

**DBA 211**

# **International Marketing**

**Culture, Management  
Style, and Business  
Systems**

**Week 3 & 4**

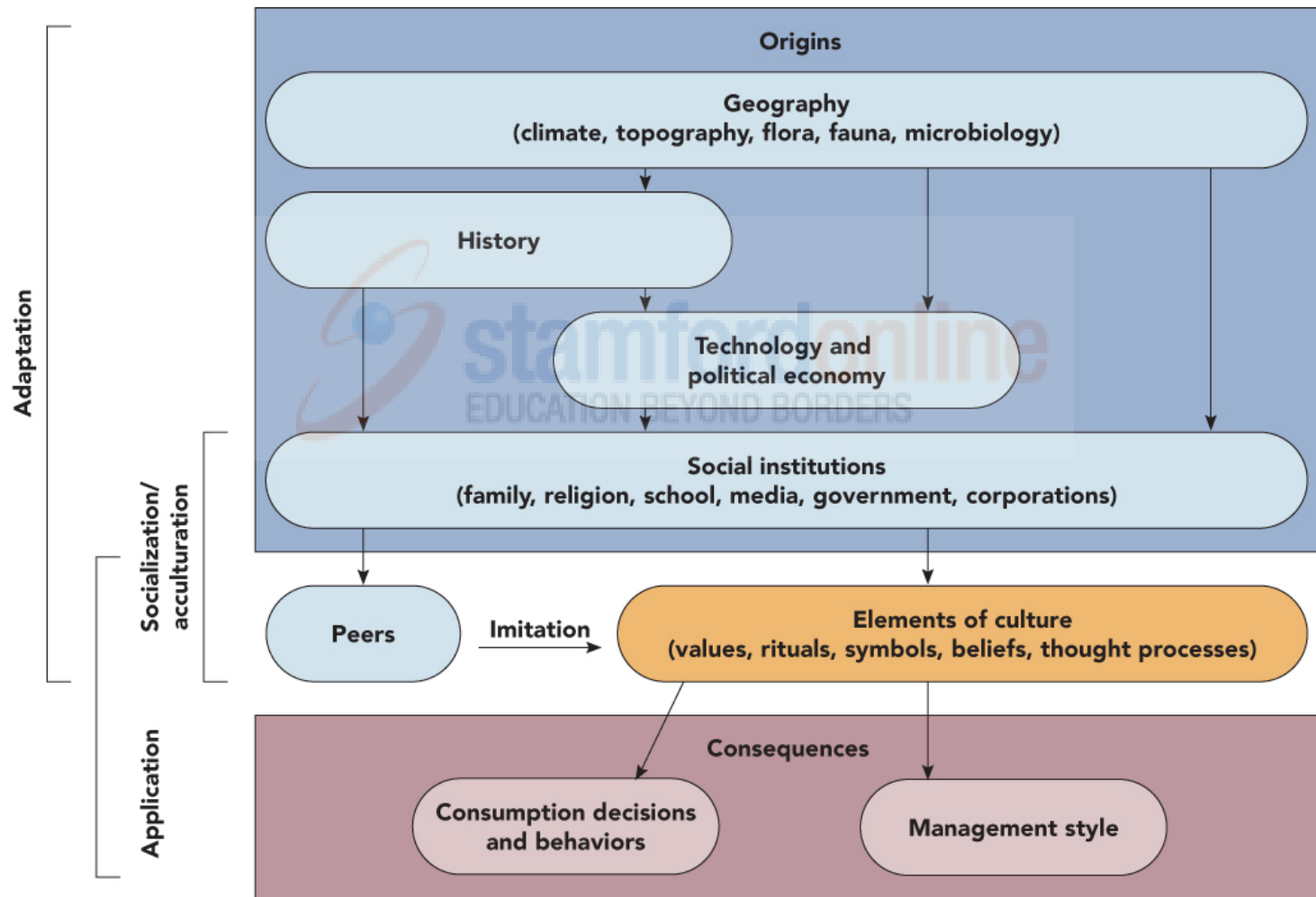
# Learning Objectives

- At the end of this lecture, students should be able to:
  - state the definitions and origins of culture.
  - appreciate the necessity for adapting to cultural differences.
  - explain how and why management styles vary around the world.
  - discuss the importance of cultural differences in business ethics.

