International Management

Chapter 3 Understanding the Role of Culture

Disclaimer - Copyright

Chapter Learning Goals

1. To understand how culture affects all aspects of international management

2. To emphasize the need for international managers to have cultural intelligence in order to interact successfully in host countries

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.

Inside EU

MAP 3.1   Major World Religions

MAJOR RELIGIONS

- Buddhist
- Buddhist/Confucian
- Eastern Orthodox
- Hindu
- Muslim
- Mixed Christian (Catholic, Protestant, and other Christian groups)
- Protestant
- Roman Catholic
- Other
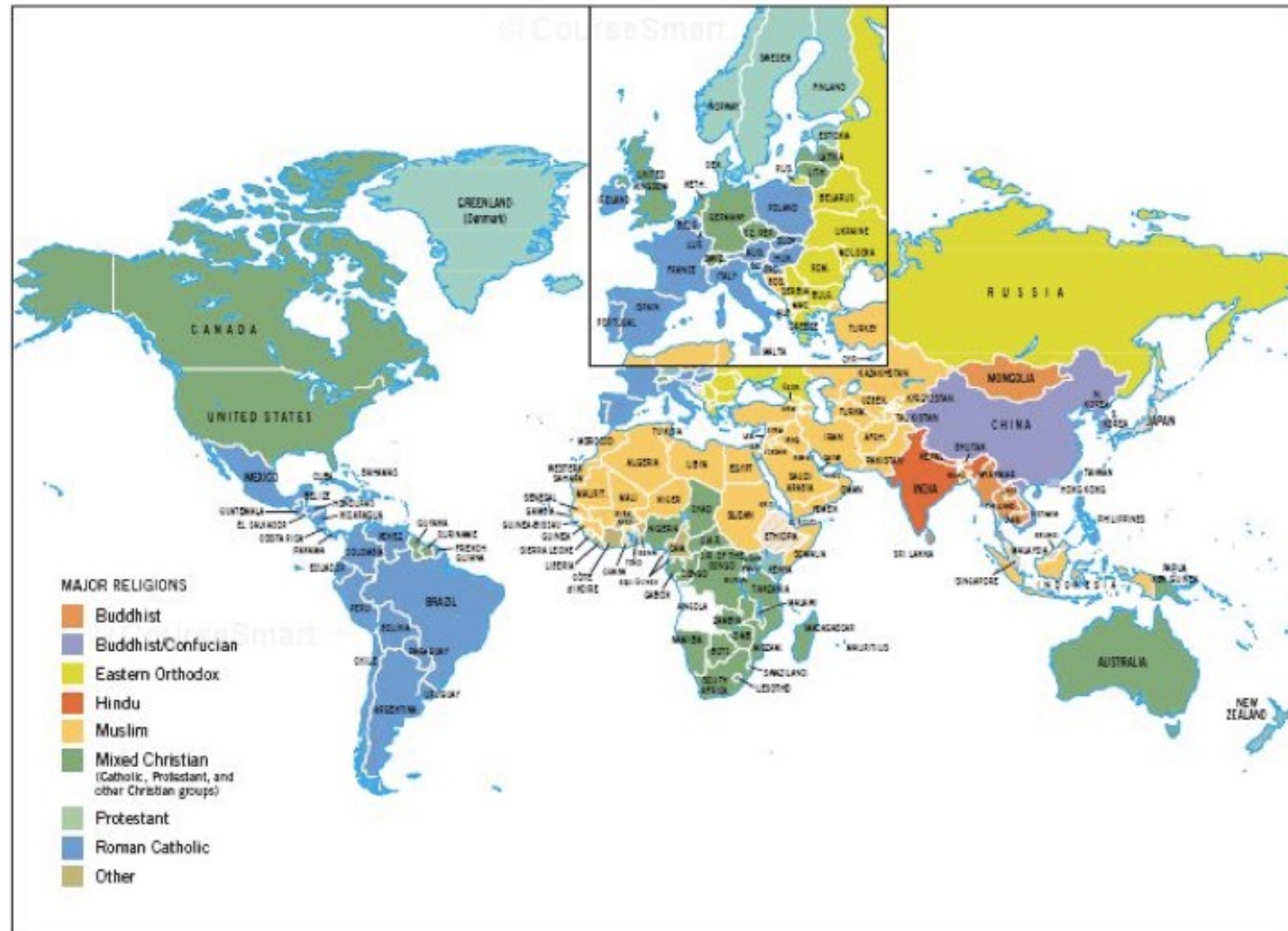
Source: Data from various sources, including U.S. Census Bureau's International Data Base, U.S. State Department Reports, U.N. Human development report.

