

CHAPTER

3

Understanding the Role of Culture

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Opening Profile: Adjusting Business to Saudi Arabian Culture

For most outsiders, Saudi Arabia is a land of contrasts and paradoxes. (Map 3-1 shows its location.) It has supermodern cities, but its strict Islamic religious convictions and ancient social customs, on which its laws and customs depend, often clash with modern economic and technical realities. Saudi Arabians sometimes employ latitude in legal formation and enforcement to ease these clashes and sometimes accommodate different behaviors from foreigners. Nevertheless, many foreigners misunderstand Saudi laws and customs or find them contrary to their own value systems. Foreign companies have had mixed success in Saudi Arabia, due in large part to how well they understood and adapted imaginatively to Saudi customs.

Companies from countries with strict separation between state and religion or where few people actively engage in religion find Saudi Arabia's pervasiveness of religion daunting. Religious decrees have sometimes made companies rescind activities. For example, an importer halted sales of the children's game Pokémon because the game might encourage the un-Islamic practice of gambling, and a franchisor was forced to remove the face under the crown in Starbucks' logo because Saudi authorities felt the public display of a woman's face was religiously immoral. However, most companies know the requirements in advance. For instance, Coty Beauty omits models' faces on point-of-purchase displays that it depicts in other countries. Companies know that they must remove the heads and hands from mannequins and must not display them scantily clad. Companies, such as McDonald's, dim their lights, close their doors, and stop attending to customers



Map 3-1 Saudi Arabia comprises most of the Arabian peninsula. All of the countries bordering Saudi Arabia are Arab countries (meaning that the first language is Arabic), and all are predominately Islamic.

during the five times per day that men are called to pray. Companies also adjust voluntarily to gain the good will of customers—for example, by converting revenue-generating space to prayer areas. (Saudi Arabian Airlines does this in the rear of its planes, and the U.K.'s Harvey Nichols does this in its department store.) During the holy period of Ramadan, people are less active during the day because they fast, so many stores shift some operating hours to the evenings when people prefer to shop.

In 2000, Saudi Arabia ratified an international agreement designed to eliminate the discrimination of women; however, its prescribed behaviors for women appear paradoxical to outsiders. On the one hand, women now outnumber men in Saudi Arabian universities and own about 20 percent of all Saudi businesses. (There are separate male and female universities, and female-owned businesses can sell only to women.) Women also comprise a large portion of Saudi teachers and doctors. On the other hand, women account for only about 7 percent of the workforce. They cannot have private law or architectural firms, nor can they be engineers. They are not permitted to drive, because this may lead to evil behavior. They must wear abayas (robes) and cover their hair completely when in public. They cannot work alongside men except in the medical profession, and they cannot sell directly to male customers. If they are employed where men work, they must have separate work entrances and be separated from males by partitions. They must be accompanied by an adult male relative when dealing with male clerks.

The female prescriptions have implications for business operations. For example, the Saudi American Bank established branches for and staffed only by women. Pizza Hut installed two dining rooms—one for single men and one for families. (Women do not eat there without their families.) Both Harvey Nichols and Saks Fifth Avenue have created women-only floors in their department stores. On lower levels, there is mixed shopping, all male salespeople (even for products like cosmetics and bras), and no changing rooms or places to try cosmetics. On upper floors, women can check their *abayas* and shop in jeans, spandex, or whatever. The stores have also created drivers' lounges for their chauffeurs.

A downside is that male store managers can visit upper floors only when the stores are closed, which limits their observations of situations that might improve service and performance. Similarly, market research companies cannot rely on discussions with family-focused groups to determine marketing needs. Because men do much more of the household purchasing, companies target them more in their marketing than in other countries.

Why do high-end department stores and famous designers operate in Saudi Arabia where women cover themselves in *abayas* and men typically wear *thobes* (long robes)? Simply, the many very rich people in Saudi Arabia are said to keep Paris couture alive. Even though Saudi Arabia prohibits fashion magazines and movies, this clientele knows what is in fashion. (The government also prohibits satellite dishes, but some estimates say that two-thirds of Saudi homes have them.) Women buy items from designers' collections, which they wear abroad or in Saudi Arabia only in front of their husbands and other women. Underneath their *abayas*, they often wear very expensive jewelry, makeup, and clothing. Wealthy men also want the latest high-end fashions when traveling abroad.

Another paradox is that about 60 percent of the Saudi private workforce is foreign, even though the unemployment rate is about 30 percent. Changing economic conditions are at least partially responsible for this situation. In the early 1980s, Saudi oil revenues caused per capita income to jump to about \$28,000, but this plummeted below \$7,000 by the early 2000s. When incomes were high, Saudis brought in foreigners to do most of the work. At the same time, the government liberally supported university training, including study abroad. Saudis developed a mentality of expecting foreigners to do all the work, or at least some of the work, for them. The New Zealand head of National Biscuits & Confectionery said that Saudis now want only to be supervisors and complain if they have to work at the same level as people from Nepal, Bangladesh, and India. Although the government has taken steps to replace foreign workers with Saudis, prevailing work attitudes impede this transition. For example, the acceptance by a Saudi of a bellboy job at the Hyatt Regency hotel in Jidda was so unusual that Saudi newspapers put his picture on their front pages.

Saudi Arabian legal sanctions seem harsh to many outsiders. Religious patrols may hit women if they show any hair in public. The government carries out beheadings and hand-severances in public and expects passers-by to observe the punishments, some of which are for crimes that would not be offenses in other countries. For example, the government publicly beheaded three men in early 2002 for being homosexuals. However, there are inconsistencies. For example, religious patrols are more relaxed about women's dress codes in some Red Sea resorts, and they are more lenient toward the visiting female executives of MNEs than toward Saudi women. Whereas they don't allow Saudi women to be flight attendants on Saudi Arabian Airlines because they would have to work alongside men, they permit women from other Arab countries to do so. Further, in foreign investment compounds where almost everyone is a foreigner, these religious patrols make exceptions to most of the strict religious prescriptions.

Interesting situations concern the charging of interest and the purchase of accident insurance, both of which are disallowed under strict Islamic interpretations of the Koran. In the case of interest, the Saudi government gives interest-free loans for mortgages. This worked well when Saudi Arabia was awash with oil money, but borrowers must now wait about 10 years for a loan. In the case of accident insurance (by strict Islamic doctrine, there are no accidents, only preordained acts of God), the government eliminated prohibitions because businesses needed the insurance.

