

Week 3 & 4

Differences in Culture



Learning Objectives

1. Understand that substantial differences among societies arise from cultural differences.
2. Know what is meant by the term culture.
3. Appreciate cultural differences in social structure, religion, language, education, economic & political philosophy.

Learning Objectives

4. Understand the relationship between culture and the values found in the workplace.
5. Appreciate that culture changes over time.
6. Understand the implications for international business management of differences in culture.

Introduction

- People behave differently across the globe, even if faced with similar situations, but apart from the distances, what accounts for these differences?
- **The answer is Culture.**
- It is very important for business people to understand how to communicate with their counterparts in other countries or best said in other cultures.

- Specifically cultural factors can help firms based in such countries achieve a competitive advantage in the world economy.
- For example, some observers have argued that cultural factors have helped to lower the costs of doing business in Japan.
- In turn, this may have helped some Japanese business achieve a competitive advantage in the world economy.

National Culture

- Defining Culture

- Culture is the acquired knowledge that people use to interpret experience and to generate social behaviour.
- Culture is shared and passed from generation to generation and enduring although often in modified form.
- Through culture we form values and attitudes that shape our individual and group behaviour.
- Culture is learned through both education and experience; it also passed from one generation to another.

National Culture

- Defining Culture

- Culture is the shaping process that considers **common values, attitudes and behaviours** that are transmitted over time, yet plays an enormous part in the ways employees behave in an organisation. (Hofstede, 1991)

National Culture

Defining Culture

Culture is the collective programming of the mind which distinguishes the members of one human group from another.

Common characteristics of definition:

1. Culture is not characteristics of individuals
2. Culture is learned
3. Culture is its historical dimension

National Culture

- **Learned** - Culture is acquired by learning and experience
- **Shared** - People as member of a group, organisation or society share culture
- **Trans-generational** - Culture is cumulative, passed down from generation to generation
- **Symbolic** - Culture is based on the human capacity to symbolise
- **Patterned** - Culture has structure and is integrated
- **Adaptive** - Culture is based on the human capacity to change or adapt

National Culture – Values and Norms Affecting Organisations

- Countries have very different views of the relative importance of individuals vs the group.
- Some cultures encourage young children to be individuals, making decisions and being self-sufficient.
- Some cultures put greater emphasis on belonging to social groups whom they are responsible to.

National Culture – Values and Norms Affecting Organisations

- Other cultural norm variables found:-
 - Importance of privacy,
 - Degree of respect for older people



National Culture - Management

- Research also focused on how management styles would be influenced by Culture
- Differences between Japan and USA were noted
- Business can only be understood in terms of its relationship with the society in which it operates
- Cultural awareness and sensitivity can be part of training programs when an organisation is abroad, and should cover such areas as: religion, rituals and traditions, languages, etc. if relations are to be successful.

National Culture – Assessing Cultural Factors

- Language
- Religion
- Education
- Social Structure
- Economic Philosophy
- Political Philosophy



Language

A. Spoken Language

- Shapes the way people perceive the world.

Language	% of world population for whom this is a first language
Chinese	20.0
English	6.0
Hindi	4.5
Russian	4.5
Spanish	3.0

B. Unspoken Language

- Refers to non-verbal communication
- For example: the raising of eyebrows is sign of recognition in most cultures, while smile is a sign of joy
- A failure to understand non-verbal communication is failure of communication
- For example; making circle with the thumb and the forefinger is friendly gesture (US) but vulgar sexual invitation (Greece & Turkey)
- “thumbs-up” = ‘it’s all right’ (Americans & Europeans) but gesture of obscenity (Greece)

B. Unspoken Language

- Personal space which is the 'comfortable' amount of distance between people when talking to
- US – 5-8 feet apart, Latin America 3-5 feet
- Americans unconsciously feel that Latin Americans are 'invading their personal space'
- In turn Latin American may interpret such backing away as aloofness
- The misinterpretation between countries can be a regrettable lack of rapport between 2 business people from different cultures

Education

- Education influences many aspects of culture. Literate people read widely and have a much better understanding of what is happening in the world.
- Additionally, higher rates of literacy usually result in greater economic productivity and technological advance.
- Education also helps to provide infrastructure needed for developing managerial talent.
- Simply stated, education is a critical factor in understanding culture.

