# CHALLENGES AND COPING MECHANISMS FOR CROSS-CULTURAL BUSINESS MANAGEMENT ADJUSTMENT IN THE PHILIPPINES

## Mustafa Ismail ERTURK

PHD, Ateneo de Zamboanga University, School of Management and Accountancy, Development Management in Business, Zamboanga/Philippines.

## ABSTRACT

This article analyzes the most common challenges and coping mechanisms of Turkish business expatriates. It also aims to explore and suggest some solutions for a sound cross-cultural business adjustment in the Philippines, by the Turkish business expatriates. The research instrument used in this study is the Interview Schedule which includes open-ended questions intended to obtain primary data from the private accounts of ten (10) Turkish expatriates. Specifically, the study examines three major challenges (i.e., individual challenges, work challenges and non-work challenges) in relation to the Turkish business expatriates' coping mechanisms which include the following: starting business and running to business. Findings based on this qualitative study revealed that the individual challenges were more on stress, self-esteem, mental well-being, communication, developing relationship, slow government process/ decision-making and work attitudes of Filipinos. Moreover, the work challenges shared by the respondents were primarily on: communication, business behavior and approaches, negotiations, supply, relationship with colleagues, time and scheduling, as well as hierarchy. Furthermore, the external challenges were mainly on the bureaucratic system, rules and regulations, human resource management, technology, evolving preferences of customers, and economic crisis. With respect to the coping mechanisms, it has been shown that any business planned by a Turkish business expatriate must first begin with a small investment. Likewise, bringing a technical team, hiring a local manager, who may also be hired through an agency and establishing a good managerial system are among the best options when starting a business. In running the business the following interventions surfaced: have a local business partner, work hard, be versatile, patience, humble, ask feedback, give examples, purchase supply from local and international market and apply positive and negative reinforcements for punctuality. Finally, this study was not only able to identify the main challenges experienced by the Turkish business expatriates (e.g., managers, business owners, business newcomers), but it also uncovered coping mechanisms that will increase the likelihood of success in the business while minimizing the occurrence of failure and bankruptcy in the Philippine business setting.

**Keywords:** Cross-Cultural Business Management, Challenges, Coping Mechanisms, Adjustment, Turkish Expatriates, Adaptation

## 1. INTRODUCTION

The 21st century is known as the era of globalization, and the advent of expansion of various companies, which brought about opportunities as well as business competition in the global setting. Business organizations intending to seek international expansion may discover that there are diverse challenges, ranging from economic, legal, cultural and political dimensions, that are present in the different national environmental contexts. Thus, as managers, it is important to become aware that the management and operation of a global company is more challenging and complex as compared to that of a local firm (Morrison 2008; Pal Singh and Kaur 2016). Accordingly, certain factors such as the lack of cultural adjustment, poor verbal and non-verbal communication with workers, the inability to negotiate and the impending legal business requirements, are believed to influence the success or failure of business expatriates (Caligiuri, 1997; Littrell et al., 2006).

Cultural dimensions are the key factors in the operation and management of businesses in overseas countries, particularly in the Asian and Middle East regions. The evident differences in cultural dimensions between

Filipino and Turkish businessmen have more than emphasized the need to address such cultural challenges. According to Hofstede (2018), in terms of *power distance*, the Philippines scored 94 while Turkey only got 66, which implies that the Philippines is indeed a hierarchical country, wherein the people accept the hierarchical order without the need for further justification. In contrast, the score of Turkey showed that the Turkish society is characterized with a culture that combines dependency, hierarchy, inaccessibility of superiors, and the ideal boss as a 'father figure'. It further inferred that power in an organization is centralized; hence, managers rely more on their bosses as well as on the rules set for the employees. The exercise of control is expected, the attitude towards managers is more formal, and the communication is more indirect with selective information flow.

Understanding the local cultural values is essential for managers to successfully motivate their employees to meet company goals, objectives, and targets (Champoux, 2010). These cultural values are evident in areas of communication and conflict resolution, teamwork, leadership and decision-making (Brooks & Normore,2010). According to Acca (2015), possessing deep understanding about cultural differences is considered one of the primary responsibilities of the top management as it is only by having such knowledge and understanding that they may be able to devise strategies that are culturally-acceptable and are in line with the people's values and practices. To sum up, the Turkish entrepreneurs need to consider cross-cultural differences when venturing into a business in the Philippines.

