

Market Assessment of Similar Cultures: Australia for U.S. Businesses

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ABSTRACT

Visiting another country can be extremely challenging, especially having to deal with the differences in culture. Doing business in another country is even more challenging than one would imagine. One of the most difficult challenges for businesses when entering into new markets in a foreign country is the cultural difference. This gap in culture between countries can lead to disagreement that would not have surfaced if the business was conducted in the company's home country. Coming from the standpoint of a United States business person, doing business around the world can be a completely different experience than doing business at home. To minimize the gaps in culture a company may choose to enter into international business in a country that is similar to their home country. A country like Australia has a business culture much the same as the United States. The similarities between Australia and The United States make it relatively easy for companies to initiate business abroad but yet there is a difference that makes it valuable because of the experience gained from doing business in another country.

Keywords: culture, international business, USA, Australia, foreign trade and investment

INTRODUCTION

Australia, much like The United States, started out as a colony of the British Empire. During the late 18th century Captain James Cook was the first to charter the east coast of Australia and claim it as property of Britain. This led the British to run a penal transportation to Australia up until 1868. By the time that the penal transportation ended more than 160,000 forced men and women were moved to Australia (Tourism Australia). The introduction of the convicts led to the development of rich farmlands and to the discovery of natural resource within the island. The news of rich farmlands and natural recourses made it back to the home land of Britain. The lure of riches from the farmland and resources motivated many other British immigrants to move to Australia. The migration of people from Britain to Australia put pressure on the native people of Australia, the Aboriginal. This led to many bloody wars for territory control. By the late 1880's many modern cities were established in the Melbourne and Sydney area due to high investment. In 1901 the six states of Australia were joined together to form a nation of its own (Tourism Australia).

CULTURE

Origins and Language

Being a colony of Britain, the most widely spoken language of Australia is English. Most of the households are primarily English speaking only but with high immigration levels many households speak more than one language. The total population in July 2004 was close to 20 million people. 92% of the population is Caucasian, 7% is Asian and all other cultures make up less than 1% of the population, this includes the native people. Close to 1.6 million households speak more than only English (Tourism Australia).

Immigration

Many people of Australia are from other parts of the world. After World War II many people migrated from Europe to Australia in response to Australia opening its immigration policy to increase the population and workforce. Some of the more prominent European countries immigrants came from were Greece, Italy, Germany, the Netherlands, Yugoslavia, Lebanon, and Turkey. In recent years Australia has opened its immigration policy to South Asia (Kwintessential). This has caused a shift in perception from being a white, Anglo-Saxon nation to more of a multi-national nation. A large part of the people are of Irish/Scottish descent, close to 3.8 million people, and Italians make up close to 1 million people of the population. Most of the people are either English or Australian descent, 7.2 million people are English and 7 million people are Australian (Australian Bureau of Statistics, 2012). This mix of people from different parts of the world makes it advantageous for companies to do business in Australia and learn from there because of the mix of cultures. The experience and knowledge gained in Australia can be transferred to other countries that the company decides to do business in.

Religion

The religions of Australia are wide spread with no one single dominant religion. The top religion for the country is Anglican at on 26.1% of the population practicing. A close second to Anglican is Roman Catholic at 26% of the population practicing. The third top religion practiced in Australia is Christian at 24% of the population practicing. Other religions of Australia make up 23.6% of the populations (Kwintessential). A mix of different religions adds a layer of complexity that is not normally a problem for business in The United States. In other countries though, religion is not as separated from business as it would be in the company's home country.

Geography

The location of Australia also makes it advantageous for companies to invest in Australia. Australia is an Oceania country that is located between the Indian Ocean and the South Pacific Ocean (Kwintessential). Being an Oceania country, Australia is a prime market for businesses to start doing international businesses in because of the relation to other countries. Many of these countries that are located relatively close to Australia have large opportunity for many business. These markets may be too much for the company to start off directly doing international business but starting in Australia will allow them to get some experience in the global market and get them closer to developing markets, such as Papua New Guinea, Indonesia, and the Philippines (Go Mapper). Along with the developing countries there are many other developed nations in the area. Within 4,200 miles, developed nations such as Japan, Hong Kong, and Taiwan are relatively close (Go Mapper). The location of Australia within close range to many markets with great potential will ease the company into international business, allowing them to keep their heads above water giving them a chance to succeed and not running back home because of early failures.

Disposition

The population of Australia is a composition of several different cultures from around the world. The typical etiquette, lifestyle, and values of many Australians is different than from around the world; with most people living within 50 kilometers of the coast allowing them to enjoy a laid back, informal lifestyle. This may be a shock for many different cultures that are more rigid and are not accustomed to the informal lifestyle. When speaking with an Australian it may be difficult to understand because of the colloquialisms. Many words are abbreviated and an 'o' or 'ie' is added to the end of the word. Also, Australians tend to get reversed nicknames for people: calling people with dark hair 'snowy' or calling people with red hair 'bluey.' Until you get to know the people it is wise to call people that are your age or younger by their first name. If the person is older than you are, they should be called by their surname prefixed with Mr., Mrs., or Ms. (Kwintessential). Many of these customs are much the same in most parts of The United States.