Education

1. Formal education plays a key role in a society and it is a medium through which individuals learn many of the languages, etc
2. Values and norms are taught both directly and indirectly
3. Plays an important role as a determinant of national competitive advantages
4. Porter's point is that excellent education system was an important factor explaining the country's post-war economic success.



Education

5. Is a good index of the kind of products that might sell in a country and of the promotional material that should be used.
6. Pakistan - 73.8% of population are illiterate - is unlikely to be a good market for popular books, thus use pictorial promotions rather than written descriptions.
7. US spends more of its GDP on education than many other advanced industrialized nations, including Japan & German.

Social Structure

- Refers to its basic social organization and divided into 2 main dimensions – individuals/groups and social stratification.
- Western societies tend to emphasize the primacy of the individual, while groups tend to figure much larger in many other societies.
- Some societies are characterized by a relatively high degree of social stratification and relatively low mobility between strata (e.g., India), while other societies are characterized by low degree of social stratification and high mobility between strata (e.g., US).

A. Individuals and Groups

1. Individual

- In the value systems of many Western societies, for example, individual achievement is emphasized.
- The social standing of an individual is not much a function of whom they work for as of their individual performance in whatever work setting they choose for themselves.
- The emphasis placed on individual performance in many Western societies has both beneficial and harmful aspects.
- In US, the emphasis placed on individual performance finds expression in administration of “rugged individualism” and entrepreneurship.

1. Individual

- One benefit of this is high level of entrepreneurship activity in the US and other Western societies – new products and new ways of doing business have been created by entrepreneurial individual.
- On the other hand, individualism creates managerial mobility between companies, - moving from company to company.
- The lack of loyalty and commitment to an individual company.
- The emphasis on individualism may make it difficult to build teams within an organization to perform collective tasks.

2. Group

- In Japan, the social status of an individual is determined as much by the standing of the group to which he or she belongs as by his or her individual performance.
- Today the group is frequently associated with the work team or business organization to which an individual belongs.
- Group that an individual belongs – deeply emotional attachment in which identification with the group becomes all important in one's life.
- The primacy of the value of group identification in cultures such as Japan can be also expected to discourage managers and workers from moving from company to company.
- This helps managers perform their jobs more effectively and achieve cooperation with others.
- On the other hand, lack of dynamism in individual entrepreneurship.

B. Social Stratification

- **Social strata**

= social categories in society defined on the basis of characteristics such as family background, occupation, and income.

= individuals are born into a particular stratum and they become members of the social category to which their parents belong.

= top hierarchy vs bottom hierarchy.

Social Mobility

- extent to which individuals can move out of the stratum into which they are born.

Caste System

- closed system of stratification in which social position is determined by the family into which a person is born, and change in that position is usually not possible during an individual's lifetime.

Class System

- Form of open social stratification in which the position a person has by birth can be changed through his or her achievements or luck.

Stories, Histories, Myths, Legends, Jokes

- Culture is often embedded and transmitted through stories, whether they are deep and obviously intended as learning devices, or whether they appear more subtly, for example in humour and jokes.
- A typical story includes a bad guy (often shady and unnamed) and a good guy (often the founder or a prototypical cultural member). There may also be an innocent. The story evolves in a classic format, with the bad guy being spotted and vanquished by the good guy, with the innocent being rescued and learning the greatness of the culture into the bargain.
- Sometimes these stories are true. Sometimes nobody knows. Sometimes they are elaborations on a relatively simple truth. The power of the stories is in when and how the stories are told, and the effect they have on their recipients.

Rituals, Rites, Ceremonies, Celebrations

- Rituals are processes or sets of actions which are repeated in specific circumstances and with specific meaning.
- They may be used in such as rites of passage, such as when someone is promoted or retires. They may be associated with company events such as the release of a new event. They may also be associated with everyday events such as Christmas.
- Whatever the circumstance, the predictability of the rituals and the seriousness of the meaning all combine to sustain the culture.