Personal interactions between cultures are tricky, and those between Saudis and non-Saudis are no exception. For example, Parris-Rogers International (PRI), a British publishing house, sent two salesmen to Saudi Arabia and paid them on a

commission basis. They expected that by moving aggressively, the two men could make the same number of calls as they could in the United Kingdom. They were used to working eight-hour days, to having the undivided attention of potential clients, and to restricting conversation to the business transaction. To them, time was money. However, they found that appointments seldom began at the scheduled time and most often took place at cafés where the Saudis would engage in what the salesmen considered idle chitchat. Whether in a café or in the office, drinking coffee or tea and talking to acquaintances seemed to take precedence over business matters. The salesmen began showing so much irritation at “irrelevant” conversations, delays, and interruptions from friends that they caused irrevocable damage to the company’s objectives. The Saudi counterparts considered them rude and impatient.

Whereas businesspersons from many countries invite counterparts to social gatherings at their homes to honor them and use personal relationships to cement business arrangements, Saudis view the home as private and even consider questions about their families as rude and an invasion of privacy. In contrast, Saudi businessmen seldom regard business discussions as private; they thus welcome friends to sit in. The opposite is true in many countries.

In spite of contrasts and paradoxes, foreign companies find ways to be highly successful in Saudi Arabia. In some cases, legal barriers to some products, such as to alcoholic beverages and pork products, have created boons for other products, such as soft drinks and turkey ham. In addition, some companies have developed specific practices in response to Saudi conditions and have later benefited from them in their home countries. For example, companies, such as Fuji and Kodak, created technology for while-you-wait photo development for Saudi Arabia because customers wanted to retrieve photos without anyone else seeing them. They transferred this technology to the United States several years later.

SOURCE: John D. Daniels, Lee H. Radebaugh, and Daniel P. Sullivan, *International Business: Environments and Operations*, 10th ed. © 2004. Reprinted by permission of Pearson Education, Inc., Upper Saddle River, NJ.

This chapter’s opening profile describes how an understanding of the local culture and business environment can give managers an advantage in competitive industries. Foreign companies—no matter how big—can ignore those aspects to their peril. Such differences in culture and the way of life in other countries necessitate that managers develop international expertise to manage on a contingency basis according to the host-country environment. Powerful, interdependent factors in that environment—political, economic, legal, technological, and cultural—influence management strategy, functions, and processes.

A critical skill for managing people and processes in other countries is **cultural savvy**—that is, a working knowledge of the cultural variables affecting management decisions. Managers have often seriously underestimated the significance of cultural factors. According to numerous accounts, many blunders made in international operations can be attributed to a lack of cultural sensitivity.¹ Examples abound. Scott Russell, senior vice president for human resources at Cendant Mobility in Danbury, Connecticut, recounts the following:

An American company in Japan charged its Japanese HR manager with reducing the workforce. The Japanese manager studied the issue but couldn’t find a solution within cultural Japanese parameters; so when he came back to the Americans, he reduced the workforce by resigning—which was not what they wanted.²

Cultural sensitivity, or **cultural empathy**, is an awareness and an honest caring about another individual’s culture. Such sensitivity requires the ability to understand the perspective

of those living in other (and very different) societies and the willingness to put oneself in another's shoes.

International managers can benefit greatly from understanding the nature, dimensions, and variables of a specific culture and how these affect work and organizational processes. This cultural awareness enables them to develop appropriate policies and determine how to plan, organize, lead, and control in a specific international setting. Such a process of adaptation to the environment is necessary to successfully implement strategy. It also leads to effective interaction in a workforce of increasing cultural diversity, in both the United States and other countries.

Company reports and management studies make it clear that a lack of cultural sensitivity costs businesses money and opportunities. One study of U.S. multinational corporations found that poor intercultural communication skills still constitute a major management problem. Managers' knowledge of other cultures lags far behind their understanding of other organizational processes.³ In a synthesis of the research on cross-cultural training, Black and Mendenhall found that up to 40 percent of expatriate managers leave their assignments early because of poor performance or poor adjustment to the local environment. About half of those who remain are considered only marginally effective. Furthermore, they found that cross-cultural differences are the cause of failed negotiations and interactions, resulting in losses to U.S. firms of over \$2 billion a year for failed expatriate assignments alone.⁴

Other evidence indicates, however, that cross-cultural training is effective in developing skills and enhancing adjustment and performance. In spite of such evidence, U.S. firms do little to take advantage of such important research and to incorporate it into their ongoing training programs, whose purpose is ostensibly to prepare managers before sending them overseas. Too often, the importance of such training in developing cultural sensitivity is realized much too late, as seen in the following account of the unhappy marriage between America's AT&T and Italy's Olivetti, the office-equipment maker:

One top AT&T executive believes that most of the problems in the venture stemmed from cultural differences. "I don't think we or Olivetti spent enough time understanding behavior patterns," says Robert Kayner, AT&T group executive. "We knew the culture was different, but we never really penetrated. We would get angry, and they would get upset." Mr. Kayner says AT&T's attempts to fix the problems, such as delays in deliveries, were transmitted in curt memos that offended Olivetti officials. "They would get an attitude, 'Who are you to tell us what to do,'" he says. Or, the Olivetti side would explain its own problems, and AT&T managers would simply respond, "Don't tell me about your problems. Solve them." AT&T executives are the first to admit, now, that one of the greatest challenges of putting a venture together is that partners frequently see the world in very different—and potentially divisive—ways.⁵

This chapter provides a conceptual framework with which companies and managers can assess relevant cultural variables and develop cultural profiles of various countries. This framework is then used to consider the probable effects of cultural differences on an organization and their implications for management. To do this, the powerful environmental factor of cultural context is examined. The nature of culture and its variables and dimensions are first explored, and then specific differences in cultural values and their implications for the on-the-job behavior of individuals and groups are considered. Cultural variables, in general, are discussed in this chapter. The impact of culture on specific management functions and processes is discussed in later chapters as appropriate.

