Chapter 3: Understanding the Role of Culture
Chapter Learning Goals

1. To understand how culture affects all aspects of international management
2. To be able to distinguish the major dimensions which define cultural differences among societies or groups
3. To emphasize the need for international managers to have cultural intelligence in order to interact successfully in host countries
4. To recognize the critical value differences which frequently affect job behaviors
Chapter Learning Goals

5. To be able to develop a working “cultural profile” typical of many people within a certain society, as an aid to expected attitudes toward work, negotiations, and so on

6. To understand the interaction between culture and the use of Internet
Opening Profile: Saudi Arabian Culture

Map 3-1  Saudi Arabia comprises most of the Arabian peninsula. All of the countries bordering Saudi Arabia are Arab countries (meaning that the first language is Arabic), and all are predominately Islamic.
Opening Profile: Saudi Arabian Culture

- The intersection of culture and business
- A land of contrasts and paradoxes
- Super-modern cities and modern economic and technical realities clashing with strict Islamic religious convictions and ancient social customs
- McDonald’s, Saks Fifth Avenue, Pizza Hut
Opening Profile: Saudi Arabian Culture

- Women:
  - Outnumber men in universities
  - Own 20 percent of all businesses
  - But account for only 7 percent of the workforce
- 60 percent of the workforce is foreign
Social Culture and Organizations

EXHIBIT 3-1  Environmental Variables Affecting Management Functions

National Variables
- Economic system
- Legal system
- Political system

Sociocultural Variables
- Religion
- Education
- Language

Cultural Variables
- Values
- Norms
- Beliefs

Attitudes
- Work
- Time
- Materialism
- Individualism
- Change

Individual and Group Employee Job Behavior
- Motivation
- Productivity
- Commitment
- Ethics


Culture and its Effects on Organizations

Culture
A set of shared values, understandings, assumptions, and goals that are learned from earlier generations, imposed by present members of a society, and passed on to succeeding generations.
Culture and its Effects on Organizations

- An awareness of and an honest caring about another individual’s culture

Cultural Sensitivity or Cultural Empathy?
Organizational Culture

1. Exists within and interacts with societal culture
2. Varies a great deal from one organization, company, institution, or group to another
3. Represents those expectations, norms, and goals held in common by members of that group

Examples:
- KLM's travel-benefit policies
- McDonald's in Russia
The Effect of Culture on Organizational Process

<table>
<thead>
<tr>
<th>U.S. Culture</th>
<th>Alternative</th>
<th>Function Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual influences future</td>
<td>Life is preordained</td>
<td>Planning, scheduling</td>
</tr>
<tr>
<td>The environment is changeable</td>
<td>People adjust to the environment</td>
<td>Morale, productivity</td>
</tr>
<tr>
<td>Hark work leads to success</td>
<td>Wisdom and luck are also needed</td>
<td>Motivation, rewards</td>
</tr>
<tr>
<td>Employment can be ended</td>
<td>Employment is for a lifetime</td>
<td>Promotions, recruitment</td>
</tr>
</tbody>
</table>
Culture’s Effects on Management

- **Convergence**—the phenomenon of the shifting of individual management styles to become similar to one another

- **Self-Reference Criterion**—the subconscious reference point of one’s own cultural values. Many people in the world understand and relate to others only in terms of their own cultures.

- **Parochialism**—occurs, for example, when a Frenchman expects those from or in another country to automatically fall into patterns of behavior common in France

- **Ethnocentrism**—describes the attitude of those who operate from the assumption that their ways of doing things are best—no matter where or under what conditions they are applied
### Influences on National Culture

<table>
<thead>
<tr>
<th>Subcultures</th>
<th>Stereotyping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many countries comprise diverse <em>subcultures</em> whose constituents conform only in varying degrees to the national character. Example: Canada</td>
<td>A <em>cultural profile</em> that tends to develop some tentative expectations—some cultural context—as a backdrop to managing in a specific international setting</td>
</tr>
</tbody>
</table>

3-13
Cultural Subsystems that Influence People and Their Behavior

- Kinship
- Religion
- Education System
- Economic System
- Recreation
- Health System
- Political System
Cultural Value Dimensions

Values

- Can vary across subcultures
- Are a society’s ideas about what is good or bad, right or wrong
- Allow for contingency management
- Determine how individuals will probably respond in any given circumstances
- Help managers anticipate likely cultural effects
GLOBE Research Project Dimensions

Assertiveness
- Low: Sweden, New Zealand, Switzerland
- High: Greece, Austria, Germany

Performance Orientation
- Low: Russia, Argentina, Greece
- High: New Zealand, Honk Kong, Singapore
GLOBE Research Project Dimensions