Environmental Variables Affecting Management Functions

National Variables
- Economic system
- Legal system
- Political system
- Physical situation
- Technological know-how

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
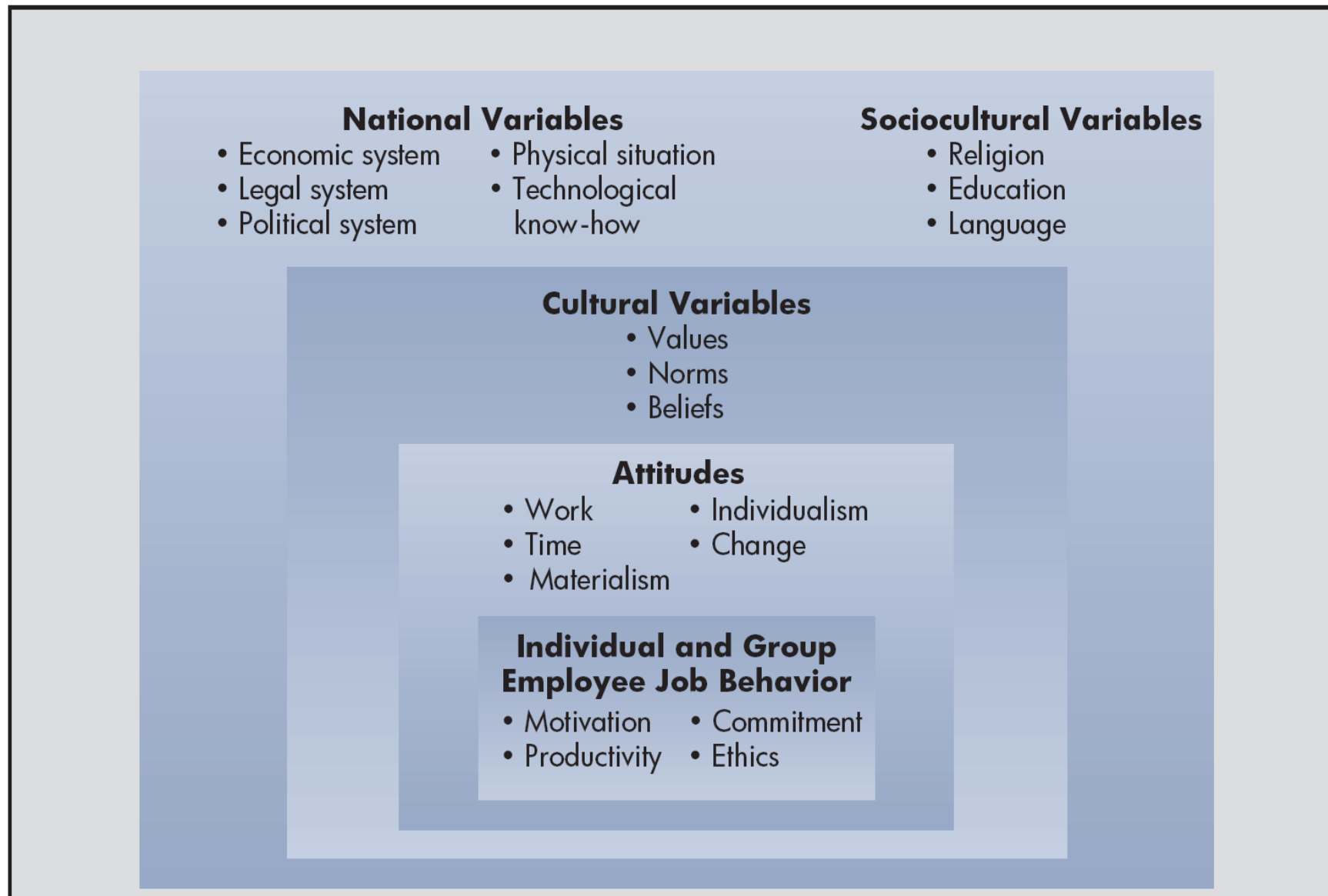
Organizational Culture

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:
      ❖ *IBM vs. Apple*
      ❖ *Daimler Benz vs. Chrysler*

Organizational Culture

❖ ## KLM's travel-benefits policy:

  ❖ Airline KLM responded to Dutch attitudes regarding families and norms regarding relationships by extending its travel benefits policy to any couple who formally registered as living together – regardless of whether the couple was heterosexual or homosexual, formally married or not.

❖ ## McDonald's in Russia:

  ❖ provides more extensive training to employees in Russia than to those in the US because Russians have a legacy of Soviet Union social system.

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

# Influences on National Culture

Subcultures	Stereotyping
• Many countries comprise diverse *subcultures* whose constituents conform only in varying degrees to the national character. Example: Canada	❖ A *cultural profile* that tends to develop some tentative expectations—some cultural context—as a backdrop to managing in a specific international setting

