

# Cultural Differences in Import and Export Trade and Their Impact on ESG Strategies of Multinational Enterprises

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**Abstract.** This paper discusses the influence of cultural differences in import and export trade on ESG strategy of multinational enterprises. First of all, the article introduces the concept of cultural differences and their causes, and points out that cultural differences have an impact on all aspects of multinational enterprises. Then, the paper deeply discusses the concept of ESG strategy and its three key areas, and expounds in detail how ESG strategy affects the image, operation and long-term growth of enterprises. Finally, the paper analyzes the challenges faced by multinational enterprises in implementing ESG strategy, and puts forward a series of solutions to these challenges. The research shows that cultural differences in import and export trade have an important influence on ESG strategies of multinational corporations. Cultural differences not only affect all aspects of the enterprise, but also have a profound impact on the formulation and implementation of its ESG strategy. For multinational enterprises, in order to successfully meet the challenges of the global market, they must deeply understand the cultural environment of the target market and adjust their ESG strategies to adapt to the multicultural environment. Only in this way can multinational enterprises better fulfill their social responsibilities, win the trust and respect of consumers, and improve their influence and competitiveness in the global market.

**Keywords:** Import and Export Trade; Cultural Differences; Multinational Enterprises; ESG Strategy.

## 1. Introduction

With the continuous growth of globalization, economic exchanges and cooperation between countries have become increasingly frequent, and the status of multinational enterprises in the global market has become increasingly important [1]. In the operation of multinational enterprises, import and export trade is an indispensable link. However, cultural differences between different countries and regions have a far-reaching impact on import and export trade. Cultural differences lead to people's differences in values, beliefs, customs, traditions and languages, which will have an impact on the operation and management of multinational enterprises [2]. Cultural differences refer to the differences in values, beliefs, customs and behaviors between different countries and regions [3]. In import and export trade, cultural differences will affect product design, packaging, pricing, marketing and many other aspects. In addition, cultural differences will also have an important impact on the management of multinational enterprises, human resources management and cross-cultural communication.

ESG strategy is an important part of corporate social responsibility, including three key areas: environment, society and governance. The formulation and implementation of these strategies are not only influenced by the internal factors of enterprises, but also by the external environment, among which cultural differences are an important external influencing factor [4]. In multinational enterprises, the importance of ESG strategy is increasingly prominent. First of all, ESG strategy can help enterprises establish a good image and improve brand value and market competitiveness. Secondly, ESG strategy can promote the harmonious development between enterprises and local communities and improve the sense of social responsibility of enterprises [5]. Finally, ESG strategy can improve the corporate governance and promote the sustainable growth of enterprises. Therefore, this paper aims to explore the influence of cultural differences in import and export trade on ESG strategy of multinational enterprises. Its research contribution lies in the systematic analysis of the

influence of cultural differences on ESG strategies of multinational enterprises, which provides a useful reference for enterprises to formulate corresponding coping strategies.

## 2. Cultural Differences and Import and Export Trade

### 2.1. Cultural Differences and Their Causes

Culture is a complex and multidimensional concept, including many elements, such as beliefs, values, customs, traditions, language, art and so on [6]. Cultural differences refer to the differences between different cultural systems, which can be manifested in various aspects, such as world outlook, interpersonal communication methods, work methods and so on. There are many reasons for the formation of cultural differences, and the following are some of the main factors:

**Geographical environment:** Different geographical environments breed different cultures. For example, marine culture usually emphasizes adventure, exploration and innovation, while mountain culture pays more attention to conservatism, steadiness and tradition.

**History:** History plays a vital role in the formation of culture. For example, the culture of a region that has experienced war or colonial rule may be influenced by these historical events.

**Religion:** Religion also has a profound influence on the formation of culture. Different religious beliefs will have an impact on people's values, ethics and even lifestyle.

**Social structure:** Social structure can affect all aspects of culture. For example, some cultures put more emphasis on individualism, while others put more emphasis on collectivism.

**Economic development:** The level of economic development can affect the formation and growth of culture. For example, areas with higher level of economic development are usually more open and modern, while areas with lower level of economic development may be more closed and traditional.

