

What is Culture? How is it measured??

Global Capitalism



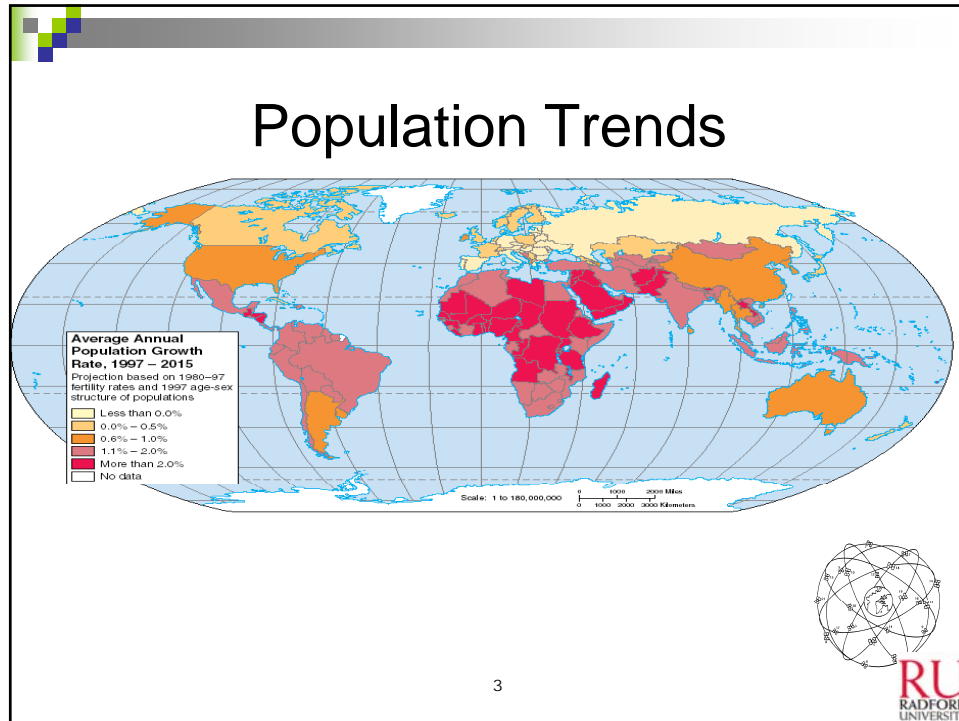
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Global Business

- How many of you are planning to work in Global Business??
 - Trick question – going forward virtually *all* business will be global...



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What is Culture?

“the complex whole which includes knowledge, belief, art, morals, customs and any other capabilities and habits acquired by man as a member of society”

-- Taylor (1871)

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A catchall?

Culture is “a convenient catchall for the many differences in market structure and behavior than cannot readily be explained in terms of more tangible factors”

-- Buzzell (1968)



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Rubbish bin?

Culture is “a rubbish bin concept” ...often called upon as an explanatory variable for residuals... “when more operative explanations have proved unsuccessful”

-- Usunier (1999)



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Society and Culture

- Culture – Ways of living built up by a group transmitted from one generation to another
- Culture is acted out in *social institutions*
- Culture has both conscious and unconscious values, ideas and attitudes
- Culture is both *material and nonmaterial*



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Society, Culture, and Global Consumer Culture

“Culture is the collective programming of the mind that distinguishes the members of one category of people from those of another.”

- Geert Hofstede



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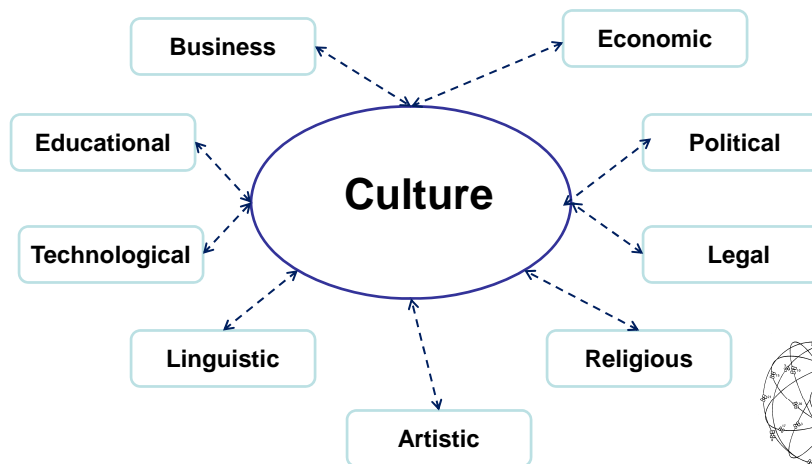
Society, Culture, and Global Consumer Culture

- Global consumer cultures are emerging
 - Persons who share meaningful sets of consumption-related symbols
 - Pop culture; coffee culture; fast-food culture
- Primary the product of an interconnected world



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Distinct but influenced...