Cultural Attributes
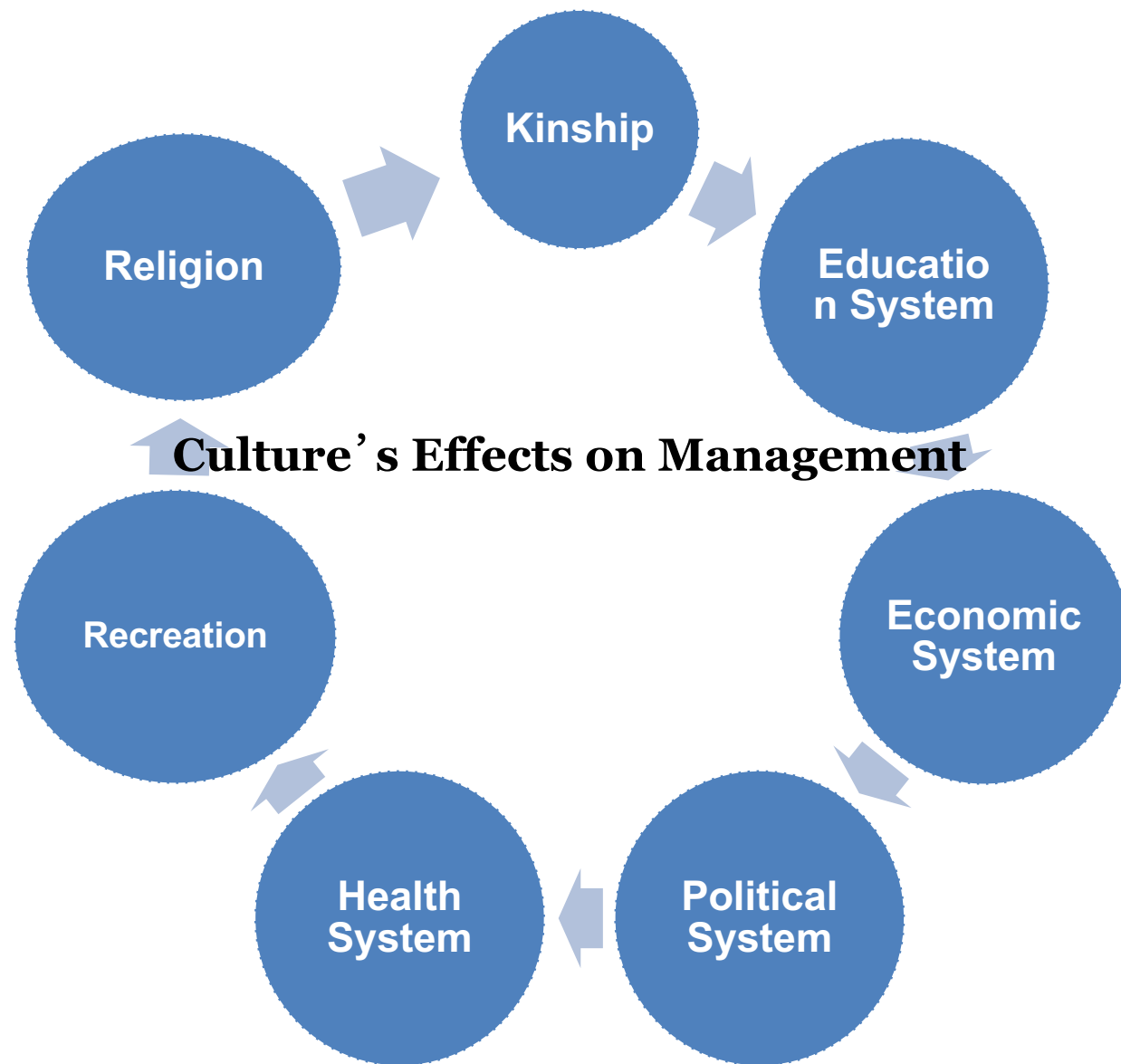
Culture's Effects on Management

❖ **Kinship** – the system adopted by a given society to guide family relationships. In the US, this system consists primarily of the nuclear family. In some other countries the system consists of the extended family. In the latter case, family loyalty may be given primary consideration in corporate activities

❖ **Education** - The formal and informal education received by workers influences the expectations placed on those workers and managers' choices about recruitment, staffing, training, and leadership.

❖ **Economy** - The economic system influences sourcing, distribution, incentives, and reparation of capital.

❖ **Politics** - The government imposes varying constraints on organizations and their freedom to do business.

Culture's Effects on Management (cont.)

- ❖ **Religion**
  - ❖ McDonald's does not serve beef or pork in India out of respect for Hindus and Muslims. In Saudi Arabia, Islamic law prohibits the charging of interest.