Values

Australians tend to be very modest people, even down playing their own success. They do not want to make themselves seem better than anyone else. They value authenticity and sincerity in people but hate pretentiousness. Pretentiousness and drawing attention to achievements is something that the Australians will not allow. This will lead to distrust (Kwintessential). They prefer to deal with people that are modest, humble, and self-deprecating. This may make it difficult when working in business because it will seem as though they are not achievement-oriented and do not what you to be either. Unlike many people in The United States, Australians are very conscious of the relationships that they have with people (Kwintessential). This can be attributed to the relatively small population of the country. The focus on relationships lends itself to a win-win goal for negotiations that leaves everyone at with a positive feeling.

Business Conduct

Although relationships are very important to many Australians but when doing business they tend to be straight forward and to the point (Kwintessential). This allows for business to be conducted much the same as in The United States. There is no need for long-term standing relationships. Business meetings in Australia are similar to The United States but differ slightly. Appointments are necessary and should be made with as much lead time as possible. Being on time to appointments is important and it's better to be a bit early than to be late. Once in a meeting they will seem relaxed but are seriously focused on business. Unlike in The United States, the use of colorful language is observed that would not be acceptable in other cultures. Trying to use hype or exaggerated claims will not prove beneficial in negotiating (Kwintessential). When presenting, leaving out emotions and feelings is best. Present the case with facts and figures. When it comes to negotiating, Australians prefer to get to the point. They do not like bargaining and the initial case should be presented with a small amount of room for negotiating. This makes getting to business a short order that most U.S. companies will be able to handle.

OUTLOOK ON FOREIGNERS

With many of the people that live in Australia being immigrants from all around the world their outlook on foreigners is better than most countries. Australians tend to be more open to other cultures than do some ethnocentric cultures (United States Branch Americas Division Department of Foreign Affairs and Trade). The media of The United States influences much of Australia. Many of the films focused on various populations segments in The United States are popular films in Australia. This influences much of Australia in the same way that it influences The United States.

FOREIGN TRADE AND INVESTMENT

In the global market, Australia does business with many different countries. Australia's largest trading partner is China and before China was such a large player in

the global market their main trading partner was Japan (Walsh, 2012). This is much like The United States, their largest trading partners are the countries that are the closest. Although China is the largest trading partner, The United States is Australia's largest investment partner (Walsh, 2012). The United States invests more money in Australia than in any other country. This gives The United States a good relationship with Australia. For the most part The United States is seen as a benefit for Australia.

GOVERNMENT STRUCTURE

The structure of the Australian government is similar but distinct in many ways from the government structure of The United States. The country is divided into 6 different states and 2 territories that are overseen by the government. The government is comprised of three branches that act in a similar way as The United States three branches act. The executive branch is made up of the Chief of State. The Queen of Australia Elizabeth II currently holds this position (CIA, 2013). The head over government is another part of the executive branch that is currently held by Prime Minister Julia Eileen Gillard (CIA, 2013). The third part of the executive branch is much the same as the United State's Cabinet. The legislative branch of the Australian government is comprised of two separate divisions, the Senate and the House of Representatives. There are a total of 76 members in the Senate (CIA, 2013). There are twelve members from each state and two members from each of the mainland territories. The House of Representatives is made up of a total of one hundred and fifty members with no less than five members from each of the states (CIA, 2013). The judicial branch of the Australian government is headed by 7 judges with one chief justice (CIA, 2013). With a government system that is much the same as the United States, businesses should be able to navigate the legal system of Australia in a similar way as they would in their home country.

ECONOMY

The economy of Australia has proven in recent years to be one of the stronger economies of the world. During the 2008 World Financial Crisis Australia only saw one quarter of negative growth. In 2009 the Australian economy grew by 1.4 percent, which was the highest in the OECD (CIA, 2013). After a fiscal stimulus pack of US\$50 billion was introduced to the economy to offset the slow growth of the world, Australia's economy continued to grow. In 2012 the budget deficit was a mere 0.8% and it is said that Australian government will be able to return the budget to a surplus by 2015. In 2012 Australia exported \$263.9 billion and imported 258.1 billion (CIA, 2013). Some of the main exports for Australia are coal, iron ore, gold, meat, wool, alumina, wheat, and machinery and transport equipment. As of 2011 China at 27.4%, Japan at 19.2%, South Korea at 8.9%, India at 5.8% are Australia's main markets of exports (CIA, 2013). The main products that Australia imports are machinery and transport equipment, computers and office machines, telecommunication equipment and parts, and crude oil and petroleum products. Most of these products come from China at 18.5%, US at 11.4%, Japan at 7.9%, Singapore at 6.2%, and Germany at 4.7% (CIA, 2013).

When doing business in other countries around the world, it can be difficult for the American businessmen to grasp the idea of a different culture. Bridging this gap in culture should be the first priority when entering into a new market in a foreign country. Many countries around the world have a different system for doing business. In a high-context culture someone from the United States would have a difficult time adapting to this environment. Much of the communication and person-to-person interaction is thoroughly different from that of the low-context culture of the United States. For an American doing business in another low-context culture, such as Australia, there would be significantly less differences. Although the two cultures are much the same there are still differences that should be understood to avoid unnecessary challenges. If the proper research is done before entering into a new market place, much of the cultural differences can be dealt with and understood. This will make doing business around the world a much smoother process.

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