Heroes

- Heroes in a culture are named people who act as prototypes, or idealized examples, by which cultural members learn of the correct or 'perfect' behaviour.
- The classic heroes are the founders of the organization, who are often portrayed as much whiter and perfect than they actually are or were. Heroes may also be such as the janitor who tackled a burglar or a customer-service agent who went out of their way to delight a customer.
- In such stories they symbolize and teach people the ideal behaviours and norms of the culture.

Symbols and Symbolic Action

- Symbols, like artifacts, are things which act as triggers to remind people in the culture of its rules, beliefs, etc. They act as a shorthand way to keep people aligned.
- Symbols can also be used to indicate status within a culture. This includes clothing, office decor and so on. Status symbols signal to others to help them use the correct behaviour with others in the hierarchy. They also lock in the users of the symbols into prescribed behaviours that are appropriate for their status and position.
- There may be many symbols around an organization, from pictures of products on the walls to the words and handshakes used in greeting cultural members from around the world.

Beliefs, Assumptions and Mental Models

- An organization and culture will often share beliefs and ways of understanding the world.
- This helps smooth communications and agreement, but can also become fatal blinkers that blind everyone to impending dangers.

Attitudes

- Attitudes are the external displays of underlying beliefs that people use to signal to other people of their membership. This includes internal members (look: I'm conforming to the rules. Please don't exclude me).
- Attitudes also can be used to give warning, such as when a street gang member eyes up a member of the public. By using a long hard stare, they are using national cultural symbolism to indicate their threat.

Rules, Norms, Ethical Codes, Values

- The norms and values of a culture are effectively the rules by which its members must abide, or risk rejection from the culture (which is one of the most feared sanctions known).
- They are embedded in the artifacts, symbols, stories, attitudes, and so on.

Religion

- Religion influences lifestyles, beliefs, values, and attitudes and can have a dramatic effect on the way people in a society act towards each other and towards those in other societies.
- In Asian countries where Confucianism is strong, this attitude is known as the Confucian work ethic. In Japan, it is called the Shinto work ethic.

Religion

- Simply put, religious beliefs can influence people's work habits. Islam is, after Christianity, the second largest religion in the world and is particularly strong in Indonesia and Malaysia.
- Business may be affected by the dawn-to-dusk fasting during the month of Ramadan and it is always wise to check the Islamic calendar when making travel plans.

Cultural and Attitudinal Dimensions

- The cultural variables considered above are elements of culture that explain behavioural differences among people. In recent years researchers have attempted to develop a composite picture of culture by clustering these differences.
- This has been done in two ways.
 - Some researchers have looked at cultural dimensions that reflect similarities and differences among cultures.
 - Other researchers have used these findings to group countries into clusters of nations and similar cultures.



Cultural Dimensions

- Geert Hofstede, a Dutch researcher, has found four cultural dimensions that help to explain how and why people from various cultures behave as they do.
- His initial findings were gathered from over 116,000 questionnaires completed by respondents from 70 different countries.

Hofstede's 5 Dimensions of National Cultural Differences

- **Individualism versus collectivism** - degree to which one thinks in terms of 'I' versus 'we, either ties between individuals are loose or people are part of cohesive in group throughout their lives
- **Power distance** - a measure of the inequality between bosses and inferiors, extent to which this is accepted
- **masculinity versus femininity** - Also known as achievement- versus relationship- orientation - cultures high on masculinity rate achievement and success more than caring for others and the quality of life.

Hofstede's 5 Dimensions of National Cultural Differences

- **Uncertainty avoidance** - the degree to which one is comfortable with ambiguous situations, can tolerate uncertainty
- **Long-term versus short-term orientation or Confucian dynamism** - the long or short term orientation of different cultures, a dimension found in Asian cultures (via Michael Bond's work, he built on Hofstede and carried out a smaller study using Chinese cultural values. The countries with the highest long term orientations were China, Hong Kong, Taiwan, Japan and South Korea, while countries such as Australia (ranked 15th), New Zealand (16th), USA (17th), UK (18th) etc).