

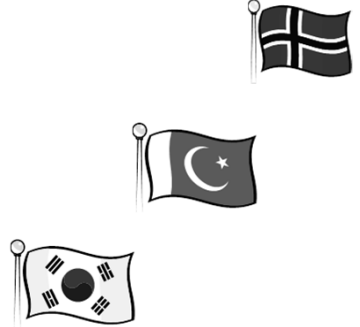


Chapter Special!!!

Culture:
Individuals' and Business


Learning Objectives

- ▶ What is culture?
- ▶ What are the five areas?
- ▶ How does it affect business?
- ▶ How should we face ethical dilemma?

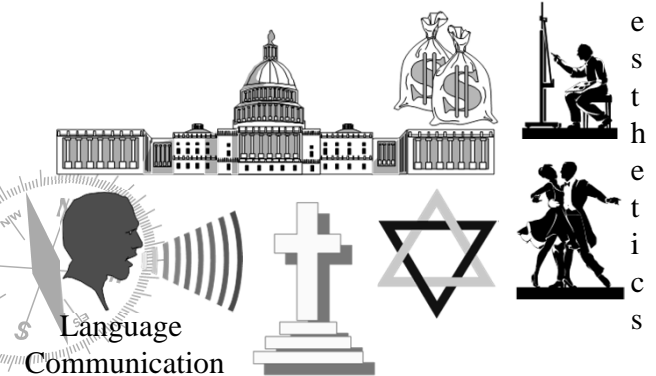


What is Culture?

- ▶ Set of values, norms, beliefs and ways
- ▶ Part of society
- ▶ Traits or tendencies taught by the members of the society
 - ▶ learned behavior
 - ▶ West and East Germany



Elements of Culture (5)

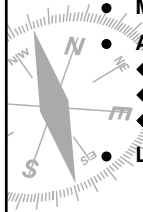


Language
Communication

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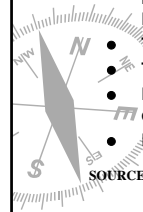
Elements of Culture

- **Material Culture Technology Economics**
- **Social Institutions**
 - ◆ **Social Organization**
 - ◆ **Education**
 - ◆ **Political Structures**
- **Man and the Universe Belief Systems**
- **Aesthetics**
 - ◆ **Graphic and Plastic Arts**
 - ◆ **Folklore**
 - ◆ **Music, Drama, and Dance**
- **Language**



Cultural Factors

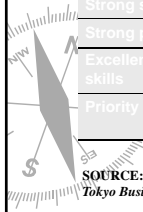
- Never touch the head of a Thai or Pass an object over it
- The head is considered sacred in Thailand.
- Avoid using triangular shapes in Hong Kong, Korea, and Taiwan.
- The triangle is considered a negative shape
- The number 7 is considered bad luck in Kenya and good luck in the Czech Republic and Magical connotation in Benin, Africa
- The number 10 is bad luck in Korea.
- The number 4 means death in Japan
- Red represents witchcraft and death in many African countries
- Red is a positive color in Denmark



SOURCE: *Business America*, July 12, 1993

Japanese and Americans Different Lifestyles

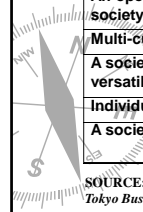
Americans A Culture of Self-expression	Cultural Background
Clear expression of joy and sorrow	Reticence
Unequivocal expression of "Yes/No"	Modesty
Strong self-assertion	Reserve
Strong personality	Punctiliousness
Excellent negotiating skills	Politeness
Priority of self-interest	Obligation



SOURCE: Norihiko Shimizu, "Today's Taboos may be gone Tomorrow," *Tokyo Business*, February 1995, p.50.

Differences between Japanese and Americans Social Life

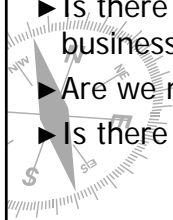
American Society Dignity of Individuals	Japanese Society "In the Same Boat" Concept
Dignity of individuals	Human relations oriented
Individual work ethic	Dependence on the group
Great individual freedom	Lack of individual freedom
Respect for rules	Low regard for rules
An open and transparent society	A closed society, lacking in transparency
Multi-cultural society	Mono-cultural society
A society excelling in creativity and versatility	An orderly and uniform society
Individual decisions over consensus	Dependence on consensus
A society which pursues the ideal	A society which pursues harmony with reality



SOURCE: Norihiko Shimizu, "Today's Taboos may be gone Tomorrow," *Tokyo Business*, February 1995, p.50.

