

Chapter 3: Understanding the Role of Culture

**PowerPoint by:
Mohamad Sepehri, Ph.D.
Jacksonville University**



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

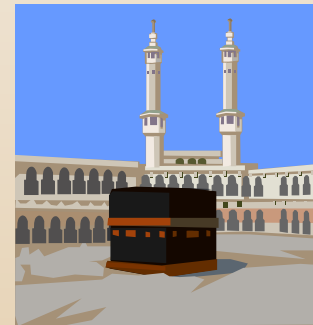


Map 3-1 Saudi Arabia comprises most of the Arabian peninsula. All of the countries bordering Saudi Arabia are Arab countries (meaning that the first language is Arabic), and all are predominately Islamic.



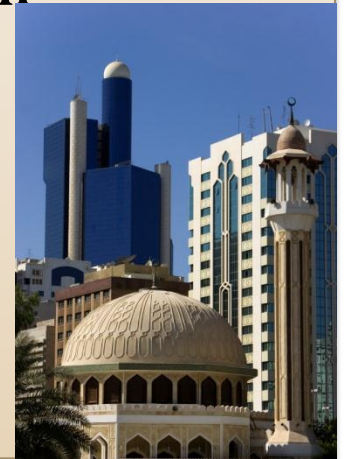
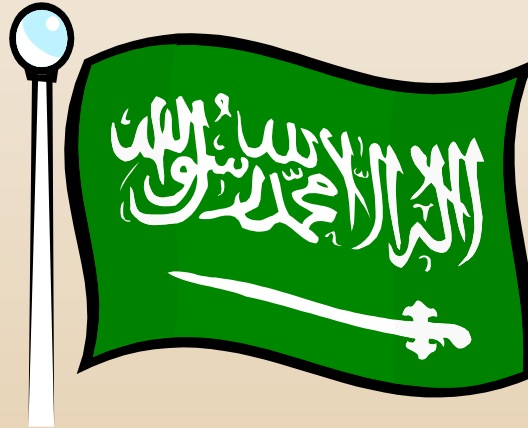
Opening Profile: Saudi Arabian Culture