**Language and semiotic system:** Language and semiotic system are important components of culture and an important source of cultural differences. Different languages and symbol systems will affect the way people think and communicate.

**Table 1.** Cultural differences and their causes

Aspects of cultural differences	Definition	Main causes of formation
Geographical environment	Differences in geographical characteristics and natural resources	Geographical location, climatic conditions, distribution of natural resources, etc.
History	Historical development and the inheritance of traditional culture	Historical events, cultural heritage, traditional customs, etc.
Religion	Differences between belief systems and religious concepts	Religious beliefs, theological concepts, rituals and customs, etc.
Social structure	Differences among social classes, families and organizations	Social hierarchy, family structure, social organization form, etc.
Economic development	Differences in economic system, development level and trade policy	Economic development level, trade policy, market environment, etc.
Language	Differences in language and communication methods	Language, language family, dialect, etc.
Semiotic system	Differences between symbols and symbolic meanings	Symbol system, values, cultural images, etc.

These factors interact with each other and jointly shape rich and colorful cultural differences (Table 1 shows a conceptual summary of cultural differences and their causes). Understanding these cultural differences and their causes will help us better understand and cope with the multicultural environment, so as to achieve better results in import and export trade.

## **2.2. The Importance of Cultural Differences in Import and Export Trade**

In the context of international trade, cultural differences have a far-reaching impact. Different cultural backgrounds and values will lead to significant differences in business behavior, decision-making process and product preferences. Therefore, for multinational enterprises, the importance of understanding and properly handling cultural differences in import and export trade cannot be ignored.

### **2.2.1. The Influence of Cultural Differences on Consumer Demand**

To a great extent, consumers' demand and buying behavior are influenced by their cultural background. In different cultural environments, consumers' needs, preferences and purchase decisions for products or services will vary greatly. For example, consumers who pay attention to environmental protection may be more inclined to choose enterprises that take environmental protection measures and pay attention to sustainable development. Therefore, enterprises need to understand and respect these cultural differences in order to better meet the needs of consumers.

### **2.2.2. The Influence of Cultural Differences on Enterprise Management**

The management and operation of enterprises will also be affected by cultural differences. In different cultural environments, employees have different expectations and preferences for work values, decision-making methods and team communication [7]. For example, some cultures pay more attention to individual ability and authority, while others emphasize teamwork and consensus. If enterprises can't understand and adapt to these cultural differences, it may lead to the decrease of management efficiency and even lead to cultural conflicts.

### **2.2.3. The Influence of Cultural Differences on Market Development**

When exploring new markets, enterprises must understand and adapt to the cultural environment of the target market [8]. Otherwise, even if the enterprise's products or services are technologically advanced, they may be rejected by the market because they conflict with local cultural values. For example, some cultures may pay more attention to the practicality and price of products, while others may pay more attention to the design and brand of products. Therefore, enterprises need to formulate corresponding market strategies according to different market environments.

In fact, the influence of cultural differences is all-round, which runs through all aspects of import and export trade. From market research, product development, pricing strategy, promotion activities to after-sales service, it is inseparable from understanding and adapting to the cultural environment. For multinational enterprises, properly handling and utilizing cultural differences and formulating corresponding ESG strategies are one of the important factors for their success in the global market.

## **3. ESG Strategy and its Importance in Multinational Enterprises**

### **3.1. The Concept of ESG Strategy and its Three Key Areas**

ESG strategy, that is, environmental, social and governance strategy, is a strategy that pays attention to the non-financial performance of enterprises. It emphasizes that enterprises should actively fulfill their responsibilities to the environment, society and governance in the process of operation in order to achieve sustainable development.

#### **3.1.1. Environment**

Environment is the first key area in ESG strategy. Enterprises should actively fulfill their responsibilities to the environment and take measures to protect the environment and reduce its negative impact. For example, enterprises can reduce their environmental impact by adopting environmentally friendly materials, improving energy efficiency and reducing waste emissions. Multinational enterprises should also take into account the possible impact of global operations on the local environment, such as observing local environmental laws and standards in mining mineral resources and building factories.

