INTERNATIONAL BUSINESS & INTERNATIONAL MANAGEMENT
Differences into cultures

Relationship exists between CULTURE and …

The cost of DOING BUSINESS in a country or region
WHAT IS A CULTURE? (1)

- “A complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society”, Edward B. Tylor (1870)

- “A collective programming of the human mind that distinguishes the members of one human group from those of another”, Geert Hofstede (1982)
WHAT IS A CULTURE? (2)

- Umbrella term often used for differences in:
  - Etiquette (greetings)
  - Individual customs (sleeping, bathing, …)
  - Ways of thinking

- The **way people understand their world** and make sense of it, a shared system of meanings

- Culture is **learned and imprinted** – collective –

- Cultural programming deals with both **VALUES** and **PRACTICES**

- Different **LAYERS**: national, regional, corporate, …
WHAT IS A CULTURE? (3)

- Systems of ideas, norms => constitutes a design for living
- **VALUES**: ideas believed to be good
- **NORMS**: social rules, guidelines, appropriate behaviour
- **SOCIETY**: group of people sharing values & norms
VALUES & NORMS

Bedrock of CULTURE: the context!

- **VALUES**: as individual freedom, democracy, truth, justice, honesty, loyalty, role of woman, love, sex marriage, ...
  
  WE CAN ARGUE, FIGHT or DIE for them

- **NORMS**:
  
  - **Folkways**: routine, conventions, attitude (time, gift giving, business card exchange)
  
  - **Mores**: central norms, greater significance – alcohol, cannibalism, …
SOCIETY VS NATION

- Society (social aspects) Vs Nation (political aspects)
- A nation is gathering different societies (Iraq situation)
- American culture with different societies!
CULTURE IS DIFFICULT TO STUDY …

- Ethnic, religious, class, age and other sources of **heterogeneity**!
- Individual variation within groups
- Danger of ethnocentric **STEREOTYPES**
- Intracultural Vs cross-cultural behaviour
- Evolution as circumstances change
« MEASURING » CULTURE

- Cultural differences can be inferred from data about a collectivity of people:
  - Direct measurement – questionnaire about values or beliefs
  - Data « clustering » methods (tableau de croisement)
  - Matched samples can be compared to discover similarities and differences
  - At the **individual level**, we speak of cultural attitudes and orientations (representative of one’s culture?)
DETERMINANTS OF CULTURE INFLUENCE THE VALUES AND NORMS
CULTURE
Norms and value systems

1 Social culture
2 Religion
3 Language
4 Education
5 Political philosophy
6 Economic philosophy
1 – Social culture

• Basic social organisation, individual vs group stratified into classes or « castes »: mobility level? Class consciousness?

2 – Religion

• System of shared beliefs and rituals/realm of the sacred – christianity (catholic, protestant)
• Money taboo Vs Capitalism
• Islam, hinduism, buddhism, confusianism, …

3 – Language

• The most obvious ways in which countries differ: beware of translation mistakes (ads) spoken language – roles? Official? Local? or … unspoken: nonverbal, « body language »

4 – Education

• A key role in a society!
• Formal education: family, school, life
• Important factor for national competitive advantage

5-6 – Political & economic philosophy

• They are different factors linked with political and economic systems
CULTURAL CLASSIFICATION
SOME THEORIES

- HOFSTEDE – geert-hofstede.com
- Bond
- TROMPENAARS – 7d-culture.nl - These classifications show similar dimensions and classify countries in the same clusters.
- Ronen & Shenkar – « coutry clusters » based on multiple studies
- Hall - intura.meomec.net/
A study of IBM employees in 50 countries

Studying VALUES: « the brood tendencies to prefer certain states over others »

4 main dimensions about:
- Individualism
- Power distance
- Masculinity
- Uncertainty avoidance

HOFSTEDE
CULTURE & THE WORKPLACE

- Impact: cross-cultural management
- Hofstede’s model: 4 main dimensions
  1) Individualism Vs collectivism
     • Relationship between individual fellows
  2) Power distance
     • Inequalities/capabilities
  3) Masculinity Vs femininity
     • Relationship between gender and work roles
  4) Uncertainty avoidance
     • Accepting ambiguous situation
Identity focuses on the degree the society reinforces individual or collective achievement and interpersonal relationships
– Link with wealth per capita –

Individualism
Vs
Collectivism
## Individualism / Collectivism

<table>
<thead>
<tr>
<th></th>
<th>Individualism</th>
<th>Collectivism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core value</strong></td>
<td>Indivual freedom</td>
<td>Group harmony</td>
</tr>
<tr>
<td><strong>Core distinction</strong></td>
<td>Me/others</td>
<td>In/outgroup</td>
</tr>
<tr>
<td><strong>Key element</strong></td>
<td>Explicit concepts are preferred in communication</td>
<td>Relationships are more important than the task</td>
</tr>
<tr>
<td><strong>Countries</strong></td>
<td>USA, UK, Australia, Canada, ...</td>
<td>Equador, Guatemala, West Africa, China, ...</td>
</tr>
</tbody>
</table>
**Power**

