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CHAPTER 2
CROSS-CULTURAL BUSINESS

LEARNING OBJECTIVES:
2.1 Explain culture and the need for cultural knowledge.
2.2 Summarize the cultural importance of values and behavior.
2.3 Describe the roles of social structure and education in culture.
2.4 Outline how the major world religions can influence business.
2.5 Explain the importance of personal communication to international business.
2.6 Describe how firms and culture interact in the global workplace.

CHAPTER OUTLINE:
Introduction
What Is Culture?
- National Culture
- Subcultures
- Physical Environment
- Need for Cultural Knowledge
  - Avoiding Ethnocentricity
  - Developing Cultural Literacy

Values and Behavior
- Values
- Attitudes
- Aesthetics
- Appropriate Behavior
  - Manners
  - Customs
    - Folk or Popular Customs
    - The Business Customs of Gift Giving

Social Structure and Education
- Social Group Associations
  - Family
  - Gender
- Social Status
- Social Mobility
  - Caste System
  - Class System
- Education
  - The "Brain Drain" Phenomenon

Religion
- Christianity
- Islam
- Hinduism
- Buddhism

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Confucianism
Judaism
Shinto
Personal Communication
Spoken and Written Language
Implications for Managers
Language Blunders
Lingua Franca
Body Language
Culture in the Global Workplace
Perception of Time
View of Work
Material Culture
Cultural Change
When Companies Change Cultures
When Culture Changes Companies
Studying Culture in the Workplace
Kluckhohn-Strodtbeck Framework
Case: Dimensions of Japanese Culture
Hofstede Framework
Bottom Line for Business

 A comprehensive set of specially designed PowerPoint slides is available for use with Chapter 2. These slides and the lecture outline below form a completely integrated package that simplifies the teaching of this chapter's material.

Lecture Outline

I. INTRODUCTION

This chapter describes culture in the context of international business, explains how culture affects international business practices and competitiveness, and presents two methods of classifying cultures.

II. WHAT IS CULTURE?

Culture is the set of values, beliefs, rules, and institutions held by a specific group of people. Main components include: *aesthetics*, *values* and *attitudes*, *manners* and *customs*, *social structure*, *religion*, *personal communication*, *education*, and *physical* and *material environments*.

A. National culture

1. Nation-states support and promote the concept of a national culture by building museums and monuments to preserve the legacies of important events and people.
2. Nation-states intervene to help *preserve* their national cultures.
3. Companies get involved in supporting culture, in part, for the public relations benefit.

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B. Subcultures
   1. A *subculture* is a group of people who share a unique way of life within a larger, dominant culture. It can differ from the dominant culture in language, race, lifestyle, values, attitudes, and so on.
   2. Companies must be mindful of subcultures when formulating business strategies (e.g., China has 50 ethnic groups).
   3. Decisions regarding product design, packaging, and advertising must consider distinct cultures.
   4. Subcultures also can extend beyond national borders.

C. Physical Environment—These heavily influence a culture's development and pace of change.
   1. *Topography*: all physical features that characterize the surface of a geographic region. Cultures isolated by impassable mountains or large bodies of water are less exposed to the cultural traits of others and change slowly. Topography impacts product needs.
   2. Topography impacts personal communication (e.g., mountains and the Gobi Desert consume two-thirds of China).
   3. Climate affects where people settle and directs systems of distribution (e.g., Australian desert, jungles, and coastal areas).
   4. Climate plays a large role in lifestyle, clothing, and work habits, such as organizing production schedules for idled machines.

D. Need for Cultural Knowledge
   1. Avoiding Ethnocentricity
      a. Ethnocentricity is the belief that one's own ethnic group or culture is superior to that of others. It causes people to view other culture in terms of their own and overlook beneficial aspects of other cultures.
      b. Ethnocentricity can undermine business can undermine business projects when employees are insensitive to cultural nuances.
   2. Developing Cultural Literacy
      a. Managers working directly in international business should develop cultural literacy—detailed knowledge about a culture that enables a person to function effectively within it.
      b. Cultural literacy brings a company closer to customer needs and improves competitiveness.

III. VALUES AND BEHAVIOR

A. Values are ideas, beliefs and customs to which people are emotionally attached. They affect work ethic and desire for material possession. Some cultures value leisure while others value hard work.

B. Attitudes
   1. *Attitudes* are positive or negative evaluations, feelings, and tendencies that individuals harbor toward objects or concepts.

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Learned from role models and formed within a cultural context. More flexible than values.

C. Aesthetics
   1. *Aesthetics* is what a culture considers to be in "good taste" in the arts, the imagery evoked by certain expressions, and the symbolism of colors.
   2. Appropriate colors for advertising, product packaging, and even work uniforms can enhance success (e.g., Green in Islam).
   3. Blunders can result from selecting inappropriate colors and symbols for advertising, product packaging, and architecture.
   4. Music is deeply cultural and must be considered in promotions.
   5. It is also an important consideration in marketing over the Internet.

D. Appropriate Behavior—it is important to understand manners and customs to avoid mistakes abroad. In depth knowledge improves the abilities of managers.
   1. *Manners* are appropriate ways of behaving, speaking, and dressing in a culture (e.g., conducting business during meals in the United States). Another current example: Jack Ma founded Alibaba (www.alibaba.com) as a way for suppliers and buyers to increase efficiency by cutting through layers of intermediaries and trading companies. But he realized early that his Chinese clients needed training in business etiquette to cross the cultural divide and do business with people from Western cultures. Therefore, Alibaba offers seminars on business manners that instruct clients to spend more time chitchatting with clients and conversing more casually.
   2. *Customs* are habits or ways of behaving in specific circumstances that are passed down through generations in a culture. Customs define appropriate habits or behaviors in specific situations.
      a. *Folk customs* are behaviors, dating back generations, practiced within a homogeneous group of people (e.g., dragon boat festival in China).
      b. A *popular custom* is behavior practiced by a heterogeneous group or by several groups (e.g., blue jeans, "burgers 'n fries").
      c. The business custom of gift giving – slthough giving token gifts to business and government associates is customary, the proper type of gift varies. Cultures differ in their legal and ethical rules regarding bribery. The U.S. Foreign Corrupt Practices Act prohibits companies from giving large gifts to win business favors, applies to U.S. firms operating at home and abroad.