With the fast-paced and ever-growing global business and increasing diversity in the workplace, effective management across national and cultural boundaries is crucial to the success of international businesses. Hence, this research is aimed to provide information on the major challenges met by Turkish expatriates and present some coping mechanisms to increase success and minimize failures.

Specifically, this study is focused on the following objectives:

- ✓ To identify the main challenges encountered by the Turkish business owners and managers in adapting to the Filipino business culture;
- ✓ To identify the coping mechanisms of the Turkish business owners/ managers in adapting to the Filipino business culture;

## 2. REVIEW OF RELATED LITERATURE

International management, according to Adekola and Sergi (2007), is a concept that is considered more complex in comparison to business management. It mainly involves various functions such as planning, leading, controlling, and organizing resources and employees in order to attain specific business goals particularly across international boundaries. In line with this definition, Pierre (1980) stated that the main task of an international manager is to take charge of ideas, people, and things that belong to varying cultural environments and at the same time, ensure that the allocation and process of directing human resources are not only aligned with the organization's goals but are also in respect to the values, traditions and beliefs of the host or native country.

### 2.1. Challenges

Stahl (2000) explored the different challenges that expatriates commonly encounter overseas and most of these problems stem from dysfunctional relations with the people from the corporate head office, as well as from poor and inadequate career planning. Reynolds (2016) also identified several other challenges which are mainly ingrained from differences in lifestyle and work-related processes as well as differences in patterns of communication and management systems. Globalization also played a huge role in creating problems and difficulties for international managers as it transformed the macro-environment into a highly-competitive one (Adekola & Sergi, 2007). Some of the key challenges that globalization poses include difficulties in the analysis of new international environment, managing and planning adaptation to the given situational factors as well as maintaining an ethical stance in the organization while anticipating the impact of the new business on the main company (Adekola & Sergi, 2007).

It is also important to explain and understand 'culture shock' which, in most cases, is a product of a business culture that originates from an entirely different culture. The differences in business culture often lead to notable differences on the organization's communication (both verbal and non-verbal), labour force, and structures (Marx, 2001). Consequently, many international organizations face numerous challenges involving a culturally-diverse people and some of these include interpersonal conflicts, challenges in communication and language, cultural contradictions and corporate teamwork (Marx, 2001).

It has been found out that facing cultural challenges as well as making adjustments, are all necessary for expatriates in order to survive the process of living and running a business in a new country, given the differences in the experiences and lifestyle that living abroad entails (Tahir & Ismail, 1997). Transitioning to a new culture can be quite challenging and stressful given the many changes and adjustments that a person may experience in terms of money, effort, and time. In order to ensure a successful adjustment, expatriates need to exercise more patience as well as demonstrate interest in adapting to a new environment. According to Aycan (2007), some expatriates consider challenges as a huge factor when deciding whether or not to stay again in a host country. It is also quite significant for expatriates to know the local regulations and laws which govern the market, on top of setting in place the company's structure (Reynolds, 2016). This includes gaining knowledge on the trade laws and other legal requirements which are important to ensure success for an international business. The suitability to trade is also another key consideration given that legal costs and tariffs are inevitable when entering a new market.

Ike (2017) defines negotiation as a bargaining process wherein one or several others bargain in order to arrive at a specific arrangement that is deemed acceptable for all. It involves a discussion process that includes several parties aimed at reaching an agreement that is considered mutually-acceptable. The role of the international manager in a negotiation process is to lead the firm in discussing investment-related concerns within the host country in exchange for specific concessions and guarantees. Also, negotiations are intended to sustain as well as enhance positive relations between two or more parties, especially in the long term. The set up must be a "win-win situation" that brings about a beneficial settlement among all concerned parties. It can be a challenging task especially if it involves people from different cultural backgrounds, lifestyles, values, languages, expectations as well as those with varying approaches to problem solving and formal procedures (Ike, 2017; Christopher, 2015).