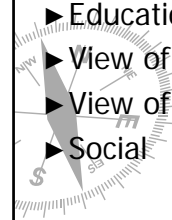
Material

- ▶ How do we view _____ ?
- ▶ Does our economic system allow us to amass items?
- ▶ Is there an infrastructure to operate a business?
- ▶ Are we more _____ oriented?
- ▶ Is there conspicuous consumption?



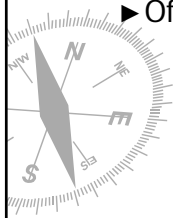
Social Institutions and Structure

- ▶ Gov't, education, family structure
- ▶ " _____ " family of mom, dad & children
- ▶ How do we organize socially?
- ▶ Education - years, literacy, skills taught
- ▶ View of "Individual" and "Group" in society
- ▶ View of "Man" and "Woman" in society
- ▶ Social _____ - caste and class systems

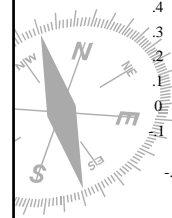
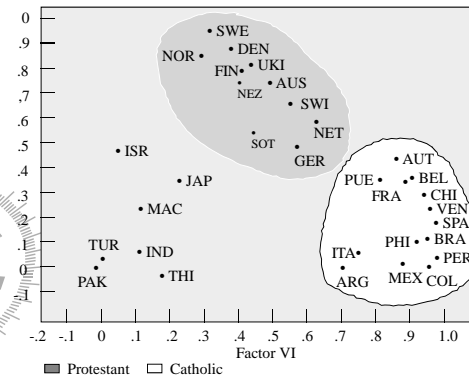


Religion

- ▶ Humans and the Universe
 - ▶ Why are we here?
- ▶ What happens after we die?
- ▶ Often shaped to meet our needs

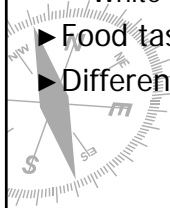


A Two-Dimensional Country Clustering Map



Aesthetics

- ▶ Cultural taste and views of life
- ▶ Certain colors represent different things
 - Green = death in many Asian countries
 - White is mourning color in Japan
- ▶ Food tastes = monkey, dog, snake, spices
- ▶ Different music - Chinese Opera

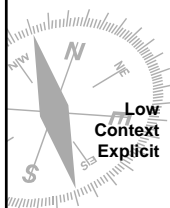
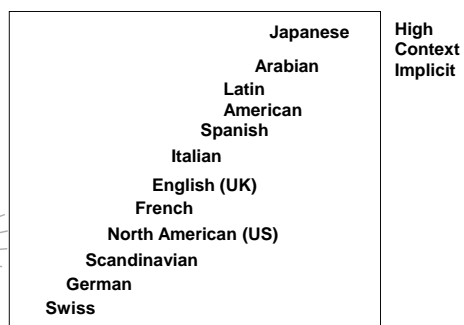


Language or Communication

- ▶
 - Many words don't translate well
 - Context driven - Chinese/Japanese
 - Who, where, what saying influences
 - Different pronunciations of the same word
 - Standing distance, touching male to male
 - Arabic - don't show bottoms of feet
 - Hand gestures - different waves
 - Touching a child on the head

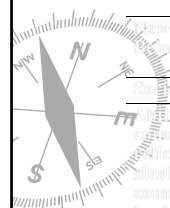


Contextual Background of Various Countries

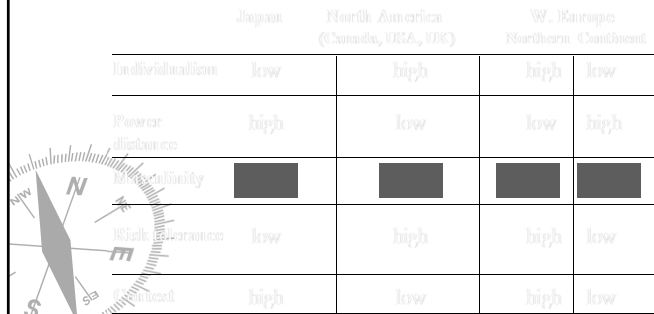


High vs Low Context Cultures

	High	Low
Verbal Behavior	Word choice has numerous possible interpretations; meaning is derived from matching words with non-verbal cues and the specific situation	High reliance on verbal communication to convey meaning; words are carefully selected to convey precise, specific meanings
Nonverbal Behavior	High reliance on nonverbal behavior to convey meaning	Nonverbal aspects play secondary or confirming role
Social Masking	Yes	No
Ability to communicate relies heavily on similarity in communicators' backgrounds	yes	no