IV. SOCIAL STRUCTURE AND EDUCATION

Social structure embodies a culture's fundamental organization, including groups and institutions, social positions and relationships, and resource distribution.

A. Social Group Associations

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A *social group* is a collection of two or more people who identify and interact with one another. Contribute to identity and self-image.

1. Family
    a. *Nuclear family* consists of immediate relatives, including parents, brothers, and sisters. Prevails in Australia, Canada, United States, and in Europe.
    b. *Extended family* includes grandparents, aunts and uncles, cousins, and relatives through marriage. More important in Asia, Middle East, North Africa, and Latin America.
2. Gender
    a. *Gender* refers to socially learned traits associated with, and expected of, men or women. Sociologists regard gender as a category—people who share some status.
    b. Countries vary regarding gender equality at work.

B. Social Status
1. *Social stratification* is the process of ranking people into social layers according to family heritage, income, and occupation.
2. Top layer: royalty, government officials, and business leaders. Middle layer: scientists, medical doctors, and others with a university education. Bottom layer: manual and clerical workers with vocational training or secondary-school educations.
3. Rankings can and do change over time.

C. Social Mobility
1. *Social mobility* is the ease with which individuals can move up or down a culture's "social ladder."
2. *Caste system*: people are born into a social ranking, with no opportunity for social mobility.
3. C*lass system*: personal ability and actions decide status and mobility. Highly class-conscious cultures can offer less mobility but experience more class conflict.

D. Education

Education passes on traditions, customs, and values. Cultures educate young people through schooling, parenting, religious teachings, and group memberships. Families and other groups provide informal instruction about customs and how to socialize with others.

1. Education Level
    a. Excellent basic education attracts high-wage industries that invest in training and increase productivity. Skilled, well-educated workforce attracts high-paying jobs; a poorly educated one attracts low-paying jobs.
    (See: Table 2.1 Illiteracy Rates of Selected Countries)
    b. Newly industrialized economies in Asia owe much of their economic development to solid education systems.
2. The "Brain Drain" Phenomenon
    a. *Brain drain*: departure of highly educated people from one profession, geographic region, or nation to another.

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b. *Reverse brain drain*: professionals return to their homelands.

V. RELIGION

Human values often derive from religious beliefs. Different religions take different views of work, savings, and material goods. Beliefs influence competitiveness, economic development, and business strategies.

A. Christianity
   1. Founded in Palestine 2,000 years ago among Jews who believed that Jesus of Nazareth was the messiah. With 2 billion followers, it is the world's single largest religion.
   2. More than 300 denominations but most are Roman Catholic, Protestant, or Eastern Orthodox.
   3. Roman Catholics are to refrain from placing materialism above God and people. Protestants believe that salvation comes from faith in God and that hard work gives glory to God.
   4. Christian organizations sometimes get involved in social causes that affect business policy (e.g., Walt Disney Company, Ryanair, Hyundai).

B. Islam
   1. Founded by Muhammad in 600 A.D. in Mecca, Saudi Arabia—the holy city of Islam. World's second largest religion with 1.3 billion adherents. Word *Islam* means "submission to Allah" and *Muslim* means "one who submits to Allah."
   2. Religion strongly affects the goods and services acceptable to Muslim consumers (e.g., alcohol, pork, interest on loans).

C. Hinduism
   1. Founded 4,000 years ago in present-day India, where more than 90 percent of its nearly 900 million adherents live.
   2. Some say it is a way of life rather than a religion. Caste system is integral to the Hindu faith. Believe in reincarnation—rebirth of the human soul at the time of death. Do not eat or willfully harm living creatures as they may be reincarnated human souls.
   3. Cows considered sacred animals so eating beef is not allowed (e.g., McDonald's replaces beef with lamb).

D. Buddhism
   1. Founded 2,600 years ago in India by a Hindu prince named Siddhartha Gautama. About 380 million followers, mostly in Asia: China, Tibet, Korea, Japan, Vietnam, and Thailand.
   2. Promotes a life centered on spiritual rather than worldly matters. Buddhists seek *nirvana* (escape from reincarnation) through charity, modesty, compassion for others, restraint from violence, and general self-control.

E. Confucianism
   1. Founded 2,500 years ago by exiled politician and philosopher *Confucius*. China is home to most of the 225 million followers.

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2. Confucian thought ingrained in the cultures of Japan, South Korea, and nations with large numbers of ethnic Chinese, including Singapore.
3. South Korean business practice reflects Confucian thought in its rigid organizational structure and reverence for authority (e.g., Korean-style management in overseas subsidiaries).
4. For centuries, people despised merchants because earning money violated Confucian beliefs. Many Chinese moved to Indonesia, Malaysia, Singapore, and Thailand to do business.

F. Judaism
1. Founded more than 3,000 years ago and 18 million followers. Was the first religion to teach belief in one God. Orthodox ("fully observant") Jews make up 12 percent of Israel and constitute an increasingly important economic segment.
2. Important observances are Rosh Hashanah (the Jewish New Year), Yom Kippur (the Day of Atonement), Passover (the Exodus from Egypt), and Hanukkah (a victory over the Syrians).
3. Employers must be aware of Jewish holidays. Because Sabbath lasts from sundown on Friday to sundown on Saturday, work schedules might need adjustment.
4. Marketers must take into account foods banned among observant Jews (e.g., pork and shellfish prohibited, meat stored and served separately from milk) and "kosher" foods.