Khatiwoda and Manandhar (2016) also asserted that negotiators from Asia tend to utilize a specific negotiation technique when compared to negotiators from the West. More specifically, Asians manage to acquire information from their opponents by gaining their trust and establishing a relationship (i.e., friendship) with them, manifested through the giving of gifts and personal favors which undeniably reflect their relationship-centered culture. In addition, Wang and Leung (2010) infer that the way people react to honest or fraudulent behavior within the context of negotiations is dictated by their cultural backgrounds. For example, East Asians are known more for punishing offenders as compared to the Westerners. Adam, Shirako, & Maddux (2010) also supported that during negotiations, the European-Americans tend to express more anger as compared to the Asian-Americans and the pure Asians.

## 2.2. Coping Mechanisms

According to Stahl (2000), international managers must possess some crucial qualifications and skills in order to successfully deliver their mandate in their business management functions. Reynolds (2016) also supported this assertion by stating that international managers need to demonstrate the ability to cooperate and communicate across different cultures as well as develop teamwork, trust and proper understanding among people from other cultural backgrounds. Secondly, expatriate managers need to also understand as well as appreciate various other cultures while effectively communicating through appropriate languages. This is very important especially during traveling and moving to a new country as people tend to understand others better using their native language. And third, it is important for international managers to be able to guide, educate and even coach people within the organization in terms of developing their cultural management skills both in the context of work and personal life. It is deemed that exercising this skill enables international managers to properly observe different cultures and be able to successfully implement changes in the management level that will prove to be effective given a new cultural mix in the organization (Reynolds, 2016).

Maude (2011) also added that it is necessary for expatriate managers to further increase their awareness on the employees' cultural values as well as incorporate these cultural values in management practices. In other words, this highlights the importance of flexibility among all expatriate managers as the reality is that various cultures respond differently to various management techniques; hence, the key in achieving management success is finding one specific strategy or technique that is able to work well for the type of cultures involved. Adekola and Sergi (2007) also argued that applying the contingency approach is crucial in the context of international management given the constantly-changing business environment.

Kedia and Mukherji (1999) identified one of the keys towards becoming a successful international manager and that is having proper understanding with regard to the cultural differences which exist among societies

and nations. The authors also stated that it is only by having adequate awareness on the complexities of the cultural phenomenon that managers will be able to have an open mind towards moving into the next level which will allow better understanding of the different cultural dimensions and behaviours, including the effects of such behaviours.

Another coping mechanism was suggested by Kolb (1984) who pointed out the long-term value in an intentional mismatch in order to improve adaptability, aid the learners in overcoming their learning style weaknesses, as well as develop an integrated approach towards learning. It is further asserted that international assignments may be considered as learning mechanisms based on experiences which enable multinational organizations to expose their international managers in a mismatched environment that will aid them in developing new learning strategies and widening their experience in adapting and coping.

According to Zwilling (2017), putting up and managing a new business entails good problem solving; but unfortunately, not all people are good in solving problems, despite the fact that it is a trait that can be learned and honed and is not something genetically acquired. Thus, expatriate managers may indeed be able to learn various methods of learning and problem-solving strategies which they can apply in specific situations that may not necessarily match their normal style of learning. This will enable them to effectively perform their functions across various types of situations as compared to international managers who are not exposed to a global environment and thus, lack versatility and flexibility (Hayes & Allinson, 1988). As stated by Brewer (2017), growing businesses face a wide scope of difficulties and as a company continues to grow, different challenges will inevitably demand various solutions. In other words, what may have worked in the past year may no longer be the ideal approach at present. Furthermore, Adekola and Sergi (2007) added that while international management is dependent on certain core competencies in business, it still requires new skills and knowledge that are necessary in achieving business success.