- ❖ **Associations** - Various associations arise from the formal and informal groups that make up a society
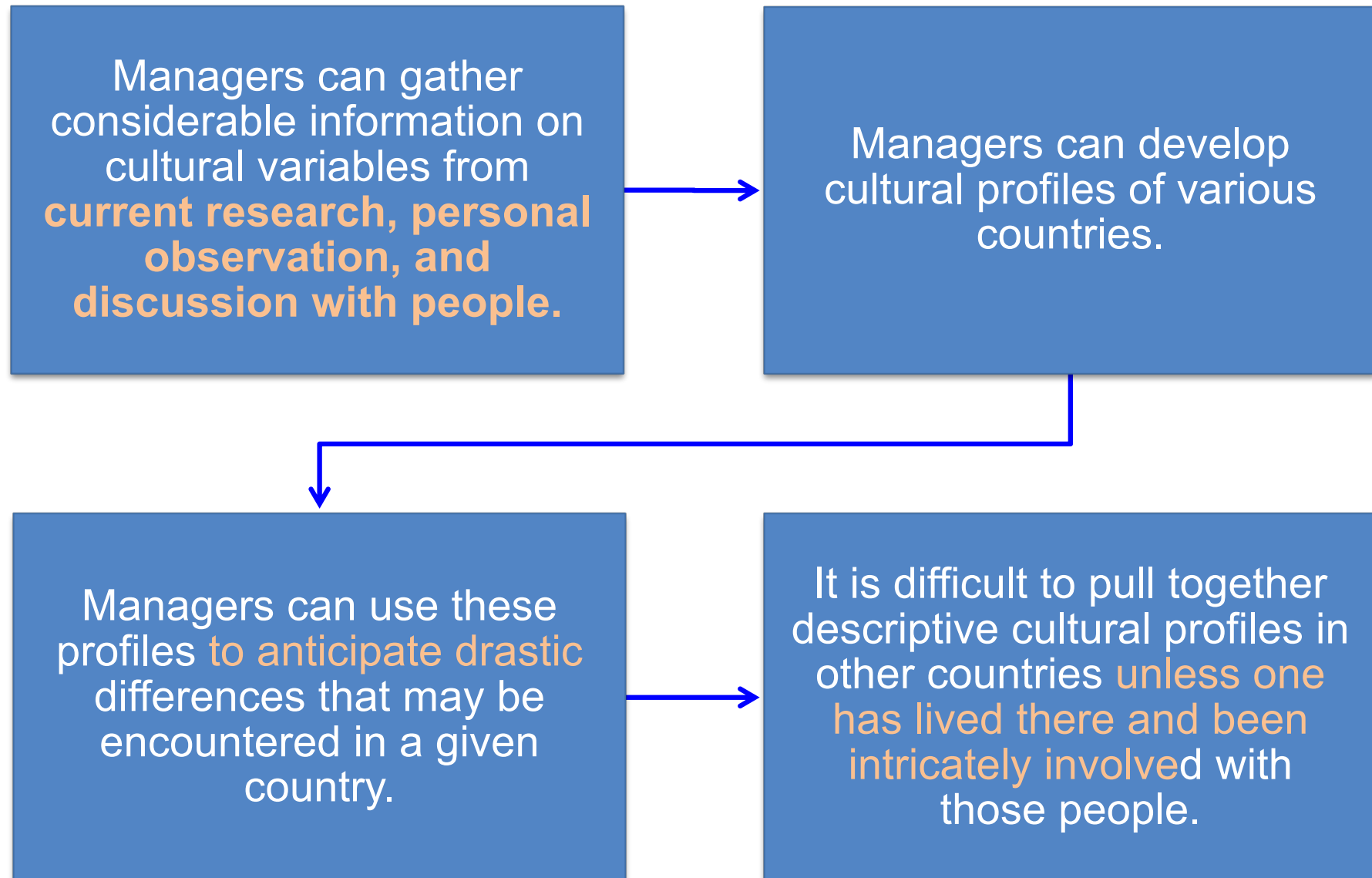
- ❖ **Health** - A country's system of health affects employee productivity, expectations, and attitudes toward physical fitness, which in turn affect decisions about health care benefits, insurance, physical facilities, and sick days.

- ❖ **Recreation** - Workers' attitudes about recreation can affect their work behavior

Culture's Effects on Management

❖ Convergence— the phenomenon of the shifting of individual management styles to become similar to one another, integration.

❖ 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 (example: ??)

❖ 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 (example: ??)

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.

Comparative Management in Focus

Japan	Germany
• "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	• 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

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

South Korea

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

Summary of Key Points

- Each society has its own unique culture

- Managers must develop cultural sensitivity

- Researchers such as Hofstede and Trompenaar have created studies which help describe cultural profiles; GLOBE study created a body of data on cultural dimensions

- Managers can use research results and personal observations to develop cultural profiles of countries