G. Shinto
1. Means "way of the gods" and arose as the native religion of the Japanese. Teaches sincere and ethical behavior, loyalty and respect toward others, and enjoyment of life. Shinto claims about 4 million strict adherents in Japan.
2. Shinto beliefs are reflected in the workplace through lifetime employment (although this is waning today) and the traditional trust extended between firms and customers.
3. Japanese competitiveness in world markets has benefited from loyal workforces, low employee turnover, and good labor–management cooperation.

VII. PERSONAL COMMUNICATION

Every culture has a communication system to convey thoughts, feelings, knowledge, and information through speech, writing, and actions. A culture's spoken and body language can help explain people's thoughts and behaviors.

A. Spoken and Written Language
1. Linguistically different segments of a population are often culturally, socially, and politically distinct. The importance of understanding local languages is becoming increasingly apparent on the Internet. Roughly one-half to two-thirds of all web pages are in English, but around three-fourths of all Internet users are nonnative English speakers. Language proficiency is also crucial in

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production facilities where non-native managers are supervising local employees. Finally, it is important to marketers because they prize insights into the interests, values, attitudes, and habits of teenagers to better target their promotions.

2. Companies have made language blunders in their international business dealings.
3. A *lingua franca* is a third or "link" language that is understood by two parties who speak different languages.
4. Some languages are dying out, whereas some languages are growing, including Mandarin, Spanish, and English.

B. Body Language

1. Communicated through unspoken cues, including hand gestures, facial expressions, physical greetings, eye contact, and the manipulation of personal space.
2. Communicates information and feelings and differs among cultures. Most is subtle and takes time to interpret.
3. Proximity is an element of body language; standing too close may invade personal space and appear aggressive.

VIII. CULTURE IN THE GLOBAL WORKPLACE

A. Perceptions of Time

1. Latin American,Indian and Mediterranean cultures are casual about time; people in Japan and the United States arrive promptly for meeting and keep tight schedules.
2. Americans strive toward workplace efficiency and may leave work early if their work is done because they value individual results. Japanese look busy even when business is slow to demonstrate dedication—an attitude grounded in cohesion, loyalty and harmony

B. View of Work

1. Some cultures have a strong work ethic, others stress a balanced pace in work and leisure (e.g., "Work to live, or live to work")
2. Many European nations are trying to foster an entrepreneurial spirit to achieve the job growth realized in the United States.

C. Material Culture—includes all technology a culture uses to manufacture goods and provide services, and can measure a culture's technological advancement.

1. A firm enters a market under one of two conditions: (1) demand for its products has developed, or (2) the market is capable of supporting its production operations.
2. Changes in material culture can change other aspects of culture.
3. Many nations display uneven levels of material culture across geography, markets, and industries.

D. Cultural Change

1. C*ultural trait* is anything that represents a culture's way of life including gestures, material objects, traditions, and concepts.

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2. *Cultural diffusion* is the process whereby cultural traits spread from one culture to another. Globalization and technology are increasing the pace of cultural diffusion and change.
3. Culture can force companies to adjust business policies and practices, such as using situational management.
4. Rapid cultural diffusion and increased human interaction across borders cause cultures to converge. Convergence is taking place in some market segments for some products.

E. When Companies Change Culture

1. Cultural Imperialism is the replacement of one culture's traditions, folk heroes, and artifacts with substitutes from another.

IX. STUDYING CULTURE IN THE WORKPLACE

People in different cultures respond differently in similar business situations. Two ways to classify cultures based on characteristics such as values, attitudes, and social structure.

A. Kluckhohn–Strodtbeck Framework

The *Kluckhohn–Strodtbeck Framework* compares cultures along six dimensions, asking the following questions:

1. Do people believe that their environment controls them, that they control the environment, or that they are part of nature?
2. Do people focus on past events, on the present, or on the future implications of their actions?
3. Are people easily controlled and not to be trusted, or can they be trusted to act freely and responsibly?
4. Do people desire accomplishments in life, carefree lives, or spiritual and contemplative lives?
5. Do people believe that individuals or groups are responsible for each person's welfare?
6. Do people prefer to conduct most activities in private or in public?
   a. Dimensions of Japanese Culture:
      i. Japanese believe in a delicate balance between people and environment that must be maintained.
      ii. Japanese culture emphasizes the future.
      iii. Japanese culture treats people as quite trustworthy.
      iv. Japanese are accomplishment oriented for employers and work units.
      v. Japanese culture emphasizes individual responsibility to the group and group responsibility to the individual.
      vi. The culture of Japan tends to be public.

B. Hofstede Framework

The *Hofstede Framework* grew from a study of more than 110,000 people working in IBM subsidiaries by Dutch psychologist Geert Hofstede. He developed five dimensions for examining cultures. (See Table 2.2 National Scores on The Hofstede Dimensions)