Lastly, Kuo (2011) identified interventions to stress at work which comprises of three different categories that are based on research from the West; however, other approaches may still be necessary in other countries according to Liu and Coug (2005). The first category is primary intervention which requires certain interventions depending on the stressors' levels. Efforts in reducing stressors demands a deep understanding of the specific stressors that are present within the work context. Job enrichment, job rotations and other work redesign initiatives may potentially reduce the level of stress but these may also require a consideration of the abilities, values and needs of every individual. The second category is the secondary interventions which include stress management techniques (e.g., relaxation, biofeedback, etc.) may also aid employees in coping with specific stressors. And the third category is tertiary interventions which involve treating individuals that are experiencing a range of disorders (e.g., psychological, physical, etc.) (Cooper, Dewe, & O'Driscoll, 2003).

## 3. METHODOLOGY

This study adopts the descriptive-qualitative method which intends to describe the Turkish business expatriates' experiences in cross-cultural adaptation in the Philippines. The whole study is geared towards finding out facts and information as experienced by the Turkish expatriates, which is the essence of descriptive research, according to Calderon and Gonzales (2006). The gathering of data involves reflective thinking on the part of the researcher, all for the pursuit of the true meaning of the collected information. In as much as the study is descriptive, all the surfacing conditions, including the practices, beliefs, trends, as well as the cause-and-effect relationships, were looked into deeply, after which, a rigorous process of tabulation, classification, and analysis of the responses of the respondents, was conducted, to ensure accuracy of interpretation. The qualitative research method is also reflected in the real events, actions, and experiences of the participants specifically in the business management context in the Philippines. This echoes the statement of Blaxter (2006), which emphasized that the qualitative method is naturalistic, subjective, holistic, with the "insider-perspective". Indeed, as the respondents of this study are all Turkish business expatriates, who have been conducting business in the Philippines for at least three years, this study utilizes the "insider-perspective" as mentioned previously.

Proper research protocol was followed in this study, inclusive of the informed consent for prior notification of the Turkish business owners and/or managers from ten (10) Turkish companies located in Manila, Cebu and Cagayan de Oro. Upon confirmation, prior to conducting the face-to-face interviews, the respondents were required to fill-out a form which asks about their personal profile. The interview proceeded using the validated questionnaires created for this purpose.

## 4. DATA ANALYSIS

The data analysis of the study started with the use of stream analysis which, according to Porras (1987), is a tool for diagnosing and solving problems, relatively showing the relationships of the concepts shared by the respondents. The use of stream analysis is premised on the idea that organizational arrangements naturally describe how any organization works, particularly if what is focused on is the behavior of the members of the organization as well as how each unit or section of the organization functions. Moreover, the applicability of the use of stream analysis is more evident when the intricacies of the organization are taken into consideration, such as the goals, strategies, organizational structure, policies and procedures, and system of business administration. Furthermore, it is possible that the stream analysis will show the social factors of the organization specifically involving culture (e.g., norms, symbols, rituals, stories, jargons, history, myths), interaction processes (e.g., problem-solving, communication, decision-making, conflict-resolution), social patterns, and networks (e.g., attitudes and beliefs, behavioral skills and feelings).

From among ten (10) participants, narratives, which include opinions, interpretations and descriptions that are in line with the given questions in the interview were gathered. All the responses obtained were classified and grouped in line with the sub-questions based on the statement of the problem. These were placed in a matrix for referencing purposes. Sixteen (16) paradigms were produced all in all as a stream analysis for every question was conducted. Systematic analysis was then performed to further explore as well as gather insights on the richness, complexity and depth of the Turkish managers and business owners' experiences.

## 5. CONCLUSION AND RECOMMENDATIONS

This study is aimed to analyze the most common challenges and coping mechanisms of the Turkish business expatriates. It also attempts to explore and suggest some solutions for a sound cross-cultural business adjustment in the Philippines.

The Turkish expatriates who are planning to put up a business in the Philippines must do some important preparations. First, they must study English since this is the language commonly used in business. Proficiency in the English language is necessary in doing business abroad. Filipinos are known worldwide as English speakers and learning the global language in business should be one of the priorities of any Turkish expatriate, in order to avoid miscommunication while running business in the Philippines. Upper intermediate English should be the level of language literacy that the Turkish expatriates need to acquire as this will help them in the communication aspect of the business.