*Power* focuses on the degree of equality or inequality of a society

– Power distribution –

**High power distance**

Vs

**Low power distance**
## High/Low Power Distance

<table>
<thead>
<tr>
<th></th>
<th>High power distance</th>
<th>Low power distance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core value</strong></td>
<td>Respect for status</td>
<td>People’s equality</td>
</tr>
<tr>
<td><strong>Core distinction</strong></td>
<td>Powerful/dependant</td>
<td>Whether or not responsible for certain task</td>
</tr>
<tr>
<td><strong>Key element</strong></td>
<td>Centralization</td>
<td>Decentralization</td>
</tr>
<tr>
<td><strong>Countries</strong></td>
<td>Malaysia, Arab countries,</td>
<td>Austria, Denmark, Israel, New Zealand, …</td>
</tr>
<tr>
<td></td>
<td>Mexico, …</td>
<td></td>
</tr>
</tbody>
</table>
**Gender**

*Gender* focuses on the degree of traditional gender role of achievement, control and power

– high assertiveness = femininity –

**Masculinity**

Vs

**Femininity**
## Masculinity / Femininity

<table>
<thead>
<tr>
<th></th>
<th>Masculinity</th>
<th>Femininity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core value</strong></td>
<td>Winning</td>
<td>Caring for others</td>
</tr>
<tr>
<td><strong>Core distinction</strong></td>
<td>Man/woman</td>
<td>Care/need care</td>
</tr>
<tr>
<td><strong>Key element</strong></td>
<td>Material success is a dominant value</td>
<td>Caring for the weak &amp; preservation is dominant</td>
</tr>
<tr>
<td><strong>Countries</strong></td>
<td>Japan, Mexico, Switzerland, ...</td>
<td>Sweden, Norway, Finland, Costa Rica, ...</td>
</tr>
</tbody>
</table>
Uncertainty focuses on the level of avoidance or tolerance for uncertainty and ambiguity within the society

- « risk averse » or « risk taking » -

Avoidance

Vs

Tolerance
### AVOIDANCE / TOLERANCE

<table>
<thead>
<tr>
<th></th>
<th>Avoidance</th>
<th>Tolerance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core value</td>
<td>Certainty</td>
<td>Exploration</td>
</tr>
<tr>
<td>Core distinction</td>
<td>True/false</td>
<td>Urgent or not</td>
</tr>
<tr>
<td>Key element</td>
<td>What is different is dangerous</td>
<td>What is different causes curiosity</td>
</tr>
<tr>
<td>Countries</td>
<td>Japan, Greece, Guatemala, Uruguay, …</td>
<td>Jamaica, Singapore, Hong-Kong, Denmark, …</td>
</tr>
</tbody>
</table>
### Power Distance vs. Uncertainty Avoidance

<table>
<thead>
<tr>
<th>Power Distance</th>
<th>Uncertainty Avoidance</th>
<th>WEAK</th>
<th>STRONG</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL</td>
<td>US, UK, Denmark</td>
<td>Israel, Austria</td>
<td></td>
</tr>
<tr>
<td>LARGE</td>
<td>Singapore, Hong-Kong, Malaysia</td>
<td>Japan, Portugal, Mexico</td>
<td></td>
</tr>
</tbody>
</table>
Time focuses on the degree the society embraces long or short term devotion to traditional forward thinking values

Long time
Vs
Short time
## Long / Short Term

<table>
<thead>
<tr>
<th></th>
<th>Long term</th>
<th>Short term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core value</td>
<td>Long term benefits</td>
<td>Saving face</td>
</tr>
<tr>
<td>Core distinction</td>
<td>Serve goals or not</td>
<td>Proper or not</td>
</tr>
<tr>
<td>Key element</td>
<td>Thrift and saving are good</td>
<td>Quick results are expected</td>
</tr>
<tr>
<td>Countries</td>
<td>China, Japan, …</td>
<td>USA, UK, …</td>
</tr>
</tbody>
</table>
TROMPENAARS

- Individualism vs collectivism (cf. Hofstede)
- Universalism vs particularism
- Neutral vs affective relationships
- Specific vs diffuse relationships
- Achievement vs ascription
Universalism / Particularism

- **Universalism** is the belief that ideas and practices can be applied everywhere without modification (Germany, UK).
- **Particularism** is the belief that circumstances dictate how ideas and practices should be applied (China, Hong-Kong, Venezuela).
NEUTRAL / AFFECTIVE

- A neutral culture is one where emotions are held in check, repressed (Japan, UK).
- An affective culture is one in which emotions are openly and naturally expressed (Mexico, Netherlands, Switzerland).
SPECIFIC / DIFFUSE

- Public vs private spaces
- In **specific cultures**, people tend to have a large public area and small private area. They prefer to keep private life separate (highly mobile, direct, open, « to the point »)
- In **diffuse cultures**, the private is usually larger while the public area is smaller and more guarded (low mobility, indirect, introvert).
ACHIEVEMENT / ASCRIPTION

- **Achievement**: people are accorded status based on how well they perform their functions (UK, Argentina).
- An **ascription culture** is one in which status is attributed based on who or what a person is (China).