International Management

Chapter 4 Communicating Across Cultures

Learning Objectives

4.1   To recognize the communication process and how cultural differences can cause noise in that process

4.2   To appreciate the cultural variables that affect communication for both the sender and the listener

4.3   To learn how to manage cross-cultural business communications successfully

Opening Profile: The Impact of Social Media on Global Business

- ❖ Managers in international businesses are grappling with the question of how to benefit from social media networks
- ❖ Social media are potential sources of rich information outside the normal chain of communication
- ❖ Trends
- ❖ Importance of privacy and security
- ❖ Importance of video usage
- ❖ Heavier focus on augmented reality (AR)
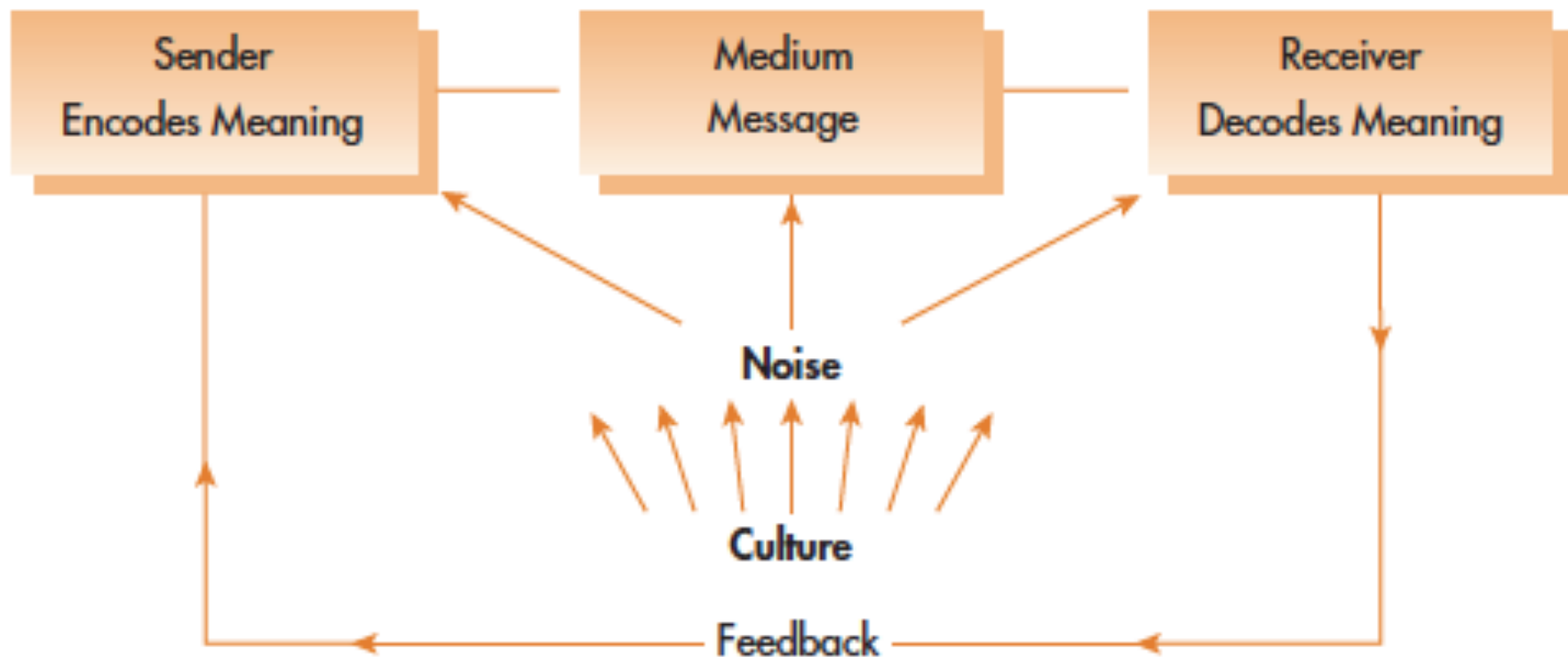- ❖ Internet—primary source of news content

Learning Objective 4.1

To recognize the communication process and how cultural differences can cause noise in that process

The Communication Process

EXHIBIT 4-1 The Communication Process

High rate of misinterpretation can occur in a variety of stages of communication processes

Communication: India – language, culture, customs, and etiquette

INDIA
States and Union Territories

- The different states of India have different official languages (?)

- The central government named Hindi as the official language of India

- Indians are conscious of social order and status

- People define themselves by the groups to which they belong

- Indian names vary based on religion, social class, and region of the country

Cultural Noise in the Communication Process

Behavior	Attribution
German: "What can be done to make sure this project is completed on time?"	German: "I am giving him some responsibility." Indian: "He is the boss, why is he asking me?"
Indian: "I don't know. What do you suggest?"	German: "Can't he take responsibility?" Indian: "I asked him for instructions."

Learning Objective 4.2

To appreciate the cultural variables that affect communication for both the sender and the listener

The Culture–Communication Link: The GLOBE Project

High Performance Orientation: United States

❖ Present objective information directly and specifically

Low Assertiveness: Sweden

❖ Two-way discourse and friendly relationship

High Human Orientation: Ireland

❖ Avoid conflict, be supportive

The Culture–Communication Link: Trust in Communication

❖ The meaning of trust and how it is communicated vary across societies

❖ When there is trust between parties, implicit understanding arises within communications

❖ Guidelines:

  ❖ Create a clear and calculated basis for natural benefit

  ❖ Improve predictability

  ❖ Develop mutual bonding

Cultural Variables in the Communication Process

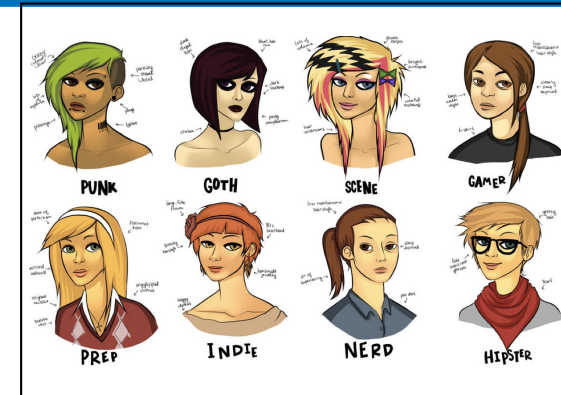**Attitudes** → Stereotyping
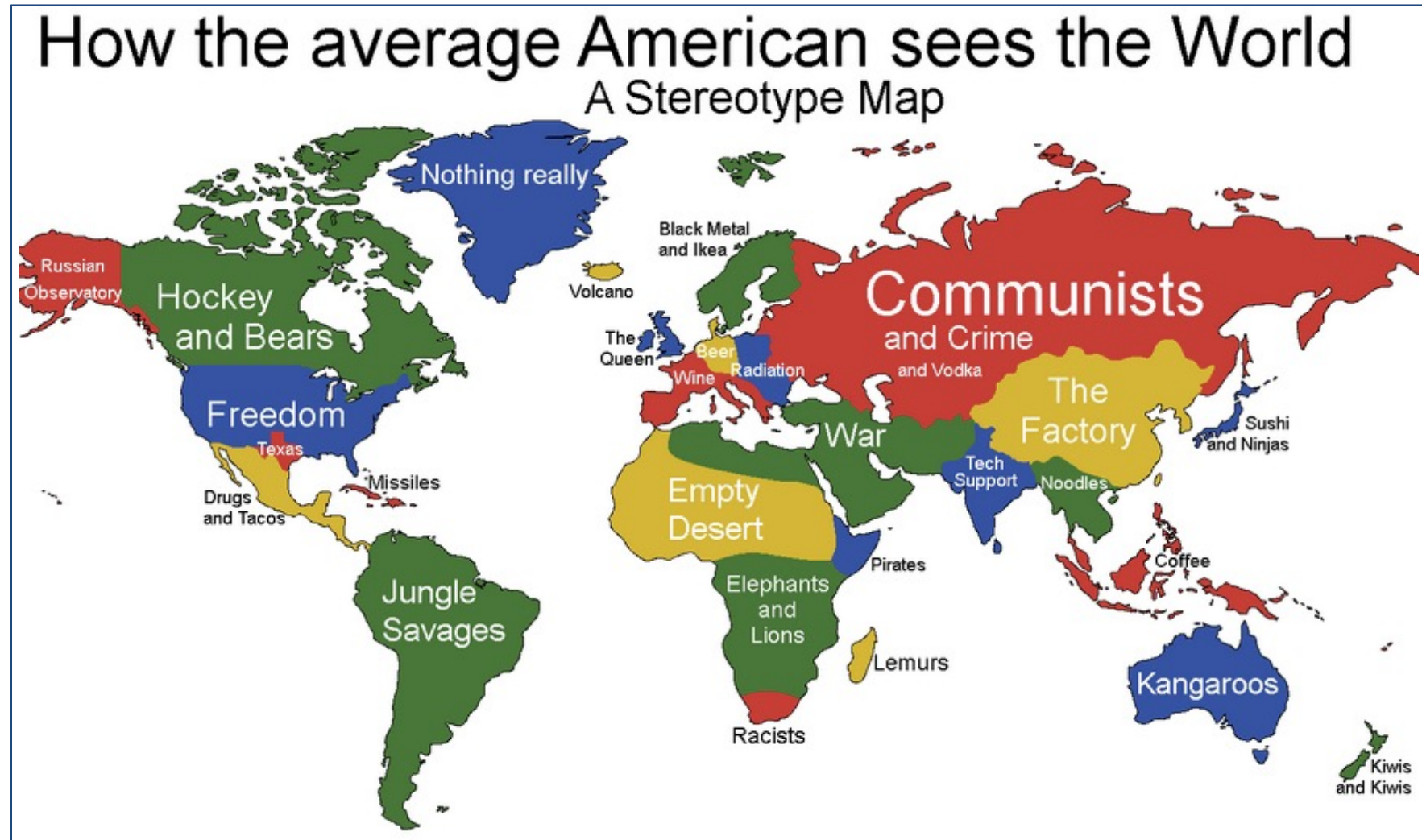
Social Organization → Deutscher Metallarbeiter-Verband (DMV) or IG Metall

Thought Patterns → The meaning of double lines

2. Stereotyping

Is there any different from how Europeans see the World ?

2. Thought Patterns

Driving means different things in different countries…

❖ **Roles**

- Decision making and responsibility

❖ **Language**

- Pitfalls of bad translation: "come out of the grave with Pepsi" When "yes" doesn't mean "yes"

Nonverbal Communication

❖ "A picture is worth a thousand words."

❖ Subtle messages account for between 65 to 93 percent of interpreted communication.

❖ Minor variations in body language, speech rhythms, and punctuality often cause mistrust and misperception of the situation among cross-cultural parties.

Nonverbal Communication (1 of 2)

❖ **Kinesic behavior—communication through body movements**

❖ **Proxemics—the influence of proximity and space on communication—both personal space and office space or layout**

  ❖ **High-contact cultures: prefer to stand close and to experience a "close" sensory involvement**

  ❖ **Low-contact cultures: have a "distant" style of body language**

❖ **Paralanguage—how something is said rather than the content**

❖ **Object language/material culture – the way we communicate through material artifacts**

 ❖ **Monochronic cultures** (Switzerland, Germany, United States): time is experienced in a linear way

 ❖ **Polychronic cultures** (Latin Americans, Arabs): tolerate many things happening simultaneously and may focus on several things at once

❖ Other examples:

 ❖ **Open displays of wealth**

 ❖ **Japanese 'meishi' or business cards**

 ❖ **Mexico: appreciating the architecture and family photos**

Example of Kinesics behavior - Paralanguage

Example of Object Language: Feng Shui
- Asian concept impacts Western business -

- Directing "Qi" for positive results
- Fourth floor in China, Japan, Korea

Trump properties in New York:

http://www.nytimes.com/1994/09/22/nyregion/ancient-chinese-craft-shifts-building-designs-in-the-us.html?pagewanted=all

Forms of Nonverbal Communication

- ❖ Facial expressions; eye contact

- ❖ Body posture; interpersonal distance

- ❖ Body contact

- ❖ Clothing cosmetics; hairstyles

- ❖ ParalanguageAttitude toward time

- ❖ Color symbolism

- ❖ Food symbolism and social use of meals

Can you give an example from your own culture?