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1. *Individualism versus Collectivism*: Identifies the extent to which a culture emphasizes the individual versus the group.
   a. Individualist cultures value hard work, entrepreneurial risk taking, and freedom to focus on personal goals.
   b. Collectivist cultures feel a strong association to groups, including family and work units. The goal is to maintain group harmony and work toward collective rather than personal goals.
2. *Power Distance*: Identifies the degree to which a culture accepts social inequality among its people.
   a. Large power distance is characterized by inequality between superiors and subordinates. Organizations are hierarchical, with power derived from prestige, force, and inheritance.
   b. Small power distance means equality, with prestige and rewards equally shared between superiors and subordinates. Power derives from hard work and is considered more legitimate.
3. *Uncertainty Avoidance*: Identifies the extent to which a culture avoids uncertainty and ambiguity.
   a. Cultures with large uncertainty avoidance value security, place faith in strong systems of rules and procedures, have lower employee turnover, formal rules for employee behavior, and more difficulty implementing change.
   b. Low uncertainty avoidance cultures are more open to change and new ideas.
4. *Masculinity versus Femininity*: Identifies the extent to which a culture emphasizes masculinity versus femininity.
   a. Cultures scoring high are characterized by personal assertiveness, accumulation of wealth, and entrepreneurial drive.
   b. Cultures scoring low have relaxed lifestyles, with more of a concern for others than material gain.
5. *Long-Term Orientation*: Indicates a society's time perspective and an attitude of overcoming obstacles with time. It attempts to capture the differences between Eastern and Western cultures.
   a. Cultures scoring high (strong long-term orientation) value respect for tradition, thrift, perseverance, and a sense of personal shame.
   b. Cultures scoring low are characterized by individual stability and reputation, fulfilling social obligations, and reciprocation of greetings and gifts.
6. *Indulgence versus restraint:* This dimension captures the extent to which a society allows free expression.

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a. An indulgent society (one scoring high on this dimension) allows people to rather freely satisfy human needs related to enjoying life and having fun.
b. A restrained society uses varying degrees of social norms to suppress the free satisfaction of such needs. Indulgent societies tend to value individual happiness, leisure, freedom, and personal control.

X BOTTOM LINE FOR BUSINESS

In this chapter we discussed many of the cultural differences among nations that affect international business. We saw how problems can erupt from cultural misunderstandings and learned how companies can improve their performance with cultural literacy. Localizing business policies and practices can promote success. Understanding a people's values, beliefs, rules, and institutions makes managers more effective at their jobs.

Quick Study Questions

Quick Study 1

1. Q: *How might a subculture differ from the dominant culture?*
A: *A subculture* can differ from the dominant culture in language, race, lifestyle, values, attitudes or other characteristics.

2. Q: *What do we call the belief that one man's culture is superior to that of others?*
A: *Ethnocentricity* is the belief that one's own ethnic group or culture is superior to that of others.

3. Q: *What do we call detailed knowledge about a culture that enables a person to work happily within it?*
A: Cultural literacy is the detailed knowledge about a culture that enables a person to work happily within it.

Quick Study 2

1. Q: *What are examples of values?*
A: Ideas, beliefs, and customs to which people are emotionally attached to are called values.

2. Q: *What type of custom might a conservative group oppose in a culture?*
A: Authorities in a strict religious district of Indonesia's ACEH province banned Muslim women from wearing tight clothing, short skirts and blue jeans.

3. Q: *The law that restricts the gift giving by U.S. firms at home and abroad is called?*
A: The U.S. Foreign Corrupt Practices Act prohibits companies from giving large

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gifts to government officials, in order to win business favors.

Quick Study 3

1. Q: *Social structure embodies a culture's fundamental organization, including what?*
   A: *Social structure* embodies a culture's fundamental organizations; including its groups and institutions, its system of social positions and their relationships, and the process by which its resources are distributed.

2. Q: *A person and his or her immediate relatives including parents and siblings, is called what?*
   A: A nuclear family consists of a person's immediate relatives, including parents, brothers and sisters.

3. Q: *The departure of highly educated people from one profession, region, or nation to another is called what?*
   A: The "brain drain" phenomenon refers to the departure of highly educated people from one profession, geographic region, or nation to another.

Quick Study 4

1. Q: *Which denomination of Christianity has a "work ethic" named after it?*
   A: Protestants believe that salvation comes from faith in God and that hard work gives glory to God—a tenet which is widely known as the "*Protestant Work Ethic*."

2. Q: *India is home to more than 90 percent of the adherents of which religion?*
   A: Hinduism formed around 4,000 years ago in present day India, where more than 90 percent of Hinduism's 900 million adherents live.

3. Q: *The Dalai Lama is the spiritual and political head of what religion?*
   A: The Dalai Lama is the spiritual and political head of the Buddhist culture.

Quick Study 5

1. Q: *Every culture has a communication system that it uses to convey what?*
   A: People in every culture have a communication system to convey thoughts, feelings, knowledge, and information through speech, writing, and actions.

2. Q: *A special language understood by two parties who speak different native languages is called what?*
   A: A *lingua franca* is a link language that is understood by two parties who speak different native languages. English is the *lingua franca* of global business, higher education, diplomacy, science, popular music, entertainment, and international travel. More than 70 nations give a special status to English (including India,

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Nigeria, and Singapore) and roughly one-quarter of the world's population is fluent or competent in it.

3. Q: *An interesting fact about body language is what?*
A: Body language is important because it reflects cultural communication styles through unspoken movements. It communicates through hand gestures, facial expressions, physical greetings, eye contact, and the manipulation of personal space. Like spoken language, it communicates both information and feelings and differs greatly from one culture to another. Italians, for example, animate conversations with lively hand gestures and other body motions. Japanese and Koreans, although more reserved, communicate just as much information through their own body languages; a look of the eye can carry as much or more meaning as two flailing arms.

Quick Study 6

1. Q: *People living in different cultures often have different views regarding their what?*
A: They have differing beliefs and behaviors that can affect activities in the workplace. Such as, different perceptions of time, view of work and change.

2. Q: *What is an example of cultural imperialism?*
A: Fears of cultural imperialism still drive some French to oppose the products of the Walt Disney company and its Disneyland Paris theme park.