CULTURE AND ITS EFFECTS ON ORGANIZATIONS

Societal Culture

As generally understood, the **culture** of a society comprises the shared values, understandings, assumptions, and goals that are learned from earlier generations, imposed by present members of a society, and passed on to succeeding generations. This shared

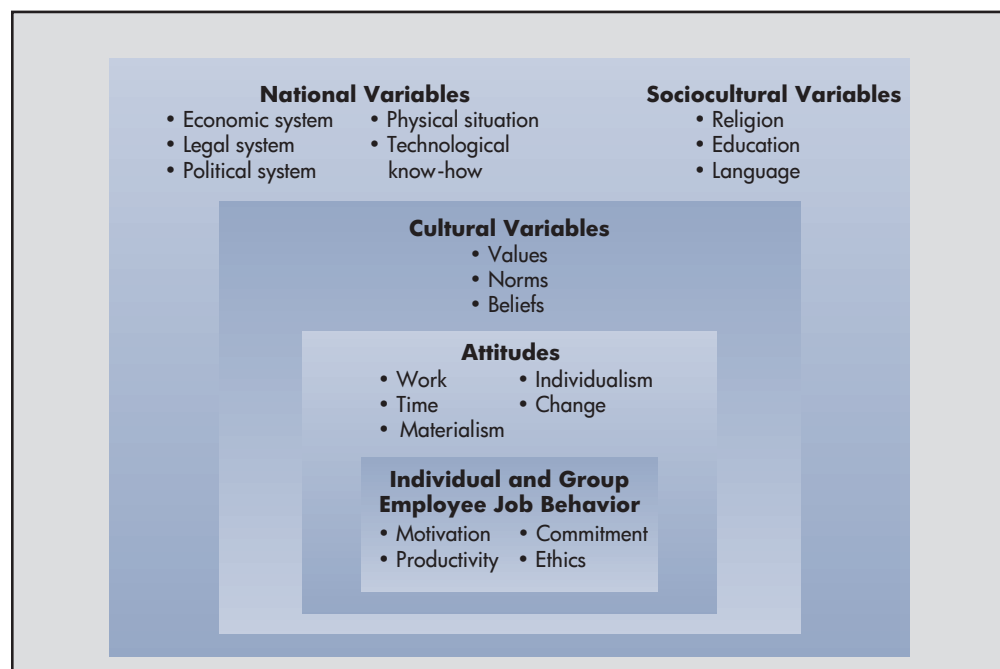
outlook results, in large part, in common attitudes, codes of conduct, and expectations that subconsciously guide and control certain norms of behavior.⁶ One is born into, not with, a given culture, and gradually internalizes its subtle effects through the socialization process. Culture results in a basis for living grounded in shared communication, standards, codes of conduct, and expectations.⁷ Over time, cultures evolve as societies adapt to transitions in their external and internal environments and relationships. A manager assigned to a foreign subsidiary, for example, must expect to find large and small differences in the behavior of individuals and groups within that organization. As depicted in Exhibit 3-1, these differences result from the societal, or sociocultural, variables of the culture, such as religion and language, in addition to prevailing national variables, such as economic, legal, and political factors. National and sociocultural variables, thus, provide the context for the development and perpetuation of cultural variables. These cultural variables, in turn, determine basic attitudes toward work, time, materialism, individualism, and change. Such attitudes affect an individual's motivation and expectations regarding work and group relations, and they ultimately affect the outcomes that can be expected from that individual.

Organizational Culture

Compared to societal culture, which is often widely held within a region or nation, **organizational culture** varies a great deal from one organization, company, institution, or group to another. Organizational culture represents those expectations, norms, and goals held in common by members of that group. For a business example, consider the oft-quoted comparison between IBM—considered traditionally to be very formal, hierarchical, and rules-bound, and with its employees usually in suits—and Apple Computer, whose organizational culture is very organic, or “loose” and informal, with its employees typically wearing casual clothes and interacting informally.

A policy change made by KLM Royal Dutch Airlines, with which the organizational culture responded to national cultural values and accepted practices, illustrated the way these sets of variables can interact, and how societal culture can influence organizational culture. The culture of social responsiveness in the Netherlands was incorporated into business policy when the airline revised its travel-benefits policy for families of employees. For some time, many KLM stewards had protested the rule that

EXHIBIT 3-1 Environmental Variables Affecting Management Functions



only immediate family members were eligible for low fares on KLM flights. They found it discriminatory that even just-married heterosexual spouses received the benefit, whereas long-term homosexual partners were not eligible. Upon reconsideration, KLM responded that any couple who formally registered as living together, which is a normal legal practice in the Netherlands, would be eligible for the low fares. However, a year had to elapse between partners before a new partner could be registered. By changing its policy, KLM put the emphasis on committed relationships rather than on marital status or sexual preference.⁸

McDonald's provides another example, with its 58 restaurants in Russia. The company's experience with setting up businesses there since the first restaurant opened in Moscow demonstrates the combined effects of national and cultural variables on work. In Russia, local employees require lengthy training to serve up "Bolshoi Maks" in the "McDonald's way." Unfortunately, Russians are still, for the most part, not familiar with working under the capitalist system; they have been victims of the inertia brought about by the old system of central planning for so long that productivity remains low. As a result, most Russians have few goods to buy, and the new free-market prices are so high that there is little motivation for them to work for rubles that won't buy anything.⁹

Which organizational processes—technical and otherwise—are most affected by cultural differences, and how, is the subject of ongoing cross-cultural management research and debate.¹⁰ Some argue that the effects of culture are more evident at the individual level of personal behavior than at the organizational level, as a result of convergence.¹¹ **Convergence** describes the phenomenon of the shifting of individual management styles to become more similar to one another. The convergence argument is based on the belief that the demands of industrialization, worldwide coordination, and competition tend to factor out differences in organizational-level processes, such as choice of technology and structure. In a 2000 study of Japanese and Korean firms, Lee, Roehl, and Choe found that globalization and firm size were sources of convergence of management styles.¹² These factors are discussed in more detail later in this chapter.

The effects of culture on specific management functions are particularly noticeable when we attempt to impose our own values and systems on another society. Exhibit 3-2 gives some examples of the values typical of U.S. culture, compares some common perspectives held by people in other countries, and shows which management functions might be affected, clearly implying the need for the differential management of organizational processes. For example, American managers plan activities, schedule them, and judge their timely completion based on the belief that people influence and control the future, rather than assuming that events will occur only at the will of Allah, as managers in an Islamic nation might believe.