Context in communication

High-Context Cultures	Low-Context Cultures
Feelings and thoughts are not explicitly expressed; key information is embedded in the context	Personal and business relationships are more compartmentalized, communication has to be more explicit. Feelings and thoughts are expressed in words

2. Context

EXHIBIT 4-4 Cultural Context and Its Effects on Communication

High — Japan — (high context/implicit)
- Middle East
- Latin America
- Africa
- Mediterranean
- England
- France
- North America
- Scandinavia
- Germany

Low — (low context/explicit) — Switzerland

Context (vertical axis)

Explicitness of communication: Low → High
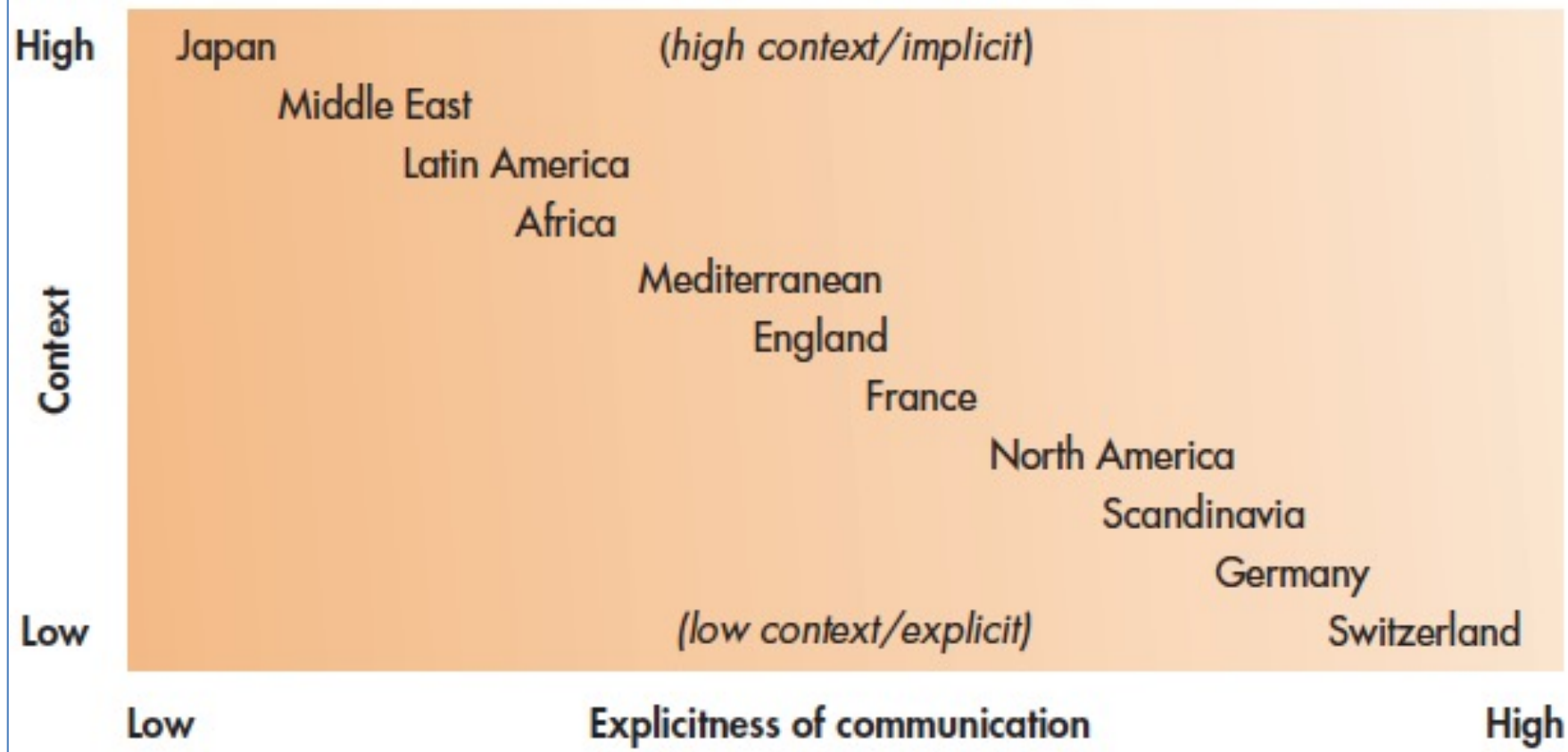
Communication Channels

❖ Origin of corporate information

   ❖ In the US., staff "inform/report to" the managers; in south America, most in a centralized structure, information originates from top managers

❖ Speed of information flow

   ❖ High-context vs. low-context, in which one is faster?