3. Q: *The Kluckhohn-Strodtbeck framework does investigate whether people do what?*
A: The Kluckhohn-Strodtbeck Framework compares cultures along six dimensions, asking the following questions:
    1. Do people believe that their environment controls them, that they control the environment, or that they are part of nature?
    2. Do people focus on past events, on the present, or on the future implications of their actions?
    3. Are people easily controlled and not to be trusted, or can they be trusted to act freely and responsibly?
    4. Do people desire accomplishments in life, carefree lives, or spiritual and contemplative lives?
    5. Do people believe that individuals or groups are responsible for each person's welfare?
    6. Do people prefer to conduct most activities in private or in public?
4. Q: *In the Hofstede framework, the term "power distance" refers to what?*
A: It describes the degree of inequality between a culture's people in different occupations.

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Ethical Challenge

You are the vice president of operations for a U.S.-based software firm that is exploring building a software design operation in India. Typically when international firms enter the Indian market, they quickly learn how a caste system can affect business activities. Although officially banned, the caste system still dictates everyday life for many people in India. You are confident regarding the likelihood of business success there, but you have strong misgivings about the caste system.

2-4 *Do you think it will be possible to import and uphold a U.S. management style in India despite lingering effects of the caste system?*

A. A **caste system** is a system of social stratification in which people are born into a social ranking, or *caste,* with no opportunity for social mobility. India is the classic example of a caste culture. Although the Indian constitution officially bans discrimination by caste, its influence persists. Little social interaction occurs between castes, and marrying out of one's caste is taboo. Opportunities for work and advancement are defined within the system, and certain occupations are reserved for the members of each caste. For example, a member of a lower caste cannot supervise someone of a higher caste because personal clashes would be inevitable. The caste system forces Western companies to make some difficult decisions when entering the Indian marketplace. They must decide whether to adapt to local human resource policies in India or to import their own from the home country. As globalization penetrates deeper into Indian culture, both the nation's social system and international companies will face challenges.

2-5 *How do you think your company's stakeholders would feel about your company simply adjusting to local management practices?*

A: Students must understand that understanding cultural differences is crucial to developing strong relationships. The question in this vignette poses a real dilemma for international companies operating in India. Local management practices can be very different from the company's practices in its home country. The response by most companies is to implement the home country policies but to adapt them to the local market. This is probably best accomplished by placing as head of the Indian operation an Indian-born employee that has worked for the company in the home country who understands the corporate culture. This manager would know what policies can or cannot be implemented in the Indian subsidiary.

Teaming Up

Two groups of four students will debate the benefits and drawbacks of individualist versus collectivist cultures. After the first student from each side has spoken, the second will question the opponent's arguments, looking for holes and inconsistencies. The third student will attempt to answer these arguments. The fourth student will present a summary of each side's arguments. Finally, the class will vote on which tem has offered the more compelling argument.

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A: Students may want to use the content of this chapter as a guide to create the questions they will ask the interviewee. Students should include in their report a full account of the cultural elements their interview uncovers. Student teams may also enjoy comparing their findings to look for similarities and differences among companies.

Practicing International Management Case

A Tale of Two Cultures

2-14. Q: *If you worked for an international firm doing business in Asia, is there anything you would suggest to ease the tensions these cultures are experiencing? Be specific.*

A: This question presents students with an ethical dilemma. Some students will say that their company is in business to earn a profit and that Asian consumers are not being forced to buy Western goods—they make a conscious decision when they make a purchase. Other students will feel a sense of responsibility to those societies in which they market their products. These students will want to suggest ways to lessen tensions in those societies. Some possibilities for this include doing charity work to help people suffering economic difficulties, financially supporting and giving employees time off to do volunteer work for cultural fairs and festivals, and making counselors available in the company to help employees with their troubles.

2. Q: *Social ills in any country are normally born from a multitude of factors. What role if any, do you think globalization is having in higher reported rates of divorce, crime, and drug abuse in Asia?*

A: Many students will agree that the forces of globalization are exposing people in all countries to new ways of thinking and behaving. However, many social ills are not a direct result of globalization, but of other forces causing social change. Drug use is certainly not a new problem in most countries—opium has been used across Asia for centuries. Also, many women in Asian cultures are no longer financially dependent on their spouses because of the growing employment of women in the workforce. Thus when marital problems arise, divorce can be a viable option unlike in the past. This is not a Western phenomenon being spread by globalization, but one tied to economic development and industrialization more generally.

3. Q: *Broadly defined, Asia comprises more than 60 percent of the world's population—a population that practices Buddhism, Confucianism, Hinduism, Islam, and numerous other religions. Do you think it is possible to carry on a valid discussion of "Asian" values? Explain?*

A: Clearly, there are important and significant differences between Asian societies. But some values tend to be Pan-Asian, including the extended family concept—in contrast to the nuclear family concept in Western cultures. Also, respect for community elders is deeply ingrained throughout Asia—unlike the Western emphasis on youth and vitality (most pronounced in the United States). Thus, certain cultural elements can be discussed as "Asian" just as we identify certain concepts and behaviors as "Western." But the validity of generalizing