### **3.1.2. Society**

Society is the second key area in ESG strategy. Enterprises should actively fulfill their social responsibilities, pay attention to social problems and take measures to solve these problems in the course of operation. For example, enterprises can fulfill their social responsibilities by adopting fair labor practices, respecting human rights and supporting community development. Multinational enterprises should also take into account the possible social impact of operating on a global scale, such as observing local social norms and ethics in trade and investment.

### **3.1.3. Governance**

Governance is the third key area in ESG strategy. Enterprises should actively fulfill their responsibilities for governance and establish a sound governance structure and mechanism in order to improve the transparency and fairness of enterprises. For example, enterprises can improve their governance level by establishing a standardized internal control mechanism, improving the independence of the board of directors and strengthening risk management. Multinational enterprises should also take into account the possible impact of global operations on local governance, such as observing local laws, regulations and ethics, and respecting local principles of democracy and autonomy.

## **3.2. ESG Strategy Affects the Image, Operation, and Long-Term Growth of a Company**

### **3.2.1. Corporate Image**

ESG strategy has more and more significant influence on corporate image. Globally, consumers and investors are paying more and more attention to corporate social responsibility and environmental protection records. Positive environmental, social and governance strategies can enhance the sense of social responsibility of enterprises, win the recognition and trust of consumers, and thus shape a positive corporate image. On the other hand, if the enterprise does not perform well in these aspects, it may have a negative impact on the corporate image.

### **3.2.2. Enterprise Operation**

ESG strategy also has an impact on enterprise operations. First of all, this strategy can promote enterprise innovation and promote enterprises to develop more environmentally friendly and sustainable products and services. Secondly, ESG strategy can promote the improvement of internal governance of enterprises and improve their operational efficiency and risk management capabilities. In addition, by paying attention to employee welfare, participating in community public welfare activities and other social responsibility behaviors, enterprises can improve employee satisfaction and loyalty, reduce employee turnover rate, thereby optimizing the allocation of human resources and improving the competitiveness of enterprises.

### **3.2.3. Long-term Growth of Enterprises**

For the long-term growth of enterprises, ESG strategy also has an important impact. Paying attention to environmental, social and governance issues can make enterprises have more sense of social responsibility, which is conducive to enhancing their brand image and enhancing their competitive advantage. At the same time, by actively fulfilling social responsibilities, enterprises can establish closer relations with all stakeholders, improve their social reputation and further promote their long-term development. In addition, a good ESG strategy will also help to improve the risk management and coping ability of enterprises and make them more adaptable in the ever-changing market environment.

## 4. The Impact of Cultural Differences on ESG Strategies of Multinational Enterprises

### 4.1. Adjusting ESG Strategies to Adapt to Multicultural Environments

#### 4.1.1. Deeply Understand the Cultural Environment of the Target Market

First of all, multinational companies need to deeply understand the cultural environment of the target market. This includes understanding the values, beliefs, customs, traditions, language and art of the local society. Through this understanding, enterprises can better grasp the needs and preferences of the target market and adjust their ESG strategies on this basis.

#### 4.1.2. Adjust Product and Service Strategies

According to the understanding of the cultural environment of the target market, multinational enterprises need to adjust their product and service strategies. For example, in areas that pay attention to environmental protection, enterprises can strengthen the growth of environmentally friendly products to meet the needs of local consumers for environmental protection and sustainable development.

#### 4.1.3. Adjustment of Internal Management Strategies of Enterprises

The internal management strategy of enterprises also needs to adapt to the multicultural environment. For example, in areas that pay attention to individualism, enterprises can rely more on the professional knowledge and skills of employees to make decisions to adapt to the local cultural environment.

#### 4.1.4. Establish a Good Relationship with the Local Community.

Multinational enterprises also need to establish good relations with local communities to adapt to the multicultural environment. This includes participating in community public welfare activities and supporting local education and cultural undertakings. Through such measures, enterprises can win the trust and respect of the local society and provide support for their development in the local market.