Future Orientation
- Low: Russia, Argentina, Poland
- High: Netherlands, Switzerland, Singapore

Humane Orientation
- Low: Germany, Spain, France
- High: Malaysia, Ireland, Philippines
Cultural Cluster

EXHIBIT 3-1: Geographic Culture Clusters

Hofstede’s Value Dimensions

**Power Distance**
The level of acceptance by a society of the unequal distribution of power in institutions

**Uncertainty Avoidance**
The extent to which people in a society feel threatened by ambiguous situations

**Individualism**
The tendency of people to look after themselves and their immediate families only and to neglect the needs of society

**Collectivism**
The desire for tight social frameworks, emotional dependence on belonging to “the organization,” and a strong belief in group decisions
Hofstede’s Value Dimensions

Power Distance

High Orientation Toward Authority Low
MAL ARA MEX IND FRA ITA JPN SPA ARG US GER UK DEN ISR AUT

Uncertainty Avoidance

High Desire for Stability Low
GRE JPN FRA KOR ARA GER AUL CAN US UK IND DEN SIN
Hofstede’s Value Dimensions

Individualism

Individualism  Collectivism

AUS  US  UK  CAN  FRA  GER  SPA  JPN  MEX  ITA  KOR  SIN

Masculinity

Assertive/Materialistic  Relational

JPN  MEX  GER  UK  US  ARA  FRA  KOR  POR  CHC  DEN  SWE
Hofstede’s Value Dimensions

Long-term/Short-term Orientation

High

CHI  HK  JPN  TAI  VIE  BRA  IND  US  CAN  UK  E/W  AFR

Low
Trompenaars’s Dimensions

Universalistic  Particularistic

Neutral  Affective
Trompenaars’s Dimensions

Privacy in Relationship

High
Specific
UK US FRA GER

Low
Diffuse
ITA JPN SWE SPA CHI

Source of Power and Status

High
Personal
US UK SWE GER FRA

Low
Society
ITA SPA JPN CHI
Critical Operational Value Differences

- **Time**—differences in temporal values

- **Change**—control and pace of change

- **Material Factors**—physical goods and status symbols versus aesthetics and the spiritual realism

- **Individualism**—“me/I” versus “we”
The Internet and Culture

- Over 70 percent of Korean homes have high-speed Internet service.

- Sweden has refused to allow airline passenger information (e.g., meal preferences) to be transmitted to the United States.

- About 75 percent of the world's Internet market lives outside the United States.
## Comparative Management in Focus

<table>
<thead>
<tr>
<th>Japan</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “Wa”—peace and harmony</td>
<td>• Preference for rules and order, privacy</td>
</tr>
<tr>
<td>• A mix of authoritarian and</td>
<td>• Dislike of inefficiency and tardiness</td>
</tr>
<tr>
<td>humanism in the workplace</td>
<td>• Assertive, but not aggressive</td>
</tr>
<tr>
<td>• Emphasis on participative</td>
<td>• Organizations are centralized but still favor</td>
</tr>
<tr>
<td>management, consensus, and duty</td>
<td>consensus decision making</td>
</tr>
<tr>
<td>• Open expression and conflict discouraged</td>
<td></td>
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</tbody>
</table>

3-27
## Comparative Management in Focus

<table>
<thead>
<tr>
<th>South Korea</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Respect for family, authority, formality, class</td>
<td></td>
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<tr>
<td>- Are demonstrative, friendly, aggressive, hard-working</td>
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<tr>
<td>- Connections vital for business; most contracts are oral</td>
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<tr>
<td>- Honest criticism is rare</td>
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<tr>
<td>- Not homogenous, but common similarities</td>
<td></td>
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<tr>
<td>- “Being-oriented” compared with “doing-oriented”</td>
<td></td>
</tr>
<tr>
<td>- Work and private lives are more closely integrated</td>
<td></td>
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<tr>
<td>- Very important to maintain harmony and save face</td>
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Developing Cultural Profiles

Managers can gather considerable information on cultural variables from current research, personal observation, and discussion with people.

Managers can develop cultural profiles of various countries.

Managers can use these profiles to anticipate drastic differences that may be encountered in a given country.

It is difficult to pull together descriptive cultural profiles in other countries unless one has lived there and been intricately involved with those people.
Developing Management Styles and Ways of Doing Business: Saudi Arabia

- Tribalism
- Close friendships
- Honor, shame

- Paternalism, nepotism
- Person-orientation, Theory Y
- Conflict avoidance, positive reinforcement
Developing Management Styles and Ways of Doing Business: Chinese Family Business

- Small, family businesses predominate
- "Guanxi" connections
- People are put ahead of business
- Organizations do not include "middle management"