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History is important...

- Why might Chinese and Russians be skeptical of government but unlikely to dissent?

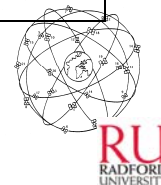


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Top Mass Murders - Modern Times

Joseph Stalin	USSR	42.6 million	1929-53
Mao Tse-tung	China	37.8 million	1923-76
Adolf Hitler	Germany	20.9 million	1933-45
Chiang Kai-shek	China	10.2 million	1921-48
Vladimir Lenin	USSR	4.0 million	1917-24

Source: *Death by Government*, R.J. Rummel



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EMIC understanding

- Many have argued that culture is best understood through ethnographic analysis and each is separate to itself...
 - But that isn't too useful for business and research purposes!



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Linguistic Approach


- High context vs. low context languages



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High- and Low-Context Cultures

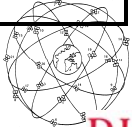
- High Context
 - Information resides in context
 - Emphasis on background, basic values
 - Less emphasis on legal paperwork
 - Focus on personal reputation
- Saudi Arabia, Japan, **France**, China
- Low Context
 - Messages are explicit and specific
 - Words carry all information
 - Reliance on legal paperwork
 - Focus on non-personal documentation of credibility
- Switzerland, **US**, Germany




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High- and Low-Context Cultures

Factor/Dimension	High Context	Low Context
Lawyers	Less Important	Very Important
A person's word	Is his/her bond	– get it in writing
Responsibility	highest level	Pushed to lowest level
Space	People breathe on each other	Private space maintained
Time	Polychronic	Monochronic
Competitive Bidding	Infrequent	Common





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Social Capital

- **Bordieu** – Cultural capital as a screening device in social conflict.
- **Putnam** – social capital for democratic institutions.
- **Fukyama** – Trust for economic cooperation.



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Social Capital / Networks

- Bonding – bridging / strong links – weak links
– Traditional vs. ecumenical churches
- Number of Contacts
- Reciprocity
- Can be forces for good or bad: Rotary - KKK



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Social Capital viewed by worldview

- **Bordieu** – Marxist
- **Putnam** – Liberal (U.S.)
- **Fukyama** – Liberal (European)



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Pierre Bourdieu: Socialization

- Taste classifies, and it classifies the classifier. Social subject, classified by their classifications, distinguish themselves by the distinctions they make (beautify/ugly, distinguished/vulgar) in which their position in the objective classifications is expressed or betrayed.
- Field: personal environment where fight for status
- Habitas
- Capital



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Putnam: Social Capital

Social capital here refers to features of social organization, such as:

- trust,
 - norms, and
 - networks,
- that can improve the efficiency of society by facilitating coordinated action"
- two forms of social capital: bridging (inclusive) and bonding (exclusive)
 - Examples of bonding s.c. include ethnic fraternal organizations and exclusive country clubs,
 - while civil rights movement and ecumenical religious organizations are examples of bridging social capital.
 - Two kinds of networks
 - Vertical (hierarchical such as Catholic Church)
 - Horizontal (Civic—neighborhood assoc., sports clubs, pol. parties build trust)
 - lack of interpersonal association, trust, and cooperation leads to ineffective and corrupt local government.

Bowling alone...



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Putnam

- *Making Democracy Work* (Italy)
- *Bowling Alone*
- *E Pluribus Unum: Diversity and Community*
 - *Measures: (1) memberships in civic organizations*
 - (2) surveys about affiliations*



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Fukuyama: Trust

- Trust refers to correct expectations about the actions of other people (Zucker, 1986, Dasgupta, 1988).
- Trust lowers economic transaction-costs (contracts and controls). Fukuyama (1995):
- general trust > big concerns (USA, Japan, Germany);
- interpersonal trust > small-scale family-companies (China, Singapore)



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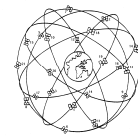
Trust

High

- Germany
- Japan
- US
- UK
- The Netherlands

Low

- Italy
- Greece
- China
- Taiwan
- Belgium



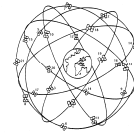
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Trust

Trust is the key to team functioning, participative management and new venture formation.