The Turkish expatriates must figure out that change of government relates to change of rules and regulations which essentially affects the conduct of the business. The Philippine business setting has no proper sequence and given its slow processing system that is quite different from the Turkish expatriates' mother country, it is necessary for the expatriates to be prepared in this area of concern, as this situation will certainly demand more patience and tolerance on their part.

The Turkish business expatriates must be knowledgeable in determining the economic stability of the country where they wish to put up their business. This skill must always be incorporated in order to help them identify significant strategies whenever global economic crisis threatens their business. The business expatriates must also understand that in order for their businesses to thrive or develop it must cater to the fast-changing needs of the customers.

Turkish business entrepreneurs might be overwhelmed of the work while running a business in the Philippines. They must be addressed for participating in some activities such as sports and social gatherings. These will help their stress be reduced, develop their relationship, increase their mental well-being and increase their self-esteem.

Company owners or managers must be the right person for the job. The Turkish business expatriates must develop or possess interpersonal skills known as human relations skills, as this will lead them to work effectively as a team leader and be able to build a cooperative effort in the unit. A necessary subset of interpersonal skills for those who run the business is multiculturalism which is an important ability that company owners or managers must possess. In addition, the communication skills of a manager must also be good.

Turkish entrepreneurs must also be able to know the specific plans of putting up and running a business in the Philippines. They must begin with a small investment, bring in a technical team from Turkey, establish a good managerial system and determine whether to hire a local manager or hire through an agency.

The problem-solving strategies of Turkish expatriates must also be well coordinated with local managers. This will enable them to recognize, analyze as well as develop specific strategies. At the same time, this will aid in organizing knowledge and skills that will help them overcome business hurdles and develop solutions to resolve employees and customer-related problems.

The Turkish Expatriates must create a good business approach especially in dealing with the supply. In the reality of the business, there are some challenges that the business expats need to face regarding the availability of the product they wish to purchase. Developing a strategy on how to cope with this issue of supply will help the Turkish businessmen to source out, either locally or internationally.

On the other hand, when dealing with business legalities, Turkish expatriates must consider the Philippines' bureaucratic system. They must possess a deep understanding on the Philippines' rules and regulations as well as in the decision-making process that would help Turkish business expatiates manage their expectations with the country's legal and bureaucratic system.

The Turkish government must also request the Philippine government to address the concerns of the Turkish business expatriates on the voluminous number of requirements that are needed for the establishment of their businesses in the Philippines. This implies the power of the Turkish government to request for a minimization or even a simplification of these requirements. These requests must be founded by research and there must be a consolidation of feedback among Turkish expatriates who are doing business in the Philippines.

## REFERENCES

Adekola, A. & Sergi, B.S (2007), Global business management a cross-cultural perspective. Hampshire, England: Ashgate Publishing Company

Aycan, Z. (1997). Expatriate adjustment as a multifaceted phenomenon: Individual and organizational level predictors. The International Journal of Human Resource Management, 8 (4); 434-456.

Brooks, J. S., & Normore, A. H. (2010). Educational leadership and globalization: Literacy for a glocal perspective. *Educational Policy*, *24*(1), 52-82.

Calderon, J.F. and Gonzales, E.C (2006), *Method of research and theses writing.* Mandaluyong city National Book Store Inc.

Caligiuri, P. M. (1997). Assessing expatriate success: Beyond just. *Being There". In New Approaches to Employee Management, Edited by: Saunders, DM and Aycan, Z, 4*, 117-140.

Champoux, J.E. 2011;2010; Organizational Behavior: Integrating Individuals, Groups, and Organizations, 4th;4; edn, Routledge Ltd - M.U.A, GB.

Cooper, C. L. (Ed.). (1998). *Theories of organizational stress*. Oup oxford.

Deresky, H., & Christopher, E. (2015). *International management: Managing cultural diversity*. Pearson Higher Education AU.

Cooper, C. L., Dewe, P., & O'Driscoll, M. (2003). Employee assistance programs. In J. C. Quick & L. E. Tetrick (Eds.), *Handbook of occupational health psychology* (pp. 289-304). Washington, DC, US: American Psychological Association.

