trust, build relationship, and well know of societies’ belief. In some countries that they have different states and mixture of different cultures, they may have their own cultural distance. For example, “In different part of Iran people differs in their languages, belief, and values, but all of them speak Persian as their first language”. Accordingly, it is very difficult to identify the differences between one country to another and it may cost a lot, so multinational companies should focus on market’s culture to enter to the foreign market.

Furthermore, there are many other risks too that multinational companies face if they not take in consideration. For example, a foreign beverages company, called Istak, entered to Iranian market and they were distributing alcohol drinks, just 1 or 2 percent vol. They could
not survive more than two weeks because after people recognize it nobody bought and government banned them.

He mentioned, “If we think that we studied and know everything about other culture, it is a big mistake”. Accordingly, he believed that companies could face a situation over their expectations that they never thought to face with. Therefore, companies should be very cautious for adaptation of their organizational culture in foreign country. For example, Cheese production company entered to Iranian market, but could not survive.

Lastly, he said that knowledge could avoid risks of the culture. In their company, first they investigate and research local culture and its market in detail. He believed that this is the foundation of the business, “If the foundation is not strong enough, be sure that business will not be successful”. He also referred to localization, this will help to reduce the problems arise from differences of culture. Accordingly, if companies use local employees in foreign country, they have better view and understand of the local culture. On the other hand, they will help companies to be aware, collect information of their culture easily, and reach their goals and objectives.

**Managing Director of Noori Petrochemical, PGPIC’s Manufacturer-Mojtaba Taheri**

According to Mojtaba Taheri, “Influences of national culture depend on the region that multinational companies implement their business”. According to him, business ethics should be taken in consideration, which increases the effectiveness of organization and adaptation of its organizational culture. On the other hand, every culture differs from other and culture is complex. However, he also referred that, it depends on business and what business practices companies going to implement.

Accordingly, the business that company going to practice may be or not acceptable for some society. Therefore, companies should be more careful of choosing their operation in foreign market. According to him, “Influence of culture on international business organizational culture of multinational companies depends on the national culture of foreign country and the business practices that companies are going to perform”.

80
Mojtaba Taheri also mentioned, “There is always risks doing business in foreign markets”. According to him, when multinational companies operate in particular region, they may face cultural risks and barriers due to cultural distance. Therefore, according to him, multinational companies must first study and increase their knowledge about the targeted market’s society and their culture. After all, they should create strategies of how to enter to the market and how to apply people in their subsidiary.

Furthermore, companies should take every single issue in consideration that may influence and risk the company. According to him, some of the issues are “national culture, organization culture, networking, and communication”. Moreover, after collection of all information about targeted country and its culture, companies can create strategies that match to their culture and organizational culture. On the other hand, companies should adapt their organizational culture to the targeted region’s business culture.

According to Mojtaba Taheri, organizational culture of PGPIC is collectivistic. When they want to make some decisions, members of the organization come together to take part and bring their idea and thoughts. Likewise, in each department members take part in decision-making process. Moreover, members of organization they have open communication, access to information, and they are goal oriented. He mentioned, “Top managers make decisions according to members thoughts”. In other words, all thoughts of members’ combine and top managers decide what kind of strategy is more suitable to create and implement in their organization.

**Managing Director of PCCI, PGPIC’s Commercial Company-Mohammad H. Hazin**

According to Mohammad H. Hazin, “Business can be influenced by culture in different ways”. Accordingly, one of the cultural factors is negotiation that has huge influence on international business. Negotiations in Arabian, Asian, and European countries are different from each other. He referred culture has impact on profit or economy of business and its stakeholders. He exemplified, “In China most of the business operations are
controlled by government. In addition, it is difficult for private companies to survive and they should have relations with government. Furthermore, in many private organizations government is part of the shareholders, but in Western countries private companies are completely private and their operations are more successful”.

According to him, risks that international companies may face are indirect. There are countries that do not value time and honesty. Some of companies do not respond or do their task on time. Therefore, in some countries like Arabian countries, companies may not be honest on their business, they cheat, or not responsible for their words or promises. However, in other countries like European countries, companies value both time and honesty. Indeed, they do what they promised and they will do it on time. According to him, to reduce risk and influence of foreign culture on organizations, multinational companies should be aware of foreign country’s business culture and careful when signing contract with overseas partner.