Many people in the world understand and relate to others only in terms of their own culture. This unconscious reference point of one's own cultural values is called a **self-reference criterion**.¹³ The result of such an attitude is illustrated in the following story:

Once upon a time there was a great flood, and involved in this flood were two creatures, a monkey and a fish. The monkey, being agile and experienced, was lucky enough to scramble up a tree and escape the raging waters. As he looked down from his safe perch, he saw the poor fish struggling against the swift current. With the very best of intentions, he reached down and lifted the fish from the water. The result was inevitable.¹⁴

The monkey assumed that its frame of reference applied to the fish and acted accordingly. Thus, international managers from all countries must understand and adjust to unfamiliar social and commercial practices—especially the practices of that mysterious and unique nation, the United States. Japanese workers at a U.S. manufacturing plant learned to put courtesy aside and interrupt conversations with Americans when there were problems. Europeans, however, are often confused by Americans' apparent informality, which then backfires when the Europeans do not get work done as the Americans expect.¹⁵

EXHIBIT 3-2 U.S. Values and Possible Alternatives

Aspects of U.S. Culture*	Alternative Aspect	Examples of Management Function 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 determined by the will of God.	Planning and scheduling
The individual can change and improve the environment.	People are intended to adjust to the physical environment rather than to alter it.	Organizational environment, morale, and productivity
An individual should be realistic in his or her aspirations.	Ideals are to be pursued regardless of what is "reasonable."	Goal setting and career development
We must work hard to accomplish our objectives (Puritan 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 for 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 or her family and friends.	Loyalty, commitment, and motivation
The employer or employee can terminate the relationship.	Employment is for a lifetime.	Motivation and commitment to the company
The best-qualified people should be given the positions available.	Family, friendship, and other considerations should determine employment practices.	Employment, promotions, recruiting selection, and reward

*Aspect here refers to a belief, value, attitude, or assumption that is a part of a culture in that it is shared by a large number of people in that culture.

SOURCE: Excerpted from *Managing Cultural Differences* by Philip R. Harris and Robert T. Moran, 5th ed. Copyright © 2000 by Gulf Publishing Company, Houston, TX. Used with permission. All rights reserved.

As a first step toward cultural sensitivity, international managers should understand their own cultures. This awareness helps to guard against adopting either a parochial or an ethnocentric attitude. **Parochialism** occurs, for example, when a Frenchman expects those from or in another country to automatically fall into patterns of behavior common in France. **Ethnocentrism** describes the attitude of those who operate from the assumption that their ways of doing things are best—no matter where or under what conditions they are applied. Companies both large and small have demonstrated this lack of cultural sensitivity in countless subtle (and not so subtle) ways, with varying disastrous effects.

Procter & Gamble (P&G) was one such company. In an early Japanese television commercial for Camay soap, a Japanese woman is bathing when her husband walks into the bathroom. She starts telling him about her new beauty soap. Her husband, stroking her shoulder, hints that he has more on his mind than suds. The commercial, which had been popular in Europe, was a disaster in Japan. For the man to intrude on his wife "was considered bad manners," says Edwin L. Artzt, P&G's vice chairman and international chief. "And the Japanese didn't think it was very funny." P&G has learned from its mistakes and now generates about half of its revenue from foreign sales.¹⁶

After studying his or her own culture, the manager's next step toward establishing effective cross-cultural relations is to develop cultural sensitivity. Managers not only must

be aware of cultural variables and their effects on behavior in the workplace, but also must appreciate cultural diversity and understand how to build constructive working relationships anywhere in the world. The following sections explore cultural variables and dimensions. Later chapters suggest specific ways in which managers can address these variables and dimensions to help build constructive relationships.

CULTURAL VARIABLES

Given the great variety of cultures and subcultures around the world, how can a student of cross-cultural management, or a manager wishing to be culturally savvy, develop an understanding of the specific nature of a certain people? With such an understanding, how can a manager anticipate the probable effects of an unfamiliar culture within an organizational setting and thereby manage human resources productively and control outcomes?

One approach is to develop a cultural profile for each country or region with which the company does or is considering doing business. Developing a cultural profile requires some familiarity with the cultural variables universal to most cultures. From these universal variables, managers can identify the specific differences found in each country or people—and hence anticipate their implications for the workplace.

Managers should never assume that they can successfully transplant American, or Japanese, or any other country's styles, practices, expectations, and processes. Instead, they should practice a basic tenet of good management—contingency management. Contingency management requires managers to adapt to the local environment and people and to manage accordingly. That adaptation can be complex because the manager may confront differences not only in culture, but also in business practices.

Subcultures

Managers should recognize, of course, that generalizations in cultural profiles will produce only an approximation, or stereotype, of national character. Many countries comprise diverse subcultures whose constituents conform only in varying degrees to the national character. In Canada, distinct subcultures include anglophones and francophones (English-speaking and French-speaking people) and indigenous Canadians. The United States, too, has varying subcultures. Americans abroad are almost always dealt with in the context of the stereotypical American, but at home Americans recognize differences among themselves due to ethnic, geographic, or other subcultural backgrounds. Americans should apply the same insight toward people in other countries and be extremely careful not to overgeneralize or oversimplify. For example, although Americans tend to think of Chinese as homogeneous in their culture, considerable differences among Chinese people occur owing to regional diversity—including distinct ethnic groups with their own local customs and a multitude of dialects. A study by Ralston, Yu Kai-Ceng, Xun Wang, Terpstra, and He Wei, concluded that, although adherence to traditional Confucian values was common to all regions, regions differed considerably on variables such as individualism and openness to change (with Guangzhou and Shanghai ranking the highest on those dimensions, followed by Beijing and Dalian and then Chengdu and Lanzhou).¹⁷ This implies that Chinese in Guangzhou and Shanghai may be somewhat more “westernized” and more open to doing business with westerners.

Above all, good managers treat people as individuals, and they consciously avoid any form of **stereotyping**. However, a cultural profile is a good starting point to help managers develop some tentative expectations—some cultural context—as a backdrop to managing in a specific international setting. It is useful, then, to look at what cultural variables have been studied and what implications can be drawn from the results.

Influences on National Culture

Before we can understand the culture of a society, we need to recognize that there are subsystems in a society which are a function of where people live; these subsystems influence, and are influenced by, people's cultural values and dimensions and so affect their

behaviors, both on and off the job. Harris and Moran identified eight categories that form the subsystems in any society.¹⁸ This systems approach to understanding cultural and national variables—and their effects on work behavior—is consistent with the model shown in Exhibit 3-1 that shows those categories as a broad set of influences on societal culture. The following sections describe these eight categories and explain their implications for workplace behavior.

Kinship A kinship system is the system adopted by a given society to guide family relationships. Whereas in the United States this system consists primarily of the nuclear family (which is increasingly represented by single-parent families), in many other parts of the world the kinship system consists of an extended family with many members, spanning several generations. This extended, closely knit family, typical in many Eastern nations, may influence corporate activities in cases where family loyalty is given primary consideration—such as when contracts are awarded or when employees are hired (and a family member is always selected over a more suitable candidate from outside the family). In these family-oriented societies, such practices are pervasive and are taken for granted. Foreign managers often find themselves locked out of important decisions when dealing with family businesses. If, however, they take the time to learn the local cultural expectations regarding families, they will notice predictable patterns of behavior and be better prepared to deal with them. Such traditional practices are exemplified in the experience of an Asian MBA, educated in the United States, when he presented a more up-to-date business plan to his uncle, the managing director of a medium-sized firm in India:

The family astrologer attended the meeting and vetoed the plan. Later, the nephew persisted and asked the astrologer to reconsider the plan. The astrologer recommended various ceremonies after which the astral signs would probably bend toward the plan.¹⁹

Education The formal or informal education of workers in a foreign firm, received from whatever source, greatly affects the expectations placed on those workers in the workplace. It also influences managers' choices about recruitment and staffing practices, training programs, and leadership styles. Training and development programs, for example, need to be consistent with the general level of educational preparation in that country.