- **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



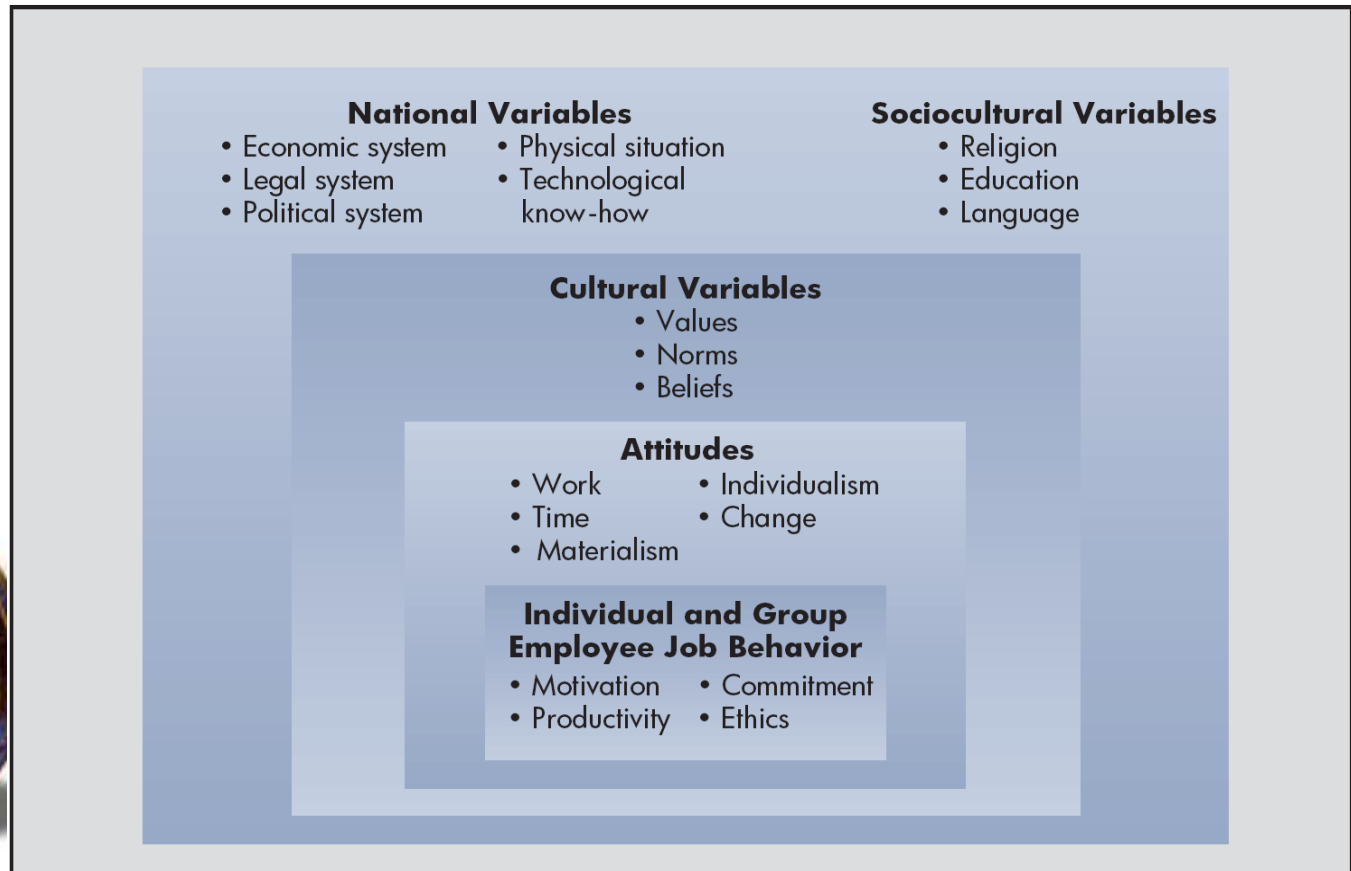
Opening Profile: Saudi Arabian Culture

- **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




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



Cultural
Sensitivity or
Cultural
Empathy?

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

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

U.S. Culture	Alternative	Function Affected
Individual influences future	Life is preordained	Planning, scheduling
The environment is changeable	People adjust to the environment	Morale, productivity
Hard work leads to success	Wisdom and luck are also needed	Motivation, rewards
Employment can be ended	Employment is for a lifetime	Promotions, recruitment



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

Subcultures

- Many countries comprise diverse *subcultures* whose constituents conform only in varying degrees to the national character. Example: Canada