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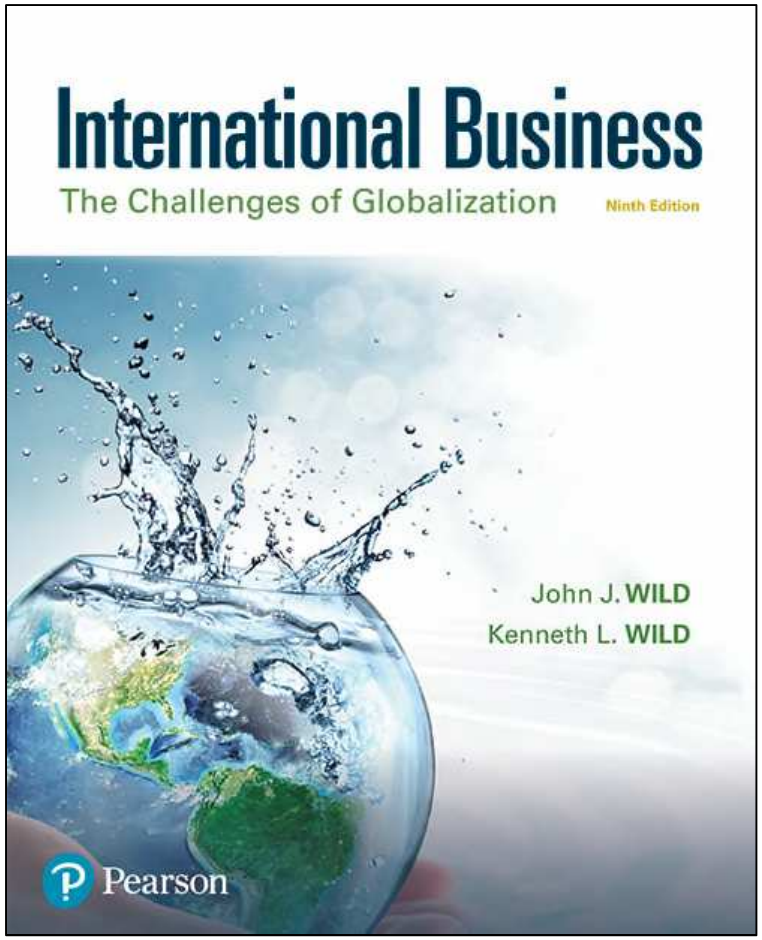
about "Asian values" depends on the depth of the discussion. The deeper we explore Asian cultures, the more differences we uncover.

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International Business: The Challenges of Globalization

Ninth Edition



Chapter 2

Cross-Cultural Business

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Learning Objectives

2.1 Explain culture and the need for cultural knowledge.

2.2 Summarize the cultural importance of values and behavior.

2.3 Describe the roles of social structure and education in culture.

2.4 Outline how the major world religions can influence business.

2.5 Explain the importance of personal communication to international business.

2.6 Describe how firms and culture interact in the global workplace.

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Hold the Pork, Please!

- Germany-based Haribo (www.haribo.com)
- Cultural Challenge and Blunders:
  - Pork-based product: off-limits to Muslims and Jews
  - Not meeting the needs of a globally dispersed subculture
  - Potentially worth $2 billion annually
  - Printing on packages: Backward, but Hebrew is read from right to left



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What Is Culture? (1 of 4)

National Culture

- **Culture:** Set of values, beliefs, rules, and institutions held by a specific group of people
- Nation-states support and promote the concept of **national culture.**
  - Building museums and monuments to preserve the legacies of important events and people.
- Nation-states intervene in business to preserve treasures of **national culture.**
  - Regulate culturally sensitive sectors of the economy

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What Is Culture? (2 of 4)

Subcultures

- **Subculture:** a group of people who share a unique way of life within a larger, **dominant culture**
- A subculture can differ from the dominant culture in language, race, lifestyle, values, attitudes, or other characteristics.
- Subcultures sometimes exist across national borders.



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What Is Culture? (3 of 4)

Physical Environment

- Land features affect personal communication in a culture.
- Physical environment affects consumers' product needs.
- Climate can play a role in determining work habits.

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What Is Culture? (4 of 4)

Need for Cultural Knowledge

- A visual depiction of culture would resemble an iceberg.
- **Avoiding Ethnocentricity:**
  - Ethnocentricity is the belief that one's own ethnic group or culture is superior to that of others.
  - Ethnocentricity can seriously undermine international business projects.
- **Developing Cultural Literacy:**
  - Cultural literacy: detailed knowledge about a culture that enables a person to work happily and effectively within it

