Chapter 2
Cultural Environment

Manajemen Bisnis Internasional

STAR TV (ASIA)
Culturecasting across nations

What is culture?

CULTURE

The unique combination of learning and experience that gives and individual an anchoring point, identity, as well as codes of conduct

- Culture is learned, shared and transmitted from one generation to the next

- Passed on from parents to children but also transmitted by social organizations, special interest groups, governments, schools, religious institutions

Source: Czinkota, et al,2009. *Fundamentals of International Business*

CULTURE

An integrated system of learned behaviour patterns that characterise the numbers of any given society, from both formal and informal institutions

- It includes not just everything a group thinks, says, does and makes—it's customs, language and material artefacts—but also the group's shared systems of attitudes and feelings, too

- The definition encompasses a wide variety of elements from the spiritual to the materialistic

- Culture is inherently conservative, resisting change and fostering continuity

- Problems may arise when a person from one culture has to adjust to another one

ACCULTURATION

Adjusting and adapting to a specific culture othen than one's own—is one of the keys to sucess in international business operations
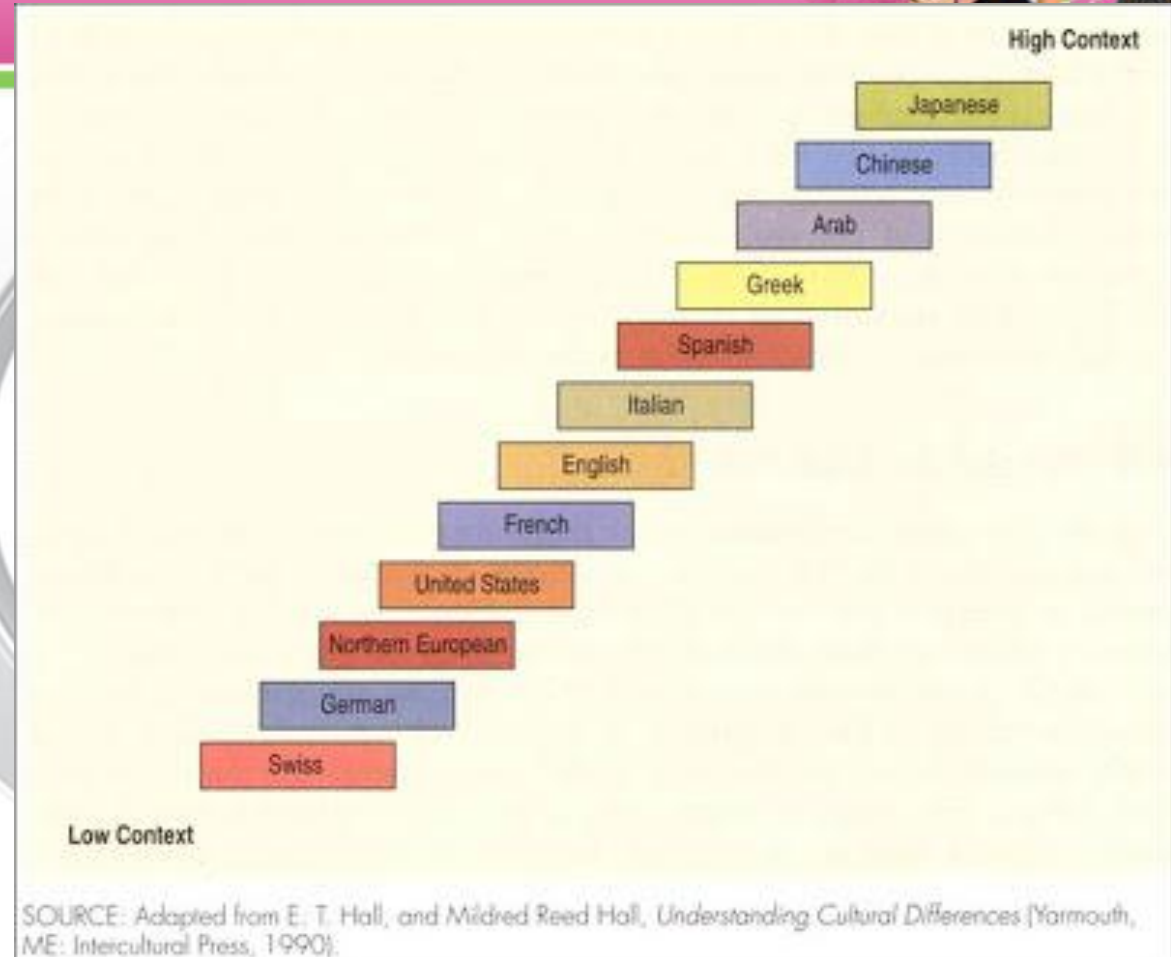
High context cultures