Trust Levels

	Friends/rel.	Strangers
Hi-Cont/Coll.	High trust	Low Trust



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NAFTA

Based on context and Trust, what problems would you have anticipated in negotiating between NAFTA countries?



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Huntington

- Religion
- History
- Geography
- Nationhood

(More later)



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Hofstede

- VERY little theory initially
- Attacked as “ad-hoc” theory
- Factor analysis on a large survey
- Added a 5th factor from an Asian survey
 - Good measures have been collected for many nations



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Hofstede's Cultural Typology

1. Uncertainty avoidance — a society's tolerance of the unpredictable;
2. Power distance—a society's acceptance of the unequal distribution of power;
3. Individualism/Collectivism—the extent to which the interests of the individual prevail over the interests of the group within a society;
4. Masculinity/Femininity—the relative strength of masculine vs. feminine values in a society.
5. Long-term/short-term orientation (Michael Bond, Chinese study)



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Uncertainty avoidance

Uncertainty Avoidant or Cautious styles choose strategies that offer lower rewards but have higher probability of success. UNCERTAINTY AVOIDING cultures are more prone to avoid ambiguity than they are avoid risk; they have a need for structure. They may accept a high risk situation.

The top 10 countries on the UAI were Greece, Portugal, Guatemala, Uruguay, Belgium, Salvador, Japan, Yugoslavia, Peru, and **France**/Chile/Spain/Costa Rica/Panama/Argentina (tied).

These are characterized by feelings that life is a continuous fight against threat, high anxiety and stress, acceptance of familiar risk but not of ambiguous situations, "what is different is dangerous," rules are needed, one must be busy and work hard, time is money, precision and punctuality are important, resist innovation and deviancy, and motivation by security esteem and belonging.

Managers in these countries prefer reduction of conflict, detailed job descriptions to deal with job complexity, and avoidance of multiple bosses. Socio-politically this includes: many precise laws and rules, repressed protest, institutions are seen negatively, conservatism.



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Uncertainty avoidance

Risk Taking or Uncertainty Acceptors may choose a strategy that offers high rewards, but relies on an uncertain relationship and established traditional institutions.

The countries lowest on the UAI were Singapore, Jamaica, Denmark, Sweden, Hong Kong, Ireland, Great Britain, Malaysia, India, Philippines, USA, Canada, and Indonesia.

Strategic planning and innovation occur more often in low UAI countries, but they may not have the detailed attention to implement full scale. These countries have lower stress, stronger well being feelings, sanctions against emotions and aggression, comfort with ambiguity, curious about differences, open-ended learning and good discussions, experts may admit not knowing, minimize rules, time an a convenient framework, work hard only when necessary, tolerate innovation and deviance, and motivate by achievement, esteem, and belongingness.

Few and general laws and rules, change rules if they cannot be followed, citizen competence vs. authority, protest is acceptable, institutions are positively perceived, tolerance and moderation, regionalism and internationalism, integrate minorities, avoid imposing on other groups, human rights, relativism and empiricism, opponents can be friends.

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Power distance

This dimension measures the way cultures are accustomed to deal with inequalities among people.

High Power Distance is related to employee's fear to express disagreement to their managers, boss's autocratic/paternalistic decision making style, and subordinates' preference for the boss's autocratic style.

At the top: Malaysia, Guatemala, Panama, Philippines, Mexico, Arab countries, Venezuela, Ecuador, Indonesia, India, and West Africa.

In these cultures inequalities are expected and desired, parents and children related in terms of unilateral obedience and respect, teachers transfer personal wisdom, the hierarchy reflects cultural inequalities, subordinates expect to be directed, the ideal boss is benevolent autocrat, and status symbols are expected and popular. In addition, the powerful have privilege, power based on family and friends, religions stress stratification and hierarchy..

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Low Power Distance

Low Power Distance is related to a consultative relationship between boss and employees. There is less dependence on such a superior and more interdependence. Subordinates will readily approach and contradict their boss.

The lowest 10 in PDI were Austria, Israel, Denmark, New Zealand, Sweden, Norway, Finland, Switzerland, Great Britain, West Germany, Costa Rica, Australia, Netherlands, Canada, and **USA**.