Economy Whatever the economic system, the means of production and distribution in a society (and the resulting effects on individuals and groups) has a powerful influence on such organizational processes as sourcing, distribution, incentives, and repatriation of capital. At this time of radically changing political systems, it appears that the drastic differences between capitalist and socialist systems will have less effect on multinational corporations (MNCs) than in the past.

Politics The system of government in a society, whether democratic, communist, or dictatorial, imposes varying constraints on an organization and its freedom to do business. The influence of such political actions on culture is illustrated in the accompanying Management Focus: China Issues New Restrictions Aimed at Protecting Its Culture. It is the manager's job to understand the political system and how it affects organizational processes to negotiate positions within that system and to manage effectively the mutual concerns of the host country and guest company. This kind of compromise was made by Google and other companies in 2006 when they had to bow to China's state control of Web sites in order to do business there.

Religion The spiritual beliefs of a society are often so powerful that they transcend other cultural aspects. Religion commonly underlies both moral and economic norms. In the United States, the effects of religion in the workplace are limited (other than a generalized belief in hard work, which stems from the Protestant work ethic), whereas in other countries religious beliefs and practices often influence everyday business transactions and on-the-job behaviors. For example, in India, McDonald's does not serve

Management Focus

China Issues New Restrictions Aimed at Protecting Its Culture

New regulations proposed by the Chinese government would keep additional foreign satellite broadcasters from entering the market and would strengthen restrictions on foreign television programs, books, newspapers and theater performances, all in an effort to tighten control over the country's culture.

The regulations were announced by China's Propaganda Department, the Ministry of Culture and four other regulators, and were published on Wednesday, August 4, 2005.

They spell out what parts of China's government are responsible for overseeing what parts of the media and entertainment industry, and they promise to make it more difficult for foreign companies to bring in books, the Internet and video games, and performing acts at a time when many multinationals are turning to China for growth.

"Import of cultural products contrary to regulations will be punished according to the circumstances, and in serious cases the import license will be revoked," the rules state. "In the near future there will be no more approvals for setting up cultural import agencies."

"We must strengthen censorship of and volume controls on imported television dramas, cartoons and television programs," the regulations say.

Co-productions between Chinese and foreign film and television makers will face stricter censorship, and foreign publications will be able to be sold only through government-controlled agencies, with strict punishment of unregulated sales. A preface says the rules are intended to help China's "opening up" to the outside world. But analysts and broadcasters said they were part of an effort to clamp down on foreign influence on culture.

David Wolf, a specialist in Beijing on China's media for Burson-Marsteller, the public relations company, said the rules "add greater clarity and specificity to rules we already know but weren't as clear."

In early July 2005, China issued a ban on Chinese broadcasters and foreign investors jointly operating television channels, and earlier that year the government froze Chinese-foreign co-production of TV programs.

SOURCE: C. Buckley, "China Issues New Restrictions Aimed at Protecting Its Culture," www.nytimes.com, August 3, 2005, p. C4. Copyright © The New York Times Co., reprinted with permission.

beef or pork out of respect for Hindu and Muslim customers. Also, in a long-standing tradition based on the Qur'an and the sayings of Muhammad, Arabs consult with senior members of the ruling families or the community regarding business decisions. Hindus, Buddhists, and some Muslims believe in the concept of destiny, or fate. In Islamic countries, the idea of *insha Allah*, that is, "God willing," prevails. In some Western countries, religious organizations, such as the Roman Catholic Church, play a major cultural role through moral and political influence.

One of the ways that the Islamic faith affects the operations of international firms involves the charging of interest:

The kingdom of Saudi Arabia observes Sharia, which is Islamic law based on both the Qur'an and the Hadith—the traditions of the Prophet Muhammad. Under these codes, interest is banned, and both the giver and the taker of interest are equally damned. This means that the modern Western banking system is technically illegal. A debate has begun on the interpretation of the concept of interest. The kingdom's religious scholars, the ulema, view all interest, or rib'a, as banned. Some have challenged that interpretation as too restrictive, however, and have called for a more liberal interpretation. Their view is that Muhammad referred only to excessive interest when he condemned usury. Should something come of this debate, it would help establish a legal framework for dealing with Saudi Arabia's banking problems, such as steep drops in profits, and end the legal limbo of Western-style banking in the kingdom.²⁰

Associations Many and various types of associations arise out of the formal and informal groups that make up a society. Whether these associations are based on religious, social, professional, or trade affiliations, managers should be familiar with them and the role they may play in business interactions.

Health The system of health care in a country affects employee productivity, expectations, and attitudes toward physical fitness and its role in the workplace. These expectations will influence managerial decisions regarding health care benefits, insurance, physical facilities, sick days, and so forth.

Recreation Closely associated with other cultural factors, recreation includes the way in which people use their leisure time, as well as their attitudes toward leisure and their choice of with whom to socialize. Workers' attitudes toward recreation can affect their work behavior and their perception of the role of work in their lives.

CULTURAL VALUE DIMENSIONS

Cultural variables result from unique sets of shared values among different groups of people. Most of the variations between cultures stem from underlying value systems, which cause people to behave differently under similar circumstances. **Values** are a society's ideas about what is good or bad, right or wrong—such as the widespread belief that stealing is immoral and unfair. Values determine how individuals will probably respond in any given circumstance. As a powerful component of a society's culture, values are communicated through the eight subsystems just described and are passed from generation to generation. Interaction and pressure among these subsystems (or more recently from foreign cultures) may provide the impetus for slow change. The dissolution of the Soviet Union and the formation of the Commonwealth of Independent States is an example of extreme political change resulting from internal economic pressures and external encouragement to change.