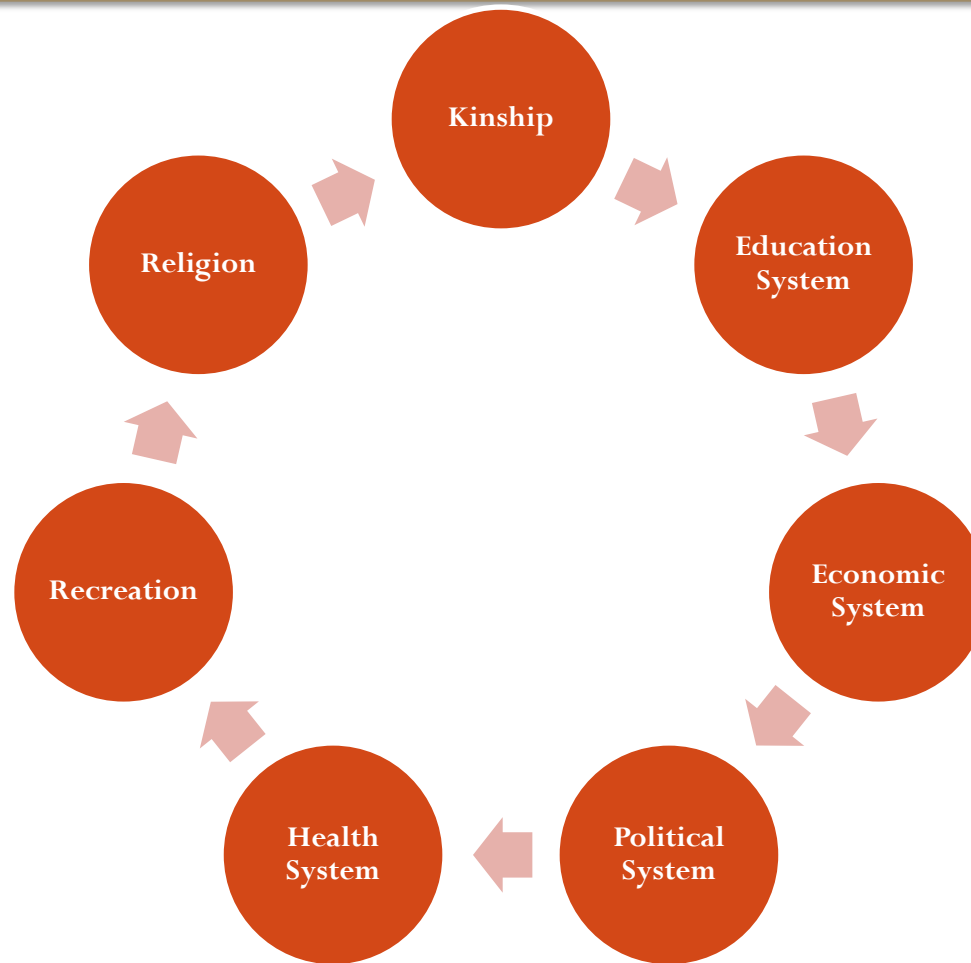


Stereotyping

- A *cultural profile* that tends to develop some tentative expectations—some cultural context—as a backdrop to managing in a specific international setting



Cultural Subsystems that Influence People and Their Behavior



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, Hong Kong, Singapore



GLOBE Research Project Dimensions

Future Orientation

- **Low**: Russia, Argentina, Poland
- **High**: Netherlands, Switzerland, Singapore