These cultures are characterized by more interdependence, mutuality and shared initiatives. Decentralization is popular, narrow salary ranges, consultation, resourceful democratic bosses, and limited status symbols are emphasized. In addition, political characteristics include: legitimate power exercise, separation of skills-wealth-power-status, large middle class, self consciousness and minimizing appearance of power, change by revision of rules, violence rare, pluralism rule by majority vote, small income differentials, religion stresses equality, emphasis on role of employees rather than manager.



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Individualism/Collectivism

The role of the individual and group, and which interest prevails over the other. There is a strong connection between wealth and individualism

Collectivist/Group Orientation refers to the family, extended family, clan, labor union, organization, or culture. The group is the source of identity, protection, loyalty, and dependent relationship.

Countries high on collectivism include: Guatemala, Equator, Panama, Venezuela, Columbia, Indonesia, Pakistan, Costa Rica, Peru, Taiwan, and South Korea.

Large families, close working relationships, and conflict is minimized. People who deviate from the norm are considered having bad or weak character. Collectivist cultures regulate behavior through shame or loss of "face." Hiring one's family reduces business risk.

These are usually *high-context* communication countries, diplomas provide entry into high status groups, employee-employer relationship is defined in moral terms, relationship prevails over task.



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Individualism

Individualist Orientation refers to the interests of the individual prevailing over those of the group. The ties between individuals are very loose, everyone is expected to look after him/herself. Individualist countries tend to be rich.

Countries high on individualism (top 10) include: USA, Australia, Great Britain, Canada, Netherlands, New Zealand, Italy, Belgium, Denmark, Sweden, and France.

In individualist countries there is more regard for assertiveness, confrontation, truth, and conflict. Individualist cultures may regulate behavior through individual conscience. Management techniques been developed in IND countries--based on direct feedback about specific behaviors. *Low context* communication, employer-employee relationship based on mutual advantage, hiring based on skills and rules, privacy is important, laws emphasize equality, the role of the state is restrained, individual freedom prevails over equity, and self actualization is the goal.



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Masculinity/Femininity

Masculine/Assertiveness characteristics include challenge to have personal accomplishments. In these societies, gender roles are clearly distinct.

The top ranked masculine countries are Japan, Austria, Venezuela, Italy, Switzerland, Mexico, Ireland, Jamaica, Great Britain, and Germany.

Dominant values are material success and progress, money and things. Men are supposed to be assertive, ambitious, and tough; women tender and take care of relationships. Males fight back when attacked while females shouldn't. One should strive to be the best and failure is a disaster. Stress is on equity, competition, and performance. Conflict is resolved by fighting them out.



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Femininity

Feminine/Modesty characteristics include good working relationships, cooperation, desirable living area for family, and employment security. In Feminine societies, roles are often merged or overlap for the sexes.

The countries lowest on masculinity were Sweden, Norway, Netherlands, Denmark, Costa Rica, Yugoslavia, Finland, Chile, Portugal, Thailand, and Guatemala.

Dominant values are caring for others, people and relationships are important, everyone should be modest, men and women can be gentle. There is sympathy for weakness, failing is an accident, work to live, managers use intuition and strive for consensus, stress quality of work life, and resolve conflict by compromise and negotiation.

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Long-term/short-term orientation

This dimension is also referred to as "Confucianism".

Short-Term (static, past-present orientation). Respect for traditions, social and status obligations regardless of cost, social pressure to keep up with Joneses', small savings, little investment, quick results expected, concern with face, and concern with possessing truth.

Long-Term (dynamic, future oriented). These include characteristics such as: adaptation of traditions to modern context, respect for tradition and obligation within limits, thrift (sparing resources), large savings, investments, perseverance toward slow results, willing to subordinate oneself for a purpose, and concern with virtue.

The top 10 countries on long-term orientation (LTO) were: China, Hong Kong, Taiwan, Japan, South Korea, Brazil, India, Thailand, Singapore, and Netherlands (USA ranked 17th).

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Example: Cultural Differences

A recent book calls France, America's oldest enemy*

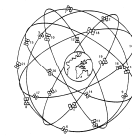
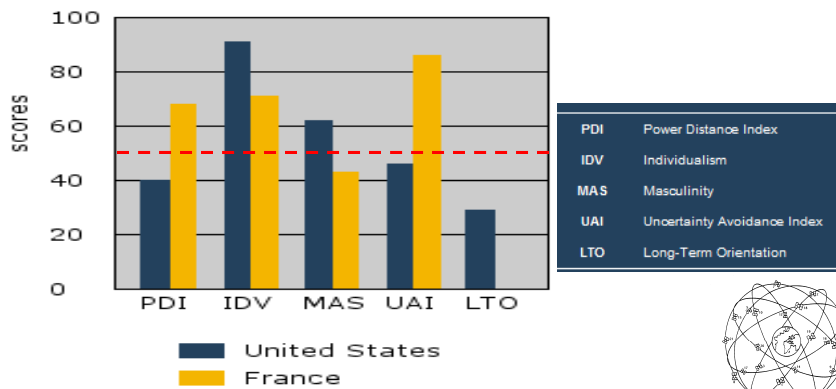
Would cultural measures predict difficulties between France and the USA?