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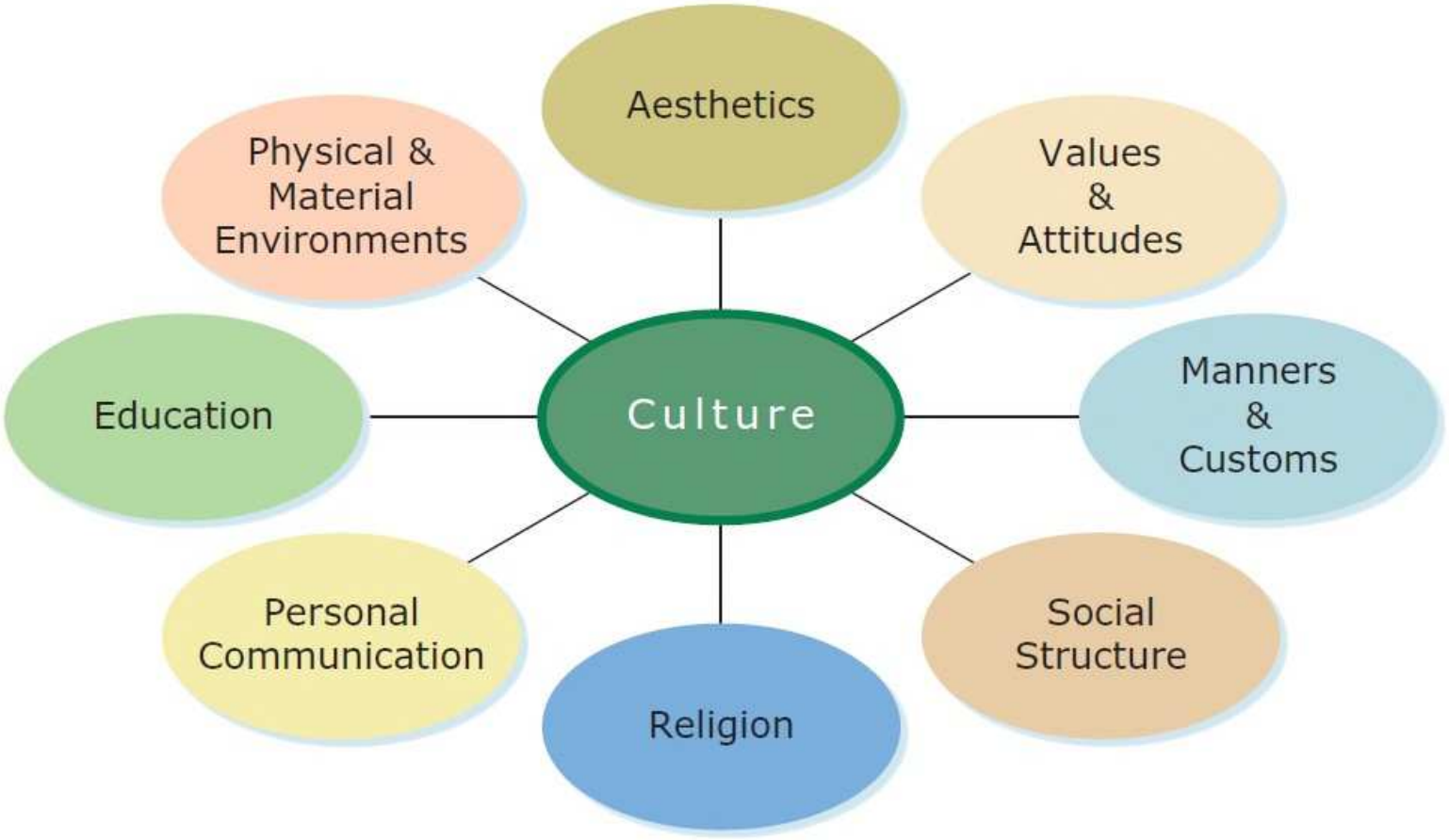
Quick Study 1

- How might a subculture differ from the dominant culture?
- What do we call the belief that one's own culture is superior to that of others?
- What do we call detailed knowledge about a culture that enables a person to work happily and effectively within it?

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Values and Behavior (1 of 5)

Figure 2.1 Components of Culture



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Values and Behavior (2 of 5)

Values

- **Values:** Ideas, beliefs, and customs to which people are emotionally attached.
- Values include concepts such as honesty, freedom, and responsibility.
- Values are important to business because they affect a people's work ethic and desire for material possessions.
- The influx of values from other cultures can be fiercely resisted.

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Values and Behavior (3 of 5)

Attitudes

- Attitudes reflect a people's underlying values.
- Attitudes are positive or negative evaluations, feelings, and tendencies that individuals harbor toward objects or concepts.
- Attitudes are learned from role models, including parents, teachers, and religious leaders.
- Attitudes differ from one country to another because they are formed within a cultural context.

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Values and Behavior (4 of 5)

Aesthetics

- **Aesthetics:** what a culture considers "good taste" in the arts, the imagery evoked by certain expressions, and the symbolism of certain colors
- Aesthetics includes the art, images, symbols, colors, and so on.
- Aesthetics are important when a company does business in another culture.
- The importance of aesthetics is just as great when going international using the Internet.

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Values and Behavior (5 of 5)

Appropriate Behavior

- **Manners:** Appropriate ways of behaving, speaking, and dressing in a culture are called manners
- **Customs:** Habits or ways of behaving in specific circumstances that are passed down through generations in a culture
- **Folk Custom:** Behavior, often dating back several generations, that is practiced by a homogeneous group of people
- **Popular Custom:** Behavior shared by a heterogeneous group or by several groups
- **Gift Giving Customs**
  - Proper type of gift varies
  - Legal and ethical rules

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Quick Study 2

- What are examples of values?
- What type of custom might a conservative group oppose in a culture?
- The law that restricts the gift giving by U.S. firms at home and abroad is called what?

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Social Structure

Social Group Associations

- Collection of two or more people who identify and interact with each other
- Family: Nuclear vs. Extended
- Gender

Social Status

- Positions within the structure
- Social Stratification

Social Mobility

- Ease with which individuals can move up or down a culture's "social ladder"
- Caste System
- Class System

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Education (1 of 3)

Table 2.1 Illiteracy Rates of Selected Countries

Country	**Adult Illiteracy Rate** (% of People Age 15 and Up)
Burkina Faso	64
Pakistan	42
Nigeria	40
Morocco	31
Cambodia	23
Zimbabwe	13
Brazil	7

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Education (2 of 3)

Country	**Adult Illiteracy Rate** (% of People Age 15 and Up)
Peru	5
Colombia	5
Mexico	5
Portugal	4
Philippines	4

Source: Based on The World Factbook dataset, Washington, DC: Central Intelligence Agency, (https://www.cia.gov/library/publications/the-world-factbook/index.html).

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Education (3 of 3)

The "Brain Drain" Phenomenon

Brain Drain

- Departure of highly educated people from one profession, geographic region, or nation to another

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Quick Study 3

1. Social structure embodies a culture's fundamental organization, including what?
2. A person and his or her immediate relatives, including parents and siblings, is called a what?
3. The departure of highly educated people from one profession, region, or nation to another is called what?

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Religion (1 of 11)

Christianity

- Christianity was born in Palestine around 2,000 years ago.
- Christianity boasts more than 300 denominations:
  - Most Christians belong to the Roman Catholic, Protestant, or Eastern Orthodox churches.
- With 2 billion followers, Christianity is the world's single largest religion.