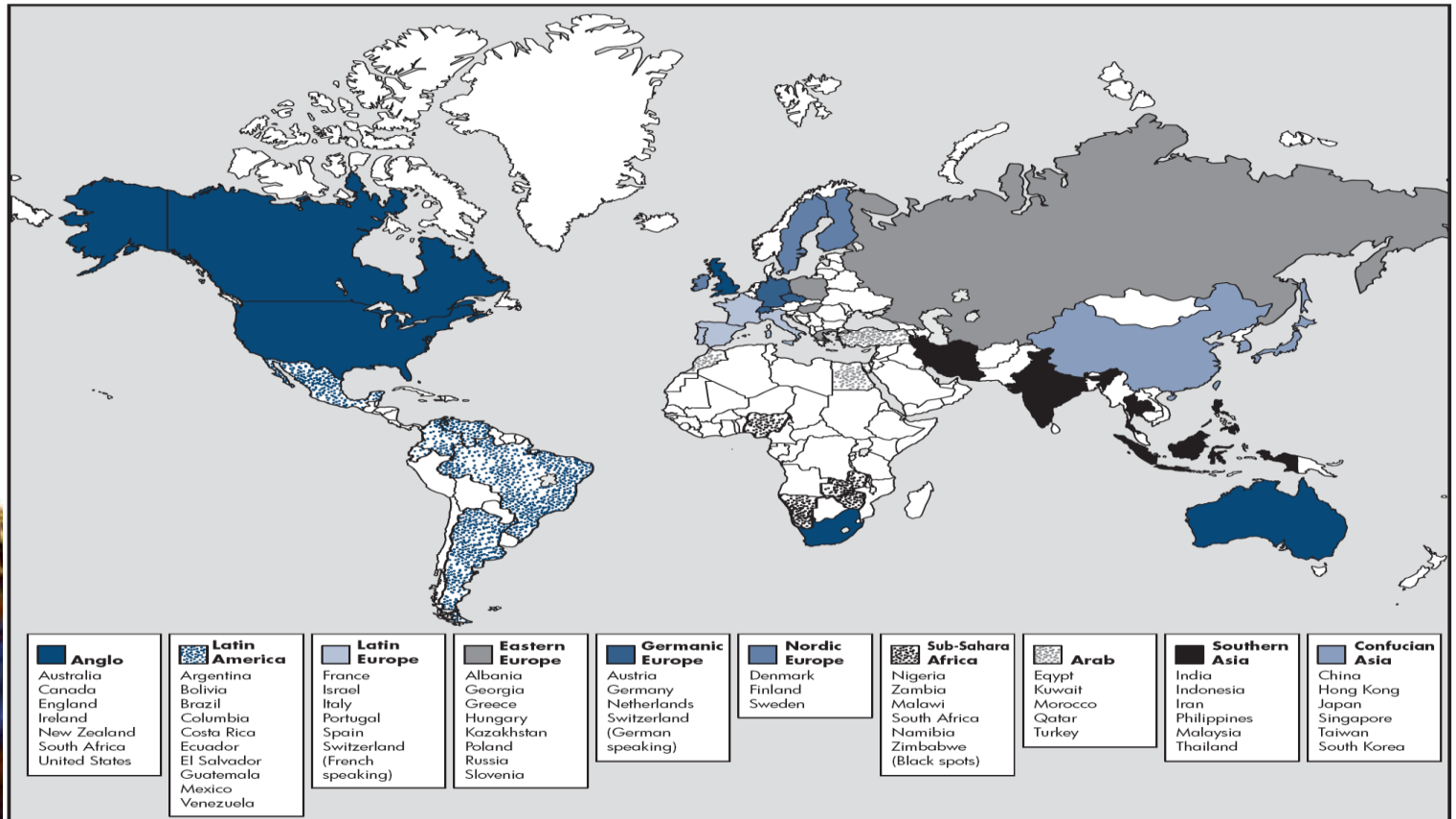


Humane Orientation

- **Low**: Germany, Spain, France
- **High**: Malaysia, Ireland, Philippines

Cultural Cluster

EXHIBIT 3-4 Geographic Culture Clusters



SOURCE: Data from V. Gupta, P. J. Hanes, and P. Dorfman, *Journal of World Business*, 37, 1 (Spring 2002): 13.