*Our Oldest Enemy: A History of America's Disastrous Relationship with France



<http://www.geert-hofstede.com>

The 5D Model of professor Geert Hofstede



Impact of cultural differences

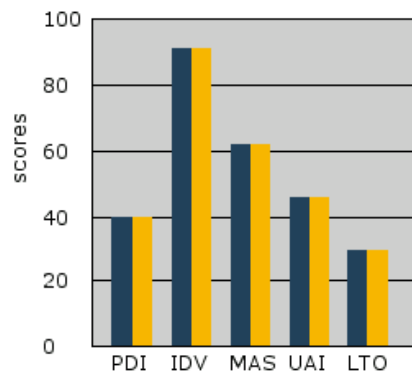
- Initial impression and communication
- Selling
- Long term relationship and partnering



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USA

The 5D Model of professor Geert Hofstede



Who would look like the US???????????????????

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“Paired” Assignment

Country Pairs

1. US – France
2. US – Japan
3. US – Russia
4. US – Greece
5. US – Vietnam
6. US -- India

Concerns during

- A. Early meetings and negotiations
- B. Long term ongoing partnership



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Where should culture be measured??

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National

- Hofstede measures
- Government and history reinforces



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Sub-National

- Subcultures
 - Appalachia
 - Urban poor
 - Exurbia
 - National/ethnic: Hispanic, African American, ABC...



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Supra-National

- Regional: The West, North America
- Civilization (Huntington)
- Subcultures that cross national boundaries
 - Business executives ... the Davos set
 - Teenagers?



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Clash of Civilizations and Global Business...

Huntington (1993 & 1996)
Schirr (2006)



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The Cold War: 1947-1991 US/USSR

- Fallout Shelters
- McCarthyism
- Cuban Missile Crisis
- Berlin Airlift
- Ich bin ein Berliner! --JFK
- Korea, Vietnam, Czech spring, South and C. America, Afghanistan: many "small wars".



The End of the Soviet Union

1981 failed assassination of Pope John Paul II (GRU)

1985 Gorbachev reforms: glasnost (political) and perestroika (economic).

Mr. Gorbachev, open this gate! Mr. Gorbachev, **tear down this wall!** --RR 1987

1989 Berlin Wall opened & Afghanistan withdrawal

Lech Walesa (Solidarity) elected President 1990 ('89)

Dec 25, 1991 Collapse of the Soviet Union



End of History

The end of the Cold War is..“the end of history...the end point of mankind’s ideological evolution and the universalization of Western liberal democracy as the final form of human government”,

“large-scale conflict must involve large states still caught in the grip of history, and they...appear to be passing from the scene”

“boredom” might set in as ideological confrontation is replaced by mundane “economic calculation, solving technical problems, environmental concerns and the satisfaction of sophisticated consumer demands”

(Fukuyama 1989)



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“Our Universal Civilization”

“the pursuit of happiness is at the heart of the attractiveness of the universal civilization...it fits all men...It cannot generate fanaticism”

(V.S. Naipaul 1990)



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“Coca-colonization thesis”

...the continued themes “that the culture of the West is and ought to be the culture of the world” comes from of two “misguided, arrogant, false, and dangerous” conceits:

- (1) the “Coca-colonization thesis”—American pop culture, music, fast food, and movies are embraced everywhere; &
- (2) the “modernization” thesis—as “civilizations modernize they also Westernize”.

The heart of culture relies more on “language, religion, values, traditions, and customs” than on consumer goods.

American culture is more than “fatty foods, faded pants, and fizzy drinks”.

(Huntington 1996)



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“The Clash of Civilizations?” ***(Huntington 1993)***

Civilization is “a cultural entity...the highest cultural grouping of people and the broadest level of cultural identity people have short of that which distinguishes humans from other species” (p. 23-24).