❖ Utilization of informal sources of information

   ❖ Karaoke and after-work drinking/bar-hopping

   ❖ Water-cooler effects

Management In Action: A Guide to Miscommunication

- ❖ The Anglo-Dutch guide lists phrases that are misunderstood when the English and Dutch talk to each other

- ❖ Linguistic gaps remain widespread but tend to be ignored

- ❖ The more institutions become globalized, the more subtle distinctions in speech patterns matter

Comparative Management in Focus: Communicating with Arabs

❖ Arabs are quick to "sound off"

❖ Communication is built on friendship, honor, hospitality, religion

❖ Arabs are high-contact communicators (not towards opposite gender)

❖ Time is the key in communication process: deadlines are considered rude and pushy

Picture source: https://i.ytimg.com/vi/U9X0D9V9Bvg/hqdefault.jpg

The Example Saudi Arabian Culture

MAP 4.1 Saudi Arabia and the Arabian Peninsula

Adapted from Deresky, Helen (2022, 2017, 2014): International Management, Managing Across Borders and Cultures, Prentice Hall.
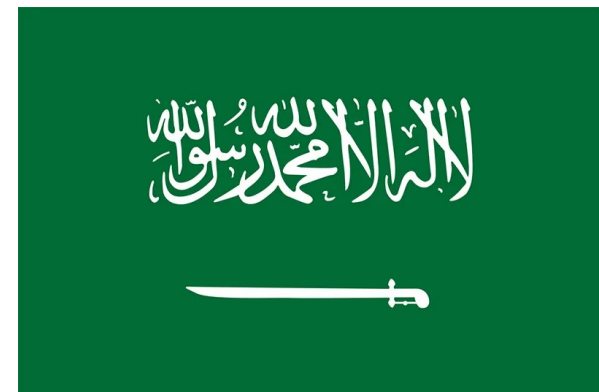
3. Example: Saudi Arabian Culture

❖ **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, Coty Beauty, Harvey Nichols, Saks Fifth Avenue, Pizza Hut

Example: 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

Information Systems

- In centralized organizational structures as in South America, most information originates from top managers

- In the United States information flows from the staff to managers

- Japan: ringi system

- High-context cultures: information spreads rapidly and freely

Informal Sources of Information

- ❖ Employees drinking together
- ❖ Communication based on long-term relationships
- ❖ "Public self" versus "Private self"

Speed of Information

❖ Americans expect to give and receive information very **quickly and clearly**

❖ The French use **slower message channels** of deep relationships, culture, and mediators to exchange information

Japanese "Ningensei" vs. US Adversial Style

1. **Indirect verbal and non-verbal communication; non-confrontational**	1. **Direct, confrontational communication accepted**
2. **Relationship communication; ambiguous**	2. **Task communication, to-the-point**
3. **Group orientation**	3. **Individualistic**
4. **Softer, sympathetic**	4. **Favors "odd" reason**

Adapted from Deresky, Helen (2022, 2017, 2014): International Management, Managing Across Borders and Cultures, Prentice Hall.

Learning Objective 4.3

To learn how to manage cross-cultural business communications successfully

Tipps in Developing Cultural Sensitivity
Dos and Don't dos

- **Read a map:** Familiarize yourself with the local geography to avoid making insulting mistakes
- **Dress up:** In some countries, casual dress is a sign of disrespect
- **Talk small**: Talking about wealth, power, or status—corporate or personal—can create resentment
- **Speak lower and slower:** A loud voice is often perceived as bragging
- **Listen as much as you talk:** Ask people you're visiting about themselves and their way of life

- **Not being too fast:** not talking fast, eating fast, moving fast, living fast. Many cultures do not do that.
- **No slang:** Even casual profanity is unacceptable
- **Religious restraint**: In many countries, religion is not a subject for public discussion
- **Political restraint:** Steer clear of this if someone is attacking U.S. policies, agree to disagree

How to Manage Cross-Cultural Communication

A Process-Based View

Develop cultural sensitivity

- Anticipate the meaning the receiver will get.

Careful encoding

- Use words, pictures, and gestures.
- Avoid slang, idioms, regional sayings.

Selective Transmission

- Build relationships, face-to-face if possible.

Careful decoding of feedback

- Get feedback from multiple parties.
- Improve listening and observation skills.

Follow-up actions

How to Facilitating Intercultural Communication

An Open-Ended View

Openness
- Open mindedness, tolerance for ambiguity, and to be an extrovert

Resilience
- Having an internal locus of control, persistence, **a tolerance for ambiguity,** and resourcefulness, and **patience is a virtual!!**

Kim, Y.Y. (1988): *Communication and Cross-cultural Adaptation: An Integrative Theory*. Clevedon, UK; Multilingual Matters.

Summary

- ❖ **Cultural sensitivity**

- ❖ **Awareness of potential sources of cultural noise**

- ❖ **Culture is the foundation of communication**
    - ❖ High-context vs. low context
    - ❖ Careful encoding and selective transmission
    - ❖ Cultural localization on the Internet