Project GLOBE Cultural Dimensions

Recent research results on cultural dimensions have been made available by the GLOBE (Global Leadership and Organizational Behavior Effectiveness) Project team. The team comprises 170 researchers who have collected data over seven years on cultural values and practices and leadership attributes from 18,000 managers in 62 countries. Those managers were from a wide variety of industries and sizes of organizations from every corner of the globe. The team identified nine cultural dimensions that distinguish one society from another and have important managerial implications: assertiveness, future orientation, performance orientation, humane orientation, gender differentiation, uncertainty avoidance, power distance, institutional collectivism versus individualism, and in-group collectivism. Only the first four are discussed here; this avoids confusion for readers since the other five dimensions are similar to those researched by Hofstede, which are presented in the next section. (Other research results from the GLOBE Project are presented in subsequent chapters where applicable, such as in the Leadership section in Chapter 11.) The descriptions are as follows and selected results are shown in Exhibit 3-3.²¹

Assertiveness This dimension refers to how much people in a society are expected to be tough, confrontational, and competitive versus modest and tender. Austria and Germany, for example, are highly assertive societies that value competition and have a “can-do” attitude. This compares with Sweden and Japan, less assertive societies, which tend to prefer warm and cooperative relations and harmony. The GLOBE team concluded that those countries have sympathy for the weak and emphasize loyalty and solidarity.

Future Orientation This dimension refers to the level of importance a society attaches to future-oriented behaviors such as planning and investing in the future. Switzerland and Singapore, high on this dimension, are inclined to save for the future and have a longer time horizon for decisions. This perspective compares with societies such as Russia and Argentina, which tend to plan more in the shorter term and place more emphasis on instant gratification.

EXHIBIT 3-3 Selected Cultural Dimensions Rankings from the GLOBE Research Project

Country Rankings on Assertiveness					
Least Assertive Countries in GLOBE		Medium Assertive Countries in GLOBE		Most Assertive Countries in GLOBE	
Sweden	3.38	Egypt	3.91	Spain	4.42
New Zealand	3.42	Ireland	3.92	United States	4.55
Switzerland	3.47	Philippines	4.01	Greece	4.58
Japan	3.59	Ecuador	4.09	Austria	4.62
Kuwait	3.63	France	4.13	Germany (Former East)	4.73
Country Rankings on Performance Orientation					
Least Performance-Oriented Countries in GLOBE		Medium Performance-Oriented Countries in GLOBE		Most Performance-Oriented Countries in GLOBE	
Russia	2.88	Sweden	3.72	United States	4.49
Argentina	3.08	Israel	3.85	Taiwan	4.56
Greece	3.20	Spain	4.01	New Zealand	4.72
Venezuela	3.32	England	4.08	Hong Kong	4.80
Italy	3.58	Japan	4.22	Singapore	4.90
Country Rankings on Future Orientation					
Least Future-Oriented Countries in GLOBE		Medium Future-Oriented Countries in GLOBE		Most Future-Oriented Countries in GLOBE	
Russia	2.88	Slovenia	3.59	Denmark	4.44
Argentina	3.08	Egypt	3.86	Canada (English-speaking)	4.44
Poland	3.11	Ireland	3.98	Netherlands	4.61
Italy	3.25	Australia	4.09	Switzerland	4.73
Kuwait	3.26	India	4.10	Singapore	5.07
Country Rankings on Humane Orientation					
Least Humane-Oriented Countries in GLOBE		Medium Humane-Oriented Countries in GLOBE		Most Humane-Oriented Countries in GLOBE	
Germany (Former West)	3.18	Hong Kong	3.90	Indonesia	4.69
Spain	3.32	Sweden	4.10	Egypt	4.73
France	3.40	Taiwan	4.11	Malaysia	4.87
Singapore	3.49	United States	4.17	Ireland	4.96
Brazil	3.66	New Zealand	4.32	Philippines	5.12

SOURCE: Adapted from Mansour Javidan and Robert J. House, "Cultural Acumen for the Global Manager: Lessons from Project GLOBE," *Organizational Dynamics* (Spring 2001): 289–305, with permission from Elsevier.

Performance Orientation This dimension measures the importance of performance improvement and excellence in society and refers to whether or not people are encouraged to strive for continued improvement. Singapore, Hong Kong, and the United States score high on this dimension; typically, this means that people tend to take initiative and have a sense of urgency and the confidence to get things done. Countries like Russia and Italy have low scores on this dimension; they hold other priorities ahead of performance, such as tradition, loyalty, family, and background, and they associate competition with defeat.

Humane Orientation This dimension measures the extent to which a society encourages and rewards people for being fair, altruistic, generous, caring, and kind. Highest on this dimension are the Philippines, Ireland, Malaysia, and Egypt, indicating a focus on sympathy and support for the weak. In those societies paternalism and patronage are important, and people are usually friendly and tolerant and value harmony. This compares with Spain, France, and the former West Germany, which scored low on this

dimension; people in these countries give more importance to power and material possessions, as well as self-enhancement.

Clearly, research results such as these are helpful to managers seeking to be successful in cross-cultural interactions. Anticipating cultural similarities and differences allows managers to develop the behaviors and skills necessary to act and decide in a manner appropriate to the local societal norms and expectations.

Cultural Clusters

Gupta et al (2002), from the GLOBE research team, also analyzed their data on the nine cultural dimensions to determine where similarities cluster geographically. Their results support the existence of ten cultural clusters: South Asia, Anglo, Arab, Germanic Europe, Latin Europe, Eastern Europe, Confucian Asia, Latin America, Sub-Saharan Africa, and Nordic Europe. They point out the usefulness to managers of these clusters:

*Multinational corporations may find it less risky and more profitable to expand into more similar cultures rather than those which are drastically different.*²²

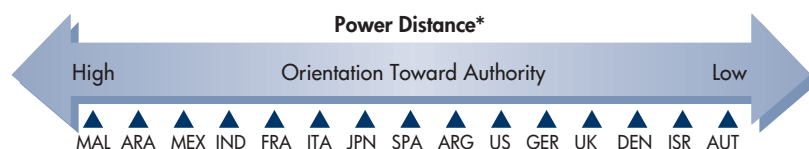
These clusters are shown in Exhibit 3-4. To compare two of their cluster findings, for example, Gupta et al (2002) describe the Germanic cluster as masculine, assertive, individualistic, and result-oriented. This compares with the Latin American cluster, which they characterize as practicing high power distance, low performance orientation, uncertainty avoidance, and collective:

*Latin American societies tend to enact life as it comes, taking its unpredictability as a fact of life, and not overly worrying about results.*²³

Hofstede's Value Dimensions

Earlier research resulted in a pathbreaking framework for understanding how basic values underlie organizational behavior; this framework was developed by Hofstede, based on his research on over 116,000 people in 50 countries. He proposed four value dimensions: power distance, uncertainty avoidance, individualism, and masculinity.²⁴ We should be cautious when interpreting these results, however, because his research findings are based on a sample drawn from one multinational firm, IBM, and because he does not account for within-country differences in multicultural countries. Although we introduce these value dimensions here to aid in the understanding of different cultures, their relevance and application to management functions will be discussed in later chapters.