# Definitions and Origins of Culture

- Most traditional definitions of culture centre around the notion that culture is the sum of the values, rituals, symbols, beliefs, and thought processes that are learned, shared by a group of people, and transmitted from generation to generation.
- Individuals learn culture from social institutions through:
  - socialization (growing up).
  - acculturation (adjusting to a new culture).

# Origins, Elements, and Consequences of Culture



# Definitions and Origins of Culture (cont.)

- Geography
- History
- The political economy
- Technology



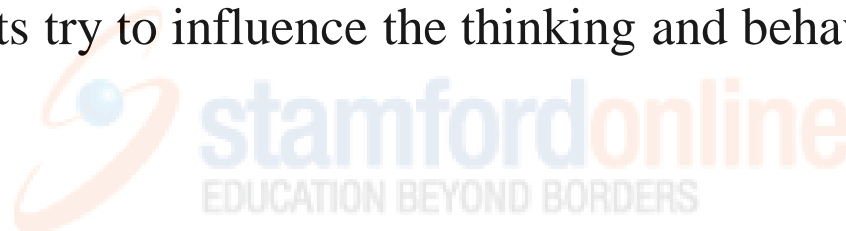
# Definitions and Origins of Culture (cont'd)

- Social institutions
  - Family
    - Favouritism of boys in some cultures
  - Religion
    - Misunderstanding of beliefs
  - School
    - No country has been successful economically with less than 50% literacy.



# Definitions and Origins of Culture (cont'd)

- The media
  - Media time has replaced family time
- Government
  - Governments try to influence the thinking and behaviours of adult citizens.
- Corporations
  - Most innovations are introduced to societies by companies



# Elements of Culture

- Cultural values
  - Individualism/Collectivism Index
  - Power Distance Index
  - Uncertainty Avoidance Index
  - Cultural Values and Consumer Behaviour
- Rituals
  - Marriage
  - Funerals

# Elements of Culture (cont'd)

- Symbols
  - Language
    - Linguistic distance
  - Aesthetics as Symbols
    - Insensitivity to aesthetic values can offend, create a negative impression, and, in general, render marketing efforts ineffective or even damaging.
- Beliefs
  - To make light of superstitions in other cultures when doing business there can be an expensive mistake.
- Thought processes
  - Difference in perception

# Cultural Knowledge

- Factual knowledge vs. interpretive knowledge
  - Factual knowledge
    - usually obvious & must be learned (i.e. colours, tastes, and so on).
  - Interpretive knowledge
    - an ability to understand & appreciate the nuances of different cultural traits & patterns.
- Cultural sensitivity and tolerance
  - Being attuned to the nuances of culture so that a new culture can be viewed objectively, evaluated and appreciated.
  - Cultures are not right or wrong, better or worse, they are simply different.
  - The more exotic the situation, the more sensitive, tolerant, and flexible one needs to be.

# Required Adaptation

- **Adaptation** is a key concept in international marketing.
- As a guide to adaptation, all who wish to deal with individuals, firms, or authorities in foreign countries should be able to meet 10 basic criteria:
  - 1) open tolerance
  - 2) flexibility
  - 3) humility
  - 4) justice/fairness
  - 5) ability to adjust to varying tempos
  - 6) curiosity/interest
  - 7) knowledge of the country
  - 8) liking for others
  - 9) ability to command respect
  - 10) ability to integrate oneself into the environment



# Cultural Imperatives

- The business customs and expectations that must be met and conformed to or avoided if relationships are to be successful.
- Friendship motivates local agents to make more sales.
- The significance of establishing friendship cannot be overemphasized, especially in those countries where family relationships are close.