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Civilization-Identity

Six key factors make it increasingly important in world affairs:

- (1) differences among civilizations are basic—history, language, tradition and “most important, religion”;
- (2) the world is becoming smaller—increased interaction may “intensify civilization consciousness and awareness of differences”;
- (3) weakening of the nation state as economic modernization and social change separate people from “longstanding local identities”;
- (4) the West is at its peak of power but a “de-Westernization of elites is occurring in many non-Western countries in reaction” to the power and perception that it is peaking;
- (5) Cultural characteristics are less mutable—a person can be “half-French and half-Arab and...even a citizen of two countries. It is more difficult to be half-Catholic and half-Muslim.”; and
- (6) Economic regionalism is increasing, but “may succeed only when it is rooted in a common culture”.



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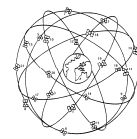
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It's a small, small world!

Ironically two factors often cited as a trend to a single world culture

1. the world becoming smaller and
2. growth of regional trade

are for Huntington factors *increasing* cultural divides.



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Eight Major Civilizations

1. *Sinic*: Chinese (Buddhist is included, sometimes it is a 9th)
2. *Japanese*, a one nation culture;
3. *Hindu*: by religion, includes India and Sri Lanka and Bali;
4. *Islamic*: by religion, nations in the middle East, Africa, Eastern Europe and Asia;
5. *Orthodox*: Russia and some far Eastern European Nations (e.g. Serbia);
6. *The West*: North America, Protestant/Catholic Europe, and Australia-NZ;
7. *Latin American*: Some would include in the West; Mexico and Chile are torn nations; and
8. *African*: non-Muslim, southern, generally black and Christian Africa



Ten Hypotheses

1. *Culture Matters*: differences between cultures and civilizations are “real and important”;
2. *Cultural and “civilization-consciousness is increasing”*;
3. *Conflict between civilizations* will be the “dominant global form of conflict”;
4. International relations will be increasingly “de-Westernized”
5. *International institutions*—political or economic—are more likely within civilizations;



Ten Hypotheses

6. Conflicts will be more frequent and violent between entities in different civilizations than between groups in the same civilization;
7. “Violent conflicts between groups in different civilizations are the most likely” to escalate to global wars;“
8. *The West and the rest*” is the “paramount axis of world politics”, as it “has had a major and at times devastating effect on every other civilization”;
9. Torn non-Western countries that wish to join the West face “major obstacles”;
10. “*Islam has bloody borders*” The focus of conflict for the immediate future may be between the West and several Islamic-Confucian states.



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So What?

What does “The Clash of Civilizations” paradigm of world affairs imply about **Global Marketing??**



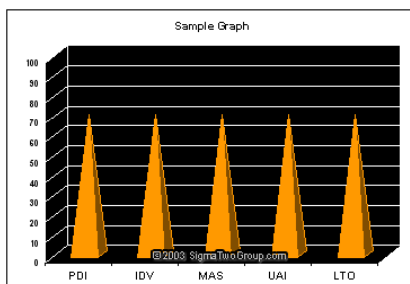
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Culture Matters

Reinforces existing trends:

Culture widely studied and used in business and academic marketing research.



Civilization

- **P1:** Trade pacts may be more effective within a **civilization**
- **P2:** *Product segmentation at a greater-than-national-culture-level will be most effective at the **civilization** level.*
- **P3:** *Management and the marketing mix may be more effective at a supranational level bounded by **civilization** rather than a geographic locale*



Civilization borders

- **P4:** *The normative urge to “buy domestic” will be more salient when the competing product country-of-origin is from another civilization.*
- **P5:** *The normative urge to “buy domestic” will be most powerful if the country-of-origin of the competing product is a leading nation in the West or Islam civilizations.*
- **P6:** *Negative affect for a country of origin will be more salient when the country of origin is from another civilization; most salient if the country-of-origin is from another civilization that is a leading nation in the West or Islam civilization.*



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Message to Managers

When considering aggregated nations for management, efficiency or scale, consider:

1. Geography
2. Logistics, AND
3. Culture/Civilization divides.



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Subtle Shift

Think global; act local; manage regional

Think global; act cultural; manage civilization

Example: Movement of securities firms into Asia...



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Multiple Cultures: Celebration and Warnings

Huntington's "Clash of Civilizations" presents Globalization as both an opportunity and a threat.

Putnam's "social capital" has also shown a cultural worry. In his most recent study he found that diversity, especially due to immigrants from a different culture, *sharply* reduces the social capital of a community.



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