The first of these value dimensions, **power distance**, is the level of acceptance by a society of the unequal distribution of power in institutions. In the workplace, inequalities in power are normal, as evidenced in hierarchical boss–subordinate relationships. However, the extent to which subordinates accept unequal power is societally determined. In countries in which people display high power distance (such as Malaysia, the Philippines, and Mexico), employees acknowledge the boss's authority simply by respecting that individual's formal position in the hierarchy, and they seldom



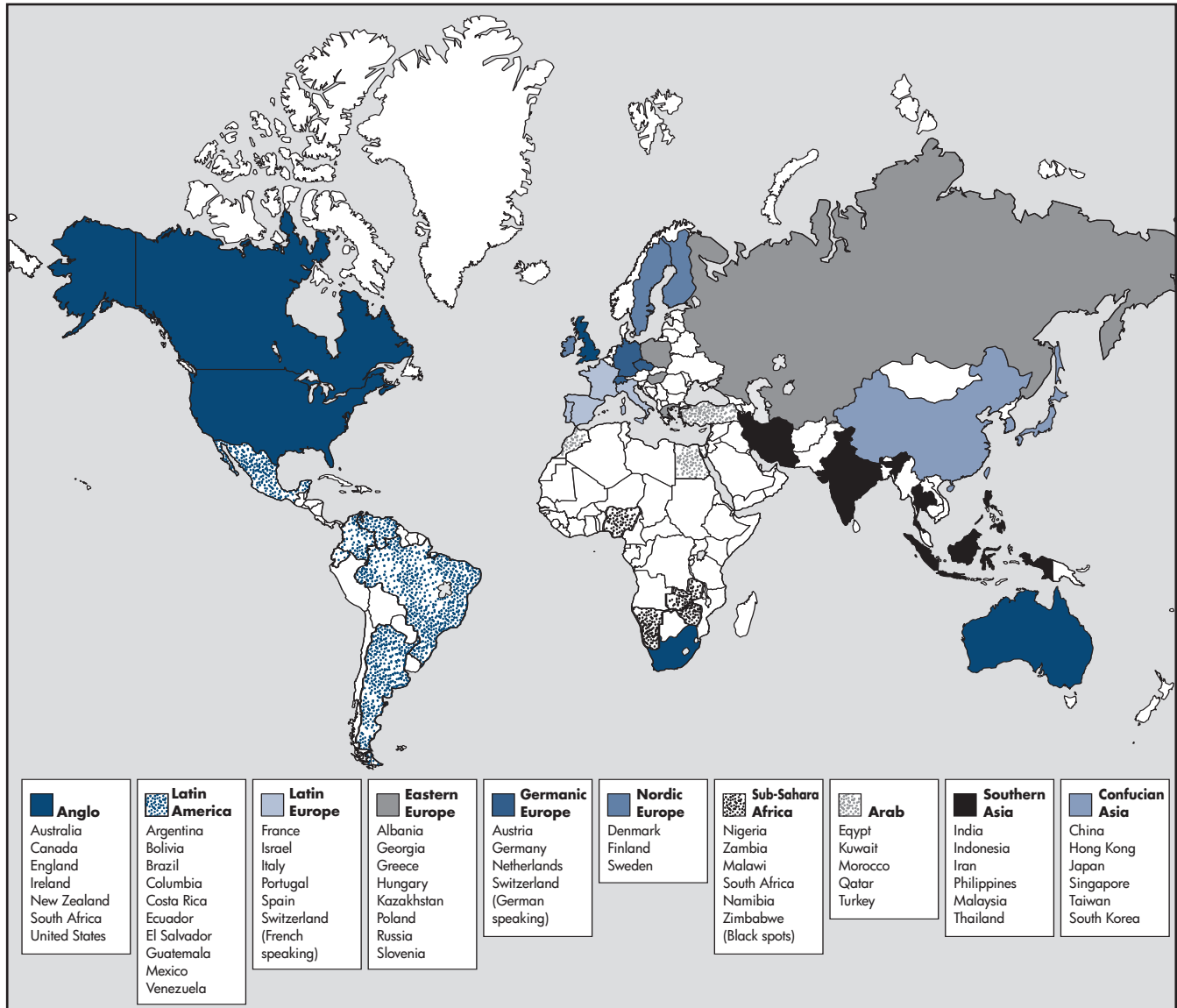
*Not to scale—indicates relative magnitude.

Note: ARA = Arab Countries

AUT = Austria

SOURCE: Based on G. Hofstede, "National Cultures in Four Dimensions," *International Studies of Management and Organization*, (Spring–Summer 1983).

EXHIBIT 3-4 Geographic Culture Clusters

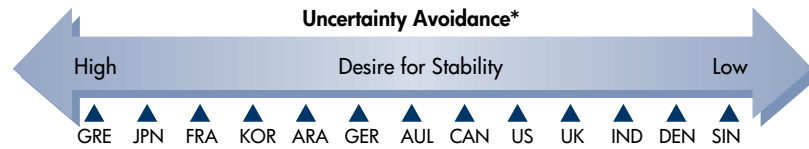


SOURCE: Data from V. Gupta, P. J. Hanes, and P. Dorfman, *Journal of World Business*, 37, 1 (Spring 2002): 13.

bypass the chain of command. This respectful response results, predictably, in a centralized structure and autocratic leadership. In countries where people display low power distance (such as Austria, Denmark, and Israel), superiors and subordinates are apt to regard one another as equal in power, resulting in more harmony and cooperation. Clearly, an autocratic management style is not likely to be well received in low power distance countries.

The second value dimension, **uncertainty avoidance**, refers to the extent to which people in a society feel threatened by ambiguous situations. Countries with a high level of uncertainty avoidance (such as Japan, Portugal, and Greece) tend to have strict laws and procedures to which their people adhere closely, and a strong sense of nationalism prevails. In a business context, this value results in formal rules and procedures designed to provide more security and greater career stability. Managers have a propensity for low-risk decisions, employees exhibit little aggressiveness, and lifetime employment is common. In countries with lower levels of uncertainty avoidance (such as Denmark, Great Britain, and, to a lesser extent, the United States), nationalism is less pronounced, and protests and other such activities are tolerated. As a consequence,

company activities are less structured and less formal, some managers take more risks, and high job mobility is common.



*Not to scale—indicates relative magnitude.