Adam, H., Shirako, A., & Maddux, W. W. (2010). Cultural variance in the interpersonal effects of anger in negotiations. *Psychological Science*, *21*(6), 882-889.

Hayes, J., & Allinson, C. W. (1988). Cultural differences in the learning styles of managers. Management International Review, 28, 75–80.

Hofstede Insights. (2018). Cultural Tools Country Comparison- Hofstede Insights. [online] Available at :https://www.hofstede-insights.com/country-comparison/the-philippines,turkey/ [Accessed on 29 August 2018].

Ike, L. (2017). *International Management: Principles & Practices*. Xlibris Corporation..

Kedia, B. L., & Mukherji, A. (1999). Global managers: developing a mindset for global competitiveness1. *Journal of World Business*, *34*(3), 230-251.

Khatiwoda, D., & Manandhar, S. (2016). Cross-Cultural Negotiation: A comparative study of business negotiation in Nepal and Finland.

Kolb, D. A. (1984). Experiential learning: Experience as the source of learning and development. Englewood Cliffs, NJ: Prentice-Hall.

Kuo, B. C. H. (2011). Cultural variations in work stress and coping in an era of globalization.

Laura Brewer (2017), Compelling Reasons Why Growing Businesses Need Microsoft  Dynamics  365  for Operations, Retrieved   https://medium.com/dyanamicconsultantsgroup/compelling-reasons-why-growing-businesses-need-microsoft-dynamics-365-for-operations-4a8476ba9128

Littrell, L. N., Salas, E., Hess, K. P., Paley, M., & Riedel, S. (2006). Expatriate preparation: A   critical analysis of 25 years of cross-cultural training research. *Human Resource Development Review*, *5*(3), 355-388.

Liu, C., & Spector, P. E. (2005). International and cross cultural issues. *Handbook of work stress*, 487-515.

Marx, E. 2001. Breaking Through Culture Shock: What You Need to Succeed in International Business. Nicholas Brealey Publishing.

Maude, B. (2011). *Managing   cross-cultural   communication:   Principles   and   practice*. Macmillan International Higher Education.

Morrison, J. (2008). *International business: challenges in a changing world*. Macmillan International Higher Education.

Muhammad Ali Acca (2015), Impact of culture on international Business, Retrieved https://www.linkedin.com/pulse/impact-culture-international-business-ali-muhammad-  mba-acca-uk-

Pierre, C. (1980), *Multicultural Managers* (Washington, DC: The Society of Intercultural Education, Training, and Research, SIETAR).

Porras, J. (1987). *Stream Analysis: A Powerful Way to Diagnose and Manage Organizational Change*. Cambridge, MA: Addison-Wesley, 1987. 163 Pages.

Reynolds, K. (2016), 11 Biggest Challenges of International Business in 2017. Retrieved http://www.hult.edu/blog/international-business-challenges/

Reynolds, K. (2016), The Top 7 Skills Needed for Success in International Business. Retrieved http://www.hult.edu/blog/skills-needed-in-international-business/

Singh, R. & Kaur, H. (2016), Managing Cross-cultural: Issues and Challenges in Global Organizations. IJARIIE, 2, 4034-4038.

Stahl, G. K. (2000, August). Between Ethnocentrism and Assimilation: An Exploratory Study   of       the Challenges and Coping Strategies of Expatriate Managers. In *Academy of Management Proceedings* (Vol. 2000, No. 1, pp. E1-E2). Briarcliff Manor, NY 10510: Academy of Management.

Tahir, A. H. M., & Ismail, M. (2007). Cross-cultural challenges and adjustments of expatriates: A case study in Malaysia. *Alternatives: Turkish Journal of International Relations*, *6*(3&4).

Wang, C. S., & Leung, A. K. Y. (2010). The cultural dynamics of rewarding honesty and punishing deception. Personality and Social Psychology Bulletin, 36(11), 1529-1542.

Zwilling, M. (2011). Nine steps of effective business problem solving. Retrieved from http://www.businessinsider.com/nine-steps-to-effective-business-problem-solving-2011-7