Mohammad H. Hazin referred organizational culture of PGPIC is more related to power distance and individualistic. Their relationships with clients base on individual’s interests and relationships with suppliers base on power distance. He also mentioned employees collect information and data regarding specific issue and managers in high position combine all together and take the final decision.

**Commercial Manager of PGPIC- MH Kakoei Nejad**

According to MH Kakoei Nejad, when multinational companies doing business abroad, culture should be basic focus of them. Organizations should take culture in consideration and respect norms, values, social system, and laws of the targeted country. He said, “These factors are the important factors for PGPIC and when we are going abroad, we will take them in consideration of our strategies and planning”.

Furthermore, according to him, PGPIC considers social system of foreign country because it is one of the most important factors and it can be referred as conventions. He mentioned, “Employees of our organization abroad are mixed”. In other words, employees are being
posted from both countries, local and targeted country. Therefore, according to him, the mixture of employees influence on organizational culture of their subsidiary and organizational culture will be mixed or multicultural. On the other hand, multicultural organizational culture let them to perform more effective in foreign market.

According to MH Kakoei Nejad, “Risks those companies may face starts from small things which they become big and has huge influence on business”. He exemplified, “Name of the brand and the meaning of it can have another meaning in other country and culture which may have negative impact on multinational companies”. As he mentioned, risks are always with companies and companies may face difficulties anytime during their operations.

He also said before they enter to foreign country, they would increase their knowledge about the culture of destination country’s culture to not face many difficulties in their performances. According to him, their company can be influenced by culture of targeted country and they have to adapt their organizational culture. However, multinational companies should have local employees in their organization abroad. Accordingly, by having local employees in organization abroad, companies can adapt their culture easier and they can perform multicultural. Indeed, local employees know better their own culture and they can help to avoid cultural distance with foreign country.

Managing Director of Boo-Ali Petrochemical, PGPIC’s Manufacturer - Mohammad R. Saeb Nasagh

According to Mohammad R. Saeb Nasagh, “When we are implementing business overseas, it’s important to study cultural differences, after all we can enter and perform our business operations successfully”. According to him, for any kind of business in any country it is important to have fairly knowledge of foreign country’s culture, cultural values, norms, belief, and laws. All these factors influence business and if companies do not pay attention and value their culture, they may not be successful and they cannot perform effective business overseas. He said, “To not face difficulties and risks companies should follow targeted countries culture, structure, and strategies should be suitable as well”.
According to Mohammad R. Saeb Nasagh, power distance of PGPIC’s organizational culture can be presented as stairs. Top managers are the powerful once and employees are powerless. Managers in different levels use their power in different ways. They will use their power to make their department’s atmosphere collective, but in other companies, the power used to order.

He also referred that “Organizational culture of PGPIC is collectivistic and high power distance mixed together”. Power distance is high between top managers and employees, as the Iranian culture is more power distance. Furthermore, power distance between top managers and managers are low, whereas power distance between top managers and employees is higher. In other words, power distance becomes higher when position becomes lower.

According to Mohammad R. Saeb Nasagh, “Our organization is well-developed and the power distance has positive impact on employees, because we use our power to create great atmosphere for our employees”. Moreover, there are many developed companies in Iran and their power distance is low. Generally, Iranian culture continues to be hierarchical. He also referred organizational atmosphere is collectivistic because members work, take decision, and operate in groups.

Commercial Executive, PGPIC’s UK office- Sahar Hosseini

According to Sahar Hosseini, international business has outpaced the ability of many multinational organizations to manage the accompanying cultural shifts. The focus has been on overcoming political, legal, economic, and technological barriers, while cultural barriers are usually unacknowledged or discounted. She also mentioned, “Ignorance of cultural distance can result in missed opportunities, weak market share, low or negative return on investment, and reputational damage”. However, the misunderstanding, biases, and tensions caused by cultural differences can even lead to outright failure.
Sahar Hosseini said, “Consumer behaviors and attitudes are highly influenced by culture”. In UK, they try to modify their strategies regarding those attitudes and behaviors, as the term customers always right. Therefore, when companies move into a new market, business models should be adapted and modified to reflect local customs, habits, and preferences. As she said, “This is what we did and what we do in UK office”.