- The context of a communication is at least as important as what is actually said
- The speaker and the listener rely on a common understanding of the context

Low-context cultures

- Most of the information is contained explicitly in the words

High Context

Japanese

Chinese

Arab

Greek

Spanish

Italian

English

French

United States

Northern European

German

Swiss

Low Context

SOURCE: Adapted from E. T. Hall, and Mildred Reed Hall, *Understanding Cultural Differences* (Yarmouth, ME: Intercultural Press, 1990).

East meets west

- Tapioca pearl tea (bubble tea)
- Ice blended

Elements of culture

CONCRETE ELEMENTS	ABSTRACT ELEMENTS
Language	Religion
Verbal	Values and attitudes
Non-verbal	Aesthetics
Infrastructure	
Education	
Social Institutions	

Table 2.1 Elements of Culture.

Source: Czinkota, et al,2009. *Fundamentals of International Business*

Language

1. Aids information gathering and evaluation
2. Provides access to local society
3. Reduces the risk of errors
4. Extends beyond the mechanics of communication into the accurate interpretation of cultural contexts that could influence business operations

LANGUAGE	APPROXIMATE NUMBER OF SPEAKERS
Mandarin, Chinese	1.051 million
Hindi, Indian	490 million
Bengali	215 million
Japanese	127 million
Urdu	104 million
Vietnamese	86 million
Tamil	77 million
Javanese	76 million
Korean	71 million
Thai	60 million

Source: Adapted from RG Gordon (ed), Ethnologue: Languages of the World, 15th edn, 2005

TABLE 2.2   Effect of Value Differences on Management Practice

Value of U.S. Culture	Alternative Value	Management Functions Affected
The individual can influence the future (where there is a will there is a way).	Life follows a preordained course, and human action is determinated by the will of God.	Planning and scheduling
We must work hard to accomplish our objectives (Protestant ethic).	Hard work is not the only prerequisite for success. Wisdom, luck, and time are also required.	Motivation and reward system
Commitments should be honored (people will do what they say they will do).	A commitment may be superseded by a conflicting request or an agreement may only signify intention and have little or no relationship to the capacity of performance.	Negotiating and bargaining
One should effectively use one's time (time is money that can be saved or wasted).	Schedules are important but only in relation to other priorities.	Long- and short-range planning
A primary obligation of an employee is to the organization.	The individual employee has a primary obligation to his family and friends.	Loyalty, commitment, and motivation
The best qualified persons should be given the positions available.	Family considerations, friendship, and other considerations should determine employment practices.	Employment, promotions, recruiting, selection, and reward.
Intuitive aspects of decision making should be reduced, and efforts should be devoted to gathering relevant information.	Decisions are expressions of wisdom by the person in authority, and any questioning would imply a lack of confidence in his judgment.	Decision-making process
Data should be accurate.	Accurate data are not as highly valued.	Record keeping
Company information should be available to anyone who needs it within the organization.	Withholding information to gain or maintain power is acceptable.	Organization communication, managerial style
Each person is expected to have an opinion and to express it freely even if his views do not agree with his colleagues.	Deference is to be given to persons in power or authority, and to offer judgment that is not in support of the ideas of one's superiors is unthinkable.	Communications, organizational relations
A person is expected to do whatever is necessary to get the job done (one must be willing to get one's hands dirty).	Various kinds of work are accorded low or high status and some work may be below one's "dignity" or place in the organization.	Assignment of tasks, performance, and organizational effectiveness
Change is considered an improvement and a dynamic reality.	Tradition is revered, and the power of the ruling group is founded on the continuation of a stable structure.	Planning, morale, and organization development