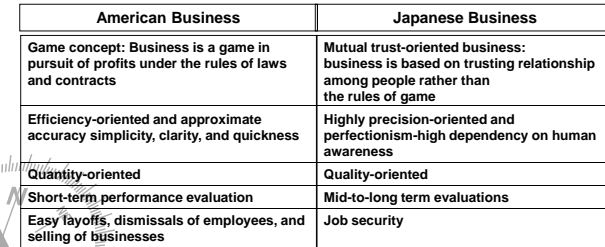
Hofstede's Classification of Triad Countries



	Japan	North America (Canada, USA, UK)	W. Europe (Northern Continent)	
Individualism	low	high	high	low
Power distance	high	low	low	high
Uncertainty avoidance	high	low	high	high
Collectivism	low	high	high	low
Context	high	low	high	low

Note: "Context" added.
Source: Adapted from Hofstede, 1980

Business Differences between Japanese and Americans

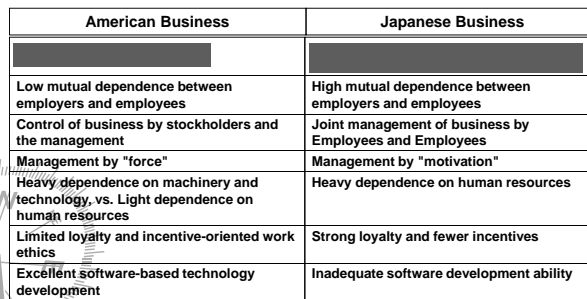


American Business	Japanese Business
Game concept: Business is a game in pursuit of profits under the rules of laws and contracts	Mutual trust-oriented business: business is based on trusting relationship among people rather than the rules of game
Efficiency-oriented and approximate accuracy simplicity, clarity, and quickness	Highly precision-oriented and perfectionism-high dependency on human awareness
Quantity-oriented	Quality-oriented
Short-term performance evaluation	Mid-to-long term evaluations
Easy layoffs, dismissals of employees, and selling of businesses	Job security

SOURCE: Norihiko Shimizu, "Today's Taboos may be gone tomorrow," *Tokyo Business*, February 1995, p.51.



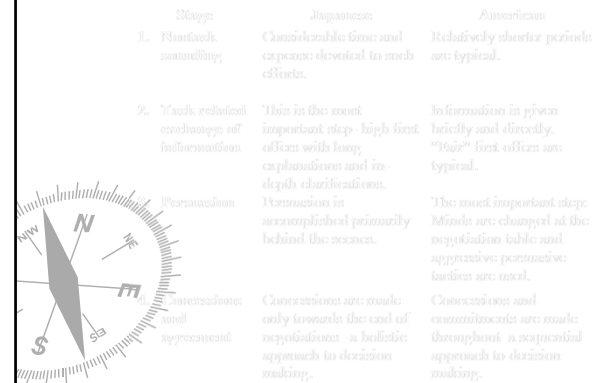
Business Differences between Japanese and Americans



American Business	Japanese Business
Low mutual dependence between employers and employees	High mutual dependence between employers and employees
Control of business by stockholders and the management	Joint management of business by Employees and Employees
Management by "force"	Management by "motivation"
Heavy dependence on machinery and technology, vs. Light dependence on human resources	Heavy dependence on human resources
Limited loyalty and incentive-oriented work ethics	Strong loyalty and fewer incentives
Excellent software-based technology development	Inadequate software development ability

SOURCE: Norihiko Shimizu, "Today's Taboos may be gone tomorrow," *Tokyo Business*, February 1995, p.51

Four Stages of Business Negotiations



Stage	Japanese	American
1. Non-task, relationship	Communicable time and expense devoted to such efforts.	Relatively shorter periods are typical.
2. Task-related exchange of information	This is the most important step- high firms often with long explanations and in-depth clarifications.	Information is given briefly and directly. "Yes" firms often are typical.
3. Persuasion	Persuasion is accomplished primarily behind the scenes.	The most important step. Minds are changed at the negotiating table and appropriate persuasive tactics are used.
4. Commitment and agreement	Commitments are made only towards the end of negotiations- a holistic approach to decision making.	Commitment and announcements are made throughout a sequential approach to decision making.

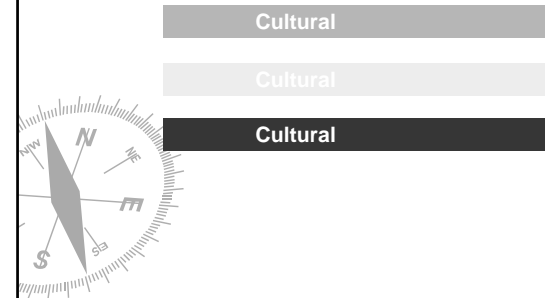
Source: Adapted from John L. Graham, "A Hidden Cause of America's Trade Deficit with Japan," *Columbia Journal of World Business*, Fall 1981, p. 14.