### 4.2. Challenges and Solutions for Multinational Enterprises to Implement ESG Strategy

**Table 2.** Main challenges and solutions

Source of challenge	Challenge description	Solution
Cultural difference	Different cultural backgrounds may lead to different ways to understand and implement ESG strategies, which may affect internal communication and external image of enterprises.	<ol style="list-style-type: none"> <li>1. Cross-cultural communication training</li> <li>2. Pay attention to multiculturalism</li> <li>3. Establish common values</li> </ol>
Multiple governance environment	Different countries and regions may have different laws and regulations, regulatory requirements and environmental protection standards, which bring challenges to enterprises.	<ol style="list-style-type: none"> <li>1. Follow local laws and regulations</li> <li>2. Cooperation with local organizations</li> <li>3. Develop adaptive strategies</li> </ol>
Global market competition	With the fierce competition in the global market, enterprises need to cope with the competitive pressure from all sides and promote sustainable development at the same time.	<ol style="list-style-type: none"> <li>1. SWOT analysis</li> <li>2. Innovation and cooperation</li> <li>3. Cooperate with suppliers</li> </ol>

In the import and export trade, multinational enterprises will face many challenges in implementing ESG strategy, which mainly come from cultural differences, pluralistic governance environment and highly competitive global market. The following are some major challenges and corresponding solutions (See Table 2).

#### (1) Challenges and solutions brought by cultural differences

Cultural differences are one of the important challenges that multinational enterprises must face. Different cultural backgrounds and values will lead to deviations in the understanding and implementation of environment, society and governance. Solutions include strengthening cultural sensitivity, improving understanding of local cultural environment, and formulating flexible ESG strategies to adapt to different cultural backgrounds. Multinational enterprises can enhance employees' cross-cultural understanding and improve their cultural adaptability and inclusiveness through training programs and exchange programs.

#### (2) Challenges and solutions brought by multi-governance environment.

The global governance environment is diverse and complex, including various regulatory requirements, legal framework and social norms. This brings extra complexity to the ESG strategy implementation of multinational enterprises. The solution is to establish a perfect compliance system to ensure that the ESG strategy of the enterprise meets all relevant governance requirements. In addition, multinational enterprises also need to establish a strong risk management system to cope with the risks that may be brought about by a diversified governance environment.

#### (3) Challenges and solutions brought by global market competition.

The competition in the global market is fierce, and enterprises must constantly improve their competitiveness to maintain their leading position. For multinational enterprises, the implementation of ESG strategy may increase the cost of enterprises, thus reducing their competitiveness in the market. The solution is to fully consider the balance between cost and benefit when designing ESG strategy. At the same time, we should pay attention to innovation and research and development, offset the cost increase brought by ESG strategy through technological progress, and take this as an opportunity to improve the overall competitiveness of enterprises.

Generally speaking, multinational enterprises face multiple challenges from cultural differences, multi-governance environment and global market competition when implementing ESG strategy. To solve these challenges, enterprises need to establish a strong compliance system, risk management system and innovation ability, and at the same time improve the cross-cultural understanding ability of employees and the inclusiveness of enterprises. Only in this way can multinational enterprises succeed in the highly competitive global market.

## 5. Conclusion

ESG strategy is an important part of corporate social responsibility. The formulation and implementation of these strategies are not only influenced by the internal factors of enterprises, but also by the external environment, among which cultural differences are an important external influencing factor. Through research, this paper finds that ESG strategy has a far-reaching impact on the image, operation and long-term growth of enterprises. At the same time, multinational enterprises are facing multiple challenges from cultural differences, multi-governance environment and global market competition when implementing ESG strategy. Therefore, it is very important for multinational enterprises to pay attention to ESG strategy. By actively fulfilling their responsibilities to the environment, society and governance, enterprises can improve their brand image and market competitiveness, and at the same time help to achieve the goal of sustainable development. At the same time, in order to adapt to the multicultural environment, multinational companies also need to adjust their ESG strategies. This includes in-depth understanding of the cultural environment of the target market, adjustment of product and service strategies, adjustment of internal management strategies of enterprises and establishment of good relations with local communities. Through such

adjustment, enterprises can better adapt to the diverse global cultural environment and improve their influence and competitiveness in the global market. Generally speaking, this study provides important theoretical guidance and practical enlightenment for multinational enterprises to formulate and implement ESG strategies in import and export trade.

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