# Cultural Imperatives (cont.)

- In some cultures a person's demeanour is more critical than in other cultures.
- What may be an imperative to avoid in one culture is an imperative to do in another.



# Cultural Electives and Exclusives

- Cultural electives:
  - Relate to areas of behaviour or to customs that cultural aliens may wish to conform to or participate in but that are not required.
  - A cultural elective in one country may be an imperative in another.
  - Cultural electives are the most visibly different customs and thus more obvious.
- Cultural exclusives:
  - Those customs or behaviour patterns reserved exclusively for the locals and from which the foreigner is barred.

# P-Time versus M-Time

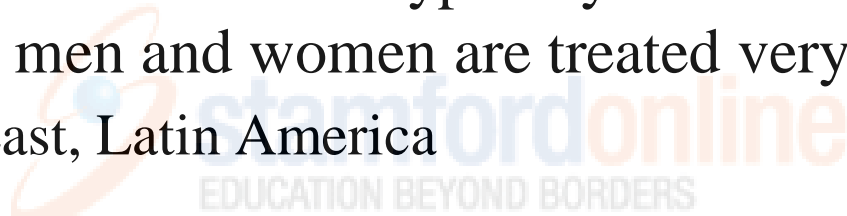
- Monochronic time:
  - Tend to concentrate on one thing at a time
  - Divide time into small units and are concerned with promptness
  - Most low-context cultures operate on M-Time
- Polychronic time:
  - Dominant in high-context cultures
  - Characterized by the simultaneous occurrence of many things
  - Allows for relationships to build and context to be absorbed as parts of high-context cultures.
- Most cultures offer a mix of P-time and M-time behaviour, but have a tendency to be either more P-time or M-time in regard to the role time plays.

# Negotiations Emphasis

- Business negotiations are perhaps the most fundamental business rituals.
- The basic elements of business negotiations are the same in any country.
  - They relate to the product, its price and terms, services associated with the product, and finally, friendship between vendors and customers.
- One standard rule in negotiating is “know thyself” first, and second, “know your counterpart.”

# Gender Bias in International Business

- Women represent only 18% of the employees who are chosen for international assignments.
- In many cultures women are not typically found in upper levels of management, and men and women are treated very differently.
  - Asia, Middle East, Latin America
- Prejudices toward women in foreign countries



# Bribery: Variations on a Theme

- Bribery and Extortion:
  - Voluntary offered payment by someone seeking unlawful advantage is bribery.
  - If payments are extracted under duress by someone in authority from a person seeking only what he or she is lawfully entitled to that is extortion.
- Subornation and Lubrication:
  - Lubrication involves a relatively small sum of cash, a gift, or a service given to a low-ranking official in a country where such offerings are not prohibited by law.
  - Subornation involves giving large sums of money, frequently not properly accounted for, designed to entice an official to commit an illegal act on behalf of the one offering the bribe.

# Bribery: Variations on a Theme (cont.)

- Agent's Fees:
  - When a businessperson is uncertain of a country's rules and regulations, an agent may be hired to represent the company in that country.
  - The Foreign Corrupt Practices Act
  - Change will come only from more ethically and socially responsible decisions by both buyers and sellers and by governments willing to take a stand.

# Ethical and Socially Responsible Decisions

- In normal business operations, difficulties arise in making decisions, establishing policies, and engaging in business operations in five broad areas:
  - Employment practices and policies
  - Consumer protection
  - Environmental protection
  - Political payments and involvement in political affairs of the country
  - Basic human rights and fundamental freedoms
- Laws are the markers of past behaviour that society has deemed unethical or socially irresponsible.

# References

- Cateora, P. R., & Graham, J. L. (2008). *International Marketing* (13<sup>th</sup> ed.). US: McGraw-Hill.