Type A and Type B Negotiators

	Type A Negotiator	Type B Negotiator
Track		
Goal	Contract	Relationship
Attitude	Win/lose	Win/win
Personal style	Informal	Formal
Communications	Direct	Indirect
Flexibility	High	Low
Individualism	High	Low
Agreement form	Specific	General
Agreement building	Bottom-up	Top-down
Team organization	One leader	Consensus
Decision making	High	Low

Source: Chart from *Making Global Deals*, Copyright 1991 by Jeswaid W. Salacuse. Reprinted by permission of Houghton Mifflin Company. All rights reserved.

Cultural Adaptation



Sub - Culture

- ▶ Never assume a nation is homogenous
- ▶ Most nations have numerous cultures
- ▶ USA
 - Civilized people, "Midwest", and Californians
 - Black, White, Asian, Hispanic
 - Rural and city
- ▶ Germany
 - North vs South and East vs West
 - Catholic and Protestant

Gannon's Metaphors

1. *American football*: Individualism and competitive speculation; huddling; ceremonial celebration of perfection.
2. *The British house*: Laying the foundations; building the brick house; living in the brick house.
3. *The German Symphony*: Orchestra; conductors; performance society; education, and politics.
4. *The French wine*: Purity; classification; composition; compatibility; maturation.
5. *The Italian family opera*: Pageantry and spectacle; voice expression; chorus and soloists.
6. *The Swedish summer house*: Love of nature; individualism through self-development; equality.
7. *The Japanese garden*: Wa and shitaki, harmony and form; seishin, spirit of self-discipline; combining droplets.
8. *The Chinese family altar*: Confucianism and Taoism; roundness, harmony and fluidity.
9. *India: cyclical Hindu philosophy*: The cycle of life; the family cycle; the social cycle; the work cycle.

Source: Martin Gannon, "Cultural Metaphors," *Understanding Global Cultures*, pp. v-vii. ©1994 by Martin Gannon. Reprinted by permission of Sage Publications.

Primary Methods to Deal with Culture

- ▶
 - same product regardless of customers
- ▶ - Customize
 - make changes to meet local needs
- ▶ Goal is to "Think globally act locally"
 - Standard process if possible but meet individual market's or customer's needs
- ▶ Cover in Section 5 - Marketing Strategy

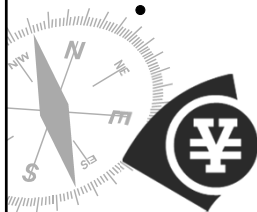
Primary Methods to Deal with Culture

- ▶ Standardize
 - same product regardless of customers
- ▶ Adapt - Customize
 - make changes to meet local needs
- ▶ Goal is to "Think globally act locally"
 - Standard process if possible but meet individual market's or customer's needs
- ▶ Cover in Section 5 - Marketing Strategy

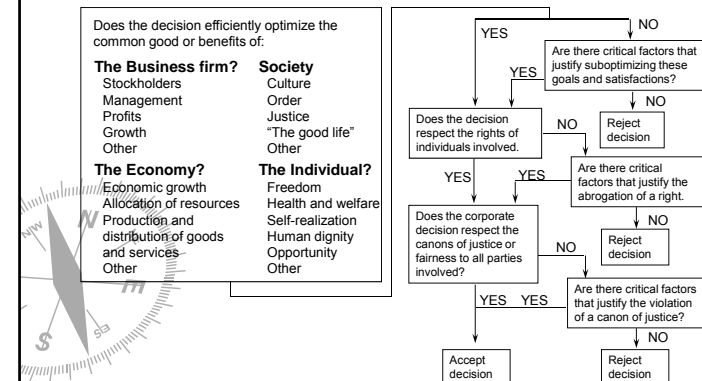
Bribery

Variations on a Theme

-
- **Subornation**
-

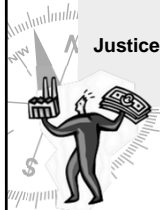


A Decision Tree for Incorporating Ethical and Social Responsibility Issues into Multinational Business Decisions



Three Ethical Principles

Principle	Question
Utilitarian ethics	Does the action optimize the "common good" or benefits of all constituencies?
Rights of the parties	Does the action respect the rights of the individuals involved?
Justice or fairness	Does the action respect the canons of justice or fairness to all parties involved?



Learning Objectives

- ▶ What is culture?
- ▶ What are the five areas?
- ▶ How does it affect business?
- ▶ How should we face ethical dilemma?