The Elements of Culture

- Manners and Customs

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TABLE 2.3 When to Give and What in Gifts

China	India	Japan	Mexico	Saudi Arabia
Chinese New Year (January or February)	**Hindu Diwali festival** (October or November)	**Oseibo** (January 1)	**Christmas/New Year**	**Id al-Fitr** (December or January)
✓ Modest gifts such as coffee table books, ties, pens	✓ Sweets, nuts, and fruit; elephant carvings; candleholders	✓ Scotch, brandy, Americana, round fruit such as melons	✓ Desk clocks, fine pens, gold lighters	✓ Fine compasses to determine direction for prayer, cashmere
✗ Clocks, anything from Taiwan	✗ Leather objects, snake images	✗ Gifts that come in sets of four or nine	✗ Sterling silver items, logo gifts, food baskets	✗ Pork and pigskin, liquor

✓ recommended

✗ to be avoided

Source: Kate Murphy, "Gifts Without Gaffes for Global Clients," *Business Week*, December 6, 1999, 153.

Sources of Cultural Knowledge

- Experiential Knowledge

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	TABLE 2.4	Source of Information	TYPE OF INFORMATION	
	Types of International Information		General	Country Specific
		Objective	Examples: Impact of GDP Regional integration	Examples: Tariff barriers Government regulations
		Experiential	Example: Corporate adjustment to internationalization	Examples: Product acceptance Program appropriateness

TABLE 2.5

Managers' Ranking of Factors Involved in Acquiring International Expertise

Factor	Considered Critical	Considered Important
1. Business travel	60.8%	92.0%
2. Assignments overseas	48.8	71.2
3. Reading/television	16.0	63.2
4. Training programs	6.4	28.8
5. Precareer activities	4.0	16.0
6. Graduate courses	2.4	15.2
7. Nonbusiness travel	0.8	12.8
8. Undergraduate courses	0.8	12.0

Source: Stephen J. Kobrin, *International Expertise in American Business* (New York: Institute of International Education, 1984), 38.