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

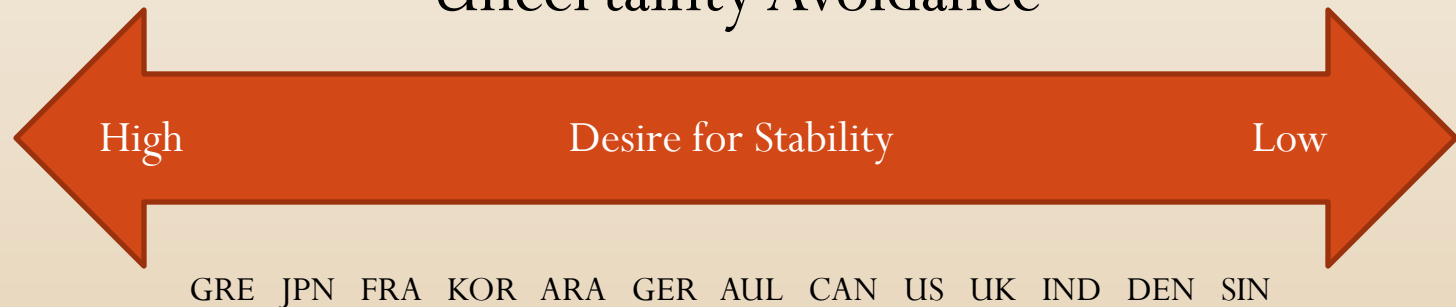


Hofstede's Value Dimensions

Power Distance



Uncertainty Avoidance



Hofstede's Value Dimensions

Individualism

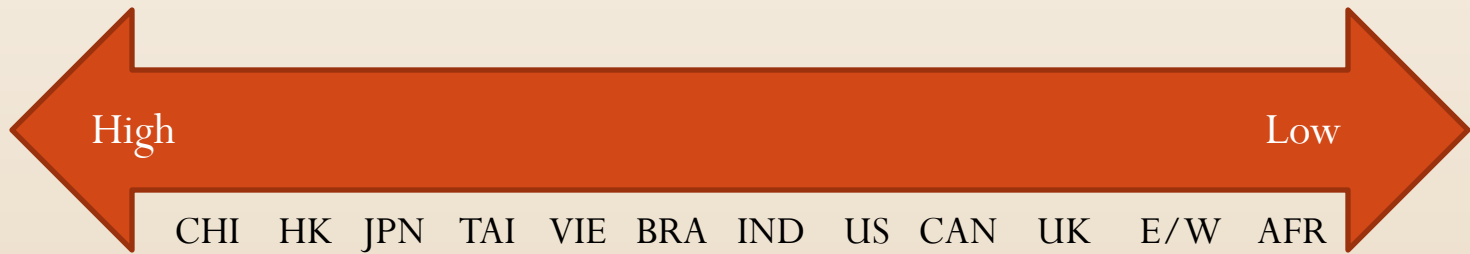


Masculinity



Hofstede's Value Dimensions

Long-term/Short-term Orientation

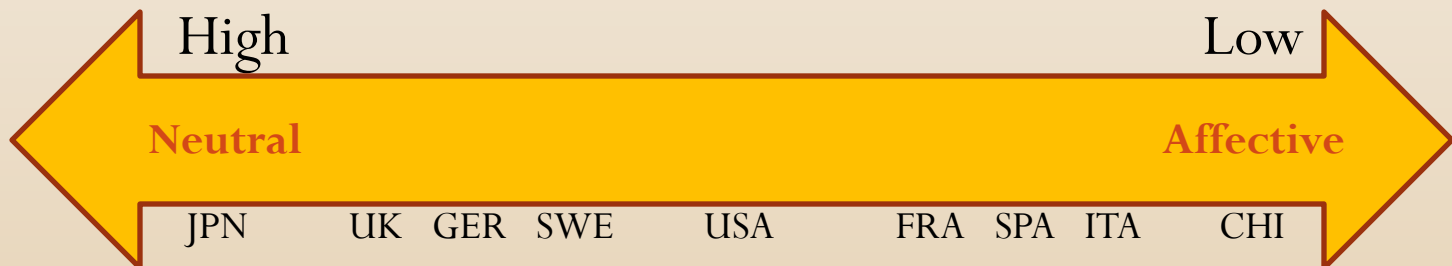


Trompenaar's Dimensions

Obligation



Emotional Orientation in Relationship



Trompenaar's Dimensions

Privacy in Relationship



Source of Power and Status



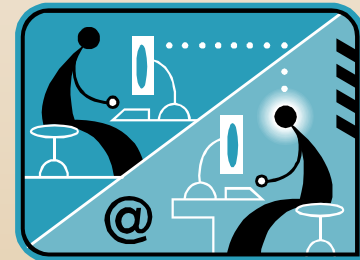
Critical Operational Value Differences

- *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

Japan

- “Wa”—peace and harmony
- A mix of authoritarian and humanism in the workplace
- Emphasis on participative management, consensus, and duty
- Open expression and conflict discouraged

Germany

- Preference for rules and order, privacy
- Dislike of inefficiency and tardiness
- Assertive, but not aggressive
- Organizations are centralized but still favor consensus decision making

Comparative Management in Focus

South Korea

- Respect for family, authority, formality, class
- Are demonstrative, friendly, aggressive, hard-working
- Connections vital for business; most contracts are oral
- Honest criticism is rare

Latin America

- Not homogenous, but common similarities
- “Being-oriented” compared with “doing-oriented”
- Work and private lives are more closely integrated
- Very important to maintain harmony and save face

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



**Paternalism,
nepotism**

**Close
friendships**



**Person-orientation,
Theory Y**

**Honor,
shame**



**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”