She exemplified, “Changes should be made to product and service marketing, offerings, and pricing”. Unless local cultures drive business models and strategies, foreign businesses have a high risk of failure. Accordingly, the costs associated with failure in foreign markets can be significant. In other words, they provide services according to the local market’s preferences and they usually mix their organizational culture with UK’s culture.

“Cultural barriers won’t only occur at the customer interface”, said by her. International business success requires an in-depth understanding of local business customs. Indeed, without full appreciation of how business is done in foreign market, including political and cultural influences, new entrants can quickly find themselves on the back foot with stakeholders. In UK, every six months they update their strategies according to the market changes and local preferences.

According to her, their organizational culture is highly individualistic, as UK’s culture is individualistic and they adapted their organizational culture. However, they follow their headquarters’ culture as well and in some cases, they just perform as power distance and collectivism. As she said, “Here in UK, when it comes to decision making of some rules in our office, we usually participate in every meetings and the thoughts will combine together, but at the end the manager is the one who decides what should be implement”.

Commercial Executive, PGPIC’s UK office- Negin Dadkhah
According to Negin Dadkhah, influences of national culture are mainly depending on the service or product that the company provides. She exemplified, “In the tech industry in a
multi-cultural country like UK, we target all customers independent of their culture and believe in the global competitive tech industry, cultural influence is very much irrelevant”. According to her, In UK, working etiquette and professionalism seems to be influenced by culture in a positive way.

According to her, the cultural risks differ from industry to industry and depend on how organizations perform in foreign market. Accordingly, customer services, after services, production, and support activities may become difficult in certain countries due to the cultural differences. “We have not experienced such difficulties as our organizational culture is completely localized and adapted to the UK’s culture”, said by her.

According to Negin Dadkhah, the strategies and believes that they use to avoid cultural impact on their business and organizational culture are be competitive, mutual respect, customer is always right, obeying the country’s law and regulations, and treating everyone equally. She also mentioned, “We usually take for granted the way we communicate with one another”. In multicultural organizations, how employees communicate can set the foundation for learning culture.

She also said that in their organization power used systematically, fairly, and collaboratively. However, in tech industry, solid hierarchy may become counterproductive. According to her, UK is known to be an individualistic country and although this can create talent and productivity but is a major source of stress and anxiety. She said, “We prefer a collectivism society and workplace culture more, in which a prosperous business can grow and be successful”.

**Head of PGPIC’s UK office- Sousan Naderipour**

According to Sousan Naderipour, most of the management models, practices, and theories are laden with culture specific assumptions. However, cultural assumptions underlying management models and practices are usually unacknowledged. She said, “If we translate practices across cultures without any adjustment for cultural differences, they can fail and even lead to losses”.
According to her, cultural ignorance may threaten organizations ability to retain, attract, and leverage their pool of global talent. When multinational organizations employ local person, human resource policies need to be adapted or modified to reflect the cultural profile of local employees. She mentioned, “In UK office, half of our employees are British and when we employed them, we modified our organization’s culture and policies due to differences between Iran and UK’s culture”. Therefore, they employed British-Iranian human resource manager to control these differences more effective and provide powerful strategies for performing their business practices in UK.

According to Sousan Naderipour, it is very important to understand the way people communicate, make decisions, and comprehend across different kinds of cross cultural backgrounds. Additionally, it is difficult to interpret certain behaviors, there should be a significant emphasis placed on concept of acceptance. She also said, “The key to success is accepting and understanding the differences on multicultural teams and using them to enhance the way the teams make decisions”.

“We provide diversity training for our employees and they can learn to be culturally mindful. In general, they can be adaptable when they communicate with people of other cultural backgrounds”, she mentioned. Furthermore, according to Sousan Naderipour, the organizational culture that they follow is individualism and collectivism. They mixed these two cultural dimensions to avoid the impact of cultural difference between their employees, so they can perform great practices in UK’s market.