Sources of Cultural Knowledge

- Interpretive Knowledge

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Cultural Analysis

- Checklists and Models Showing Pertinent Variables and Their Interaction

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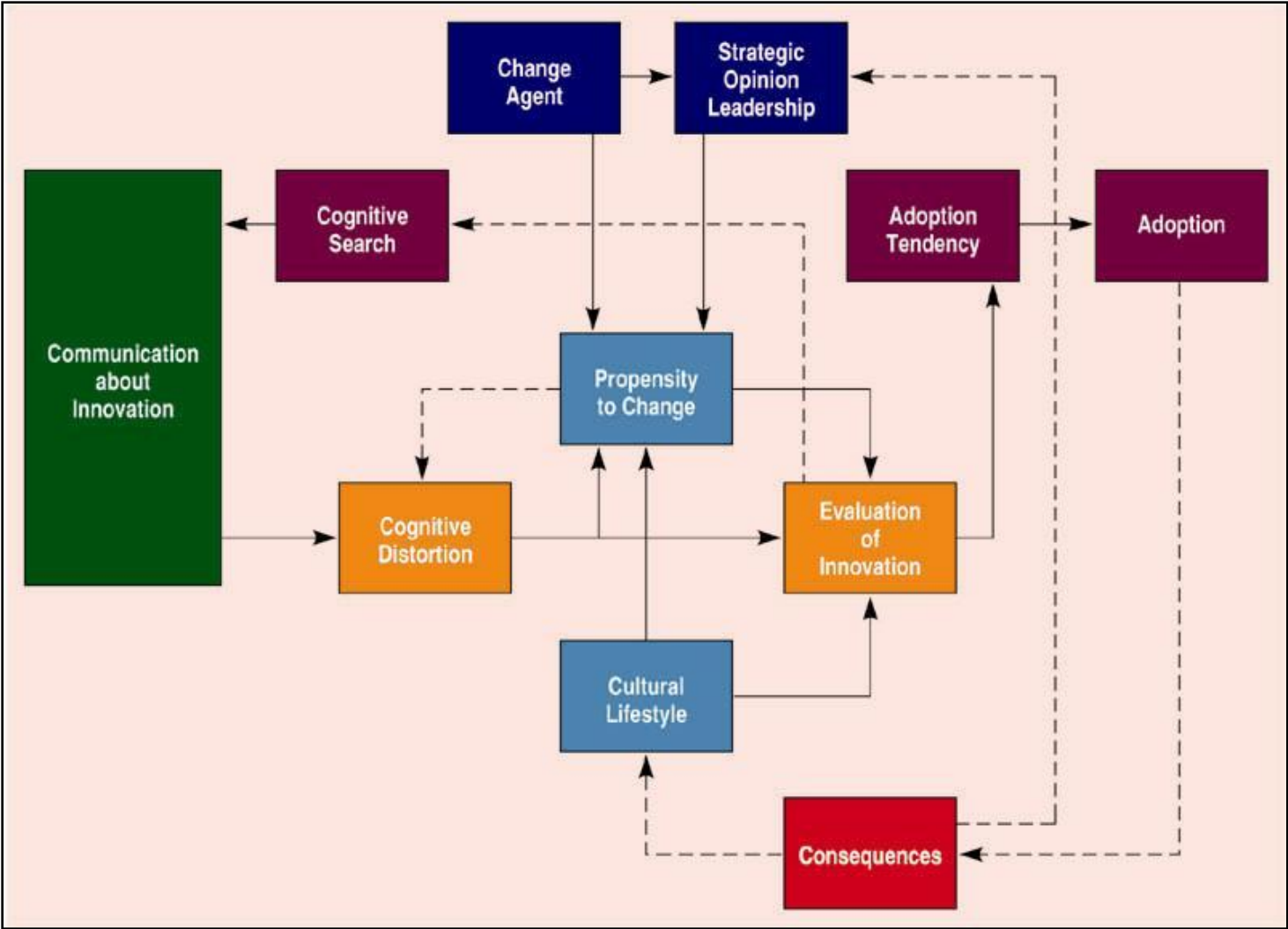# Figure 2.2   A Model of Cross-Cultural Behavior

Figure 2.3 Culture Dimension Scores for Twelve Countries (0 = low; 100 = high)

TABLE 2.6   Culture-Based Segmentation

	Size (Million)	CULTURAL CHARACTERISTICS				Illustrative Marketing Implications
		Power Distance	Uncertainty Avoidance	Individualism	Masculinity	
Cluster 1						
Austria, Germany, Switzerland, Italy, Great Britain, Ireland	203	Small	Medium	Medium-High	High	Preference for "high-performance" products; use "successful-achiever" theme in advertising; desire for novelty, variety, and pleasure; fairly risk-averse market
Cluster 2						
Belgium, France, Greece, Portugal, Spain, Turkey	182	Medium	Strong	Varied	Low-Medium	Appeal to consumer's status and power position, reduce perceived risk in product purchase and use, emphasize product functionality
Cluster 3						
Denmark, Sweden, Finland, Netherlands, Norway	37	Small	Low	High	Low	Relatively weak resistance to new products, strong consumer desire for novelty and variety, high consumer regard for "environmentally friendly" marketers and socially conscious firms

Source: Sudhir H. Kale, "Grouping Euroconsumers: A Culture-Based Clustering Approach," *Journal of International Marketing* 3, 3 (1995): 42.

Cultural Analysis

- Self-Reference Criterion

- Ethnocentrism

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The Training Challenge

- Objective of formal training programs is to foster four critical characteristics:
  - Preparedness
  - Sensitivity
  - Patience
  - Flexibility
- Summary of the programs is provided on the next slide

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Figure 2.4 Cross – Cultural Training Methods