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Religion (2 of 11)

- Roman Catholic
  - Refrain from placing material possessions above God and others
- Protestants
  - Salvation comes from faith in God.
  - Hard work gives glory to God—a tenet known widely as the “Protestant work ethic”.
    - Development of capitalism and free enterprise in nineteenth-century Europe
- Christian organizations sometimes get involved in social causes that affect business policy.

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Religion (3 of 11)

Islam

- With 1.3 billion adherents, Islam is the world's second-largest religion.
- The prophet Muhammad founded Islam around A.D. 600 in Mecca.
- Islam thrives in North Africa, the Middle East, Central Asia, Pakistan, and some Southeast Asian nations, including Indonesia.
- Muslim concentrations are also found in most European and U.S. cities.

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Religion (4 of 11)

- Islam means “submission to Allah,” and Muslim means “one who submits to Allah.”
- Islam revolves around the “five pillars”:
  1. Reciting the shahada (profession of faith)
  2. Giving to the poor
  3. Praying five times daily
  4. Fasting during the holy month of Ramadan
  5. Making the Hajj (pilgrimage) to Mecca
- Religion strongly affects the kinds of goods and services acceptable to Muslim consumers.

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Religion (5 of 11)

Hinduism

- Hinduism formed around 4,000 years ago in present-day India.
- More than 90 percent of Hinduism's 900 million adherents live in India.
- It is also the majority religion of Nepal and a secondary religion in Bangladesh, Bhutan, and Sri Lanka.
- Considered by some to be a way of life rather than a religion
- Hinduism recalls no founder and recognizes no central authority or spiritual leader.

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Religion (6 of 11)

- Hindus believe in **reincarnation**—the rebirth of the human soul at the time of death.
  - Highest goal of life is **moksha**
  - **Moksha:** escaping from the cycle of reincarnation and entering a state of eternal happiness called **nirvana**
- Hindus tend to disdain materialism.
- Strict Hindus do not eat or willfully harm any living creature because it may be a reincarnated human soul.

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Religion (7 of 11)

Buddhism

- Buddhism was founded about 2,600 years ago in India.
- Buddhism has around 380 million followers, mostly in China, Tibet, Korea, Japan, Vietnam, and Thailand.
- Unlike Hinduism, Buddhism rejects the caste system of Indian society.
- Like Hinduism, Buddhism promotes a life centered on spiritual rather than worldly matters.
- In a formal ceremony, Buddhists take refuge in the "three jewels":
  - Buddha, Dharma, and Sangha

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Religion (8 of 11)

- They seek nirvana through
  - Charity
  - Modesty
  - Compassion for others
  - Restraint from violence
  - General self-control



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Religion (9 of 11)

Confucianism

- Confucius began teaching his ideas in China nearly 2,500 years ago.
- China is home to most of Confucianism's 225 million followers.
- Confucian thought is also ingrained in the cultures of Japan, South Korea, and nations with large numbers of ethnic Chinese.
- South Korean business practice reflects Confucian thought in its organizational structure.

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Religion (10 of 11)

Judaism

- More than 3,000 years old, Judaism was the first religion to preach belief in a single God.
- Judaism has roughly 18 million followers worldwide.
- Important days in the Jewish faith:
  - Sabbath, Rosh Ha-Shanah, Yom Kippur, Passover, and Hanukkah
- Marketers must take into account foods that are banned among strict Jews.

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Religion (11 of 11)

Shinto

- Shinto (meaning “way of the gods”) arose as the native religion of the Japanese.
- Shinto can claim only about 4 million strict adherents in Japan.
- Shinto teaches sincere and ethical behavior, loyalty and respect toward others, and enjoyment of life.
- Shinto beliefs are reflected in the workplace.

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Quick Study 4

- Which denomination of Christianity has a “work ethic” named after it?
- India is home to more than 90 percent of the adherents of which religion?
- The Dalai Lama is the spiritual and political head of which religion?

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Personal Communication

- **Communication:** System of conveying thoughts, feelings, knowledge, and information through speech, writing, and actions

- Forms of Communication:
  - Spoken and Written Language
    - Implications for managers
    - Language blunders
    - Lingua franca
  - Culture's Body Language







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Language Blunders

- An English-language sign in a Moscow hotel read, “You are welcome to visit the cemetery where famous Russian composers, artists, and writers are buried daily except Thursday.”
- A sign for English-speaking guests in a Tokyo hotel read, “You are respectfully requested to take advantage of the chambermaids.”
- An airline ticket office in Copenhagen read in English, “We take your bags and send them in all directions.”
- A Japanese knife manufacturer labeled its exports to the United States with “Caution: Blade extremely sharp! Keep out of children.”
- Braniff Airlines’ English-language slogan “Fly in Leather” was translated into “Fly Naked” in Spanish.

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Quick Study 5

- Every culture has a communication system that it uses to convey what?
- A special language understood by two parties who speak different native languages is called what?
- An interesting fact about body language is what?

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Culture in the Global Workplace (1 of 2)

- **Perception of Time**
- **View of Work**
- **Material Culture**
- **Cultural Change**
  - Cultural Trait
  - Cultural Diffusion
  - Cultural Imperialism



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Culture in the Global Workplace (2 of 2)

Studying Culture in the Workplace

Kluckhohn-Strodtbeck Framework

- Relation to nature
- Time orientation
- Trust and control
- Material or spiritual
- Responsibility to others
- Public or private activities

Hofstede Framework

- Individualism versus collectivism
- Power distance
- Uncertainty avoidance
- Masculinity vs. femininity
- Long-term orientation
- Indulgence versus restraint

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Quick Study 6

1. People living in different cultures often have different views regarding their what?
2. What is an example of cultural imperialism?
3. The Kluckhohn-Strodtbeck framework does not directly investigate whether people do what?
4. In the Hofstede framework the term “power distance” refers to what?

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