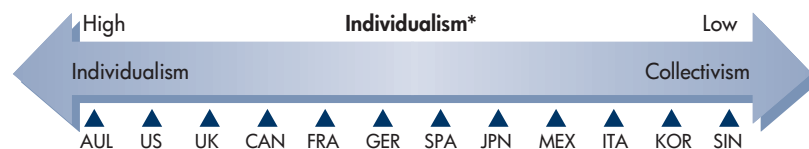
Note: AUL = Australia

SOURCE: Based on G. Hofstede, 1983.

The third of Hofstede's value dimensions, **individualism**, refers to the tendency of people to look after themselves and their immediate families only and to neglect the needs of society. In countries that prize individualism (such as the United States, Great Britain, and Australia) democracy, individual initiative, and achievement are highly valued; the relationship of the individual to organizations is one of independence on an emotional level, if not on an economic level.

In countries such as Pakistan and Panama, where low individualism prevails—that is, where **collectivism** predominates—one finds tight social frameworks, emotional dependence on belonging to “the organization,” and a strong belief in group decisions. People from a collectivist country, like Japan, believe in the will of the group rather than that of the individual, and their pervasive collectivism exerts control over individual members through social pressure and the fear of humiliation. The society valorizes harmony and saving face, whereas individualistic cultures generally emphasize self-respect, autonomy, and independence. Hiring and promotion practices in collectivist societies are based on paternalism rather than achievement or personal capabilities, which are valued in individualistic societies. Other management practices (such as the use of quality circles in Japanese factories) reflect the emphasis on group decision-making processes in collectivist societies.

Hofstede's findings indicate that most countries scoring high on individualism have both a higher gross national product and a freer political system than those countries scoring low on individualism—that is, there is a strong relationship among individualism, wealth, and a political system with balanced power. Other studies have found that the output of individuals working in a group setting differs between individualistic and collectivist societies. In the United States, a highly individualistic culture, social loafing is common—that is, people tend to perform less when working as part of a group than when working alone.²⁵ In a comparative study of the United States and the People's Republic of China (a highly collectivist society), Earley found that the Chinese did not exhibit as much social loafing as the Americans.²⁶ This result can be attributed to Chinese cultural values, which subordinate personal interests to the greater goal of helping the group succeed.

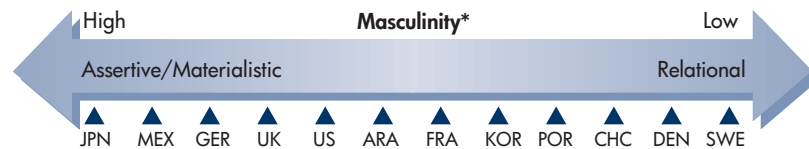


*Not to scale—indicates relative magnitude.

SOURCE: Based on G. Hofstede, 1983.

The fourth value dimension, **masculinity**, refers to the degree of traditionally “masculine” values—assertiveness, materialism, and a lack of concern for others—that prevail in a society. In comparison, femininity emphasizes “feminine” values—a concern for others, for relationships, and for the quality of life. In highly masculine societies (Japan and Austria, for example), women are generally expected to stay home and raise a family. In

organizations, one finds considerable job stress, and organizational interests generally encroach on employees' private lives. In countries with low masculinity (such as Switzerland and New Zealand), one finds less conflict and job stress, more women in high-level jobs, and a reduced need for assertiveness. The United States lies somewhat in the middle, according to Hofstede's research. American women typically are encouraged to work, and families often are able to get some support for child care (through day-care centers and maternity leaves).

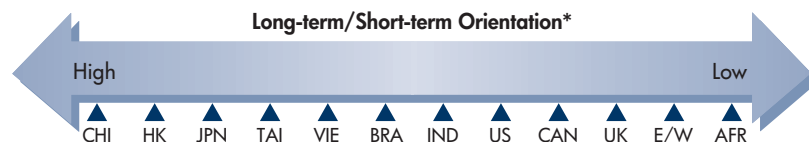


*Not to scale—indicates relative magnitude.

SOURCE: Based on G. Hofstede, 1983.

The four cultural value dimensions proposed by Hofstede do not operate in isolation; rather, they are interdependent and interactive—and thus complex—in their effects on work attitudes and behaviors. For example, in a 2000 study of small to medium-sized firms in Australia, Finland, Greece, Indonesia, Mexico, Norway, and Sweden, based on Hofstede's dimensions, Steensma, Marino, and Weaver found that “entrepreneurs from societies that are masculine and individualistic have a lower appreciation for cooperative strategies as compared to entrepreneurs from societies that are feminine and collectivist. Masculine cultures view cooperation in general as a sign of weakness and individualistic societies place a high value on independence and control.”²⁷ In addition, they found that high levels of uncertainty avoidance prompted more cooperation, such as developing alliances to share risk.

Long-term/Short-term Orientation Later research in 23 countries, using a survey developed by Bond and colleagues called the Chinese Value Survey, led Hofstede to develop a fifth dimension called the Confucian work dynamism, which he labeled a long-term/short-term dimension. He defined long-term orientation as “the extent to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs.”²⁸ In other words, managers in most Asian countries are more future-oriented and so stride towards long-term goals; they value investment in the future and are prepared to sacrifice short-term profits. Those countries such as Great Britain, Canada, and the United States place a higher value on short-term results and profitability, and evaluate their employees accordingly.



*Not to scale—indicates relative magnitude.

SOURCE: Based on G. Hofstede, 2001.

Trompenaars's Value Dimensions

Fons Trompenaars also researched value dimensions; his work was spread over a ten-year period, with 15,000 managers from 28 countries representing 47 national cultures. Some of those dimensions, such as individualism, people's attitude towards time, and relative inner- versus outer-directedness, are similar to those discussed elsewhere in this chapter and others, and so are not presented here; other selected findings from Trompenaars's research that affect daily business activities are explained next, along with the placement of some of the countries along those dimensions, in approximate relative order.²⁹ If we view the placement of these countries along a range from personal to societal, based on

each dimension, some interesting patterns emerge.³⁰ One can see that the same countries tend to be at similar positions on all dimensions, with the exception of the emotional orientation.

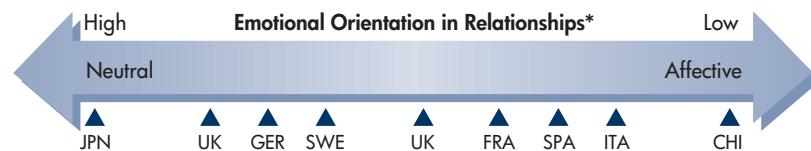
Looking at Trompenaars's dimension of **universalism versus particularism**, we find that the universalistic approach applies rules and systems objectively, without consideration for individual circumstances, whereas the particularistic approach—more common in Asia and in Spain, for example—puts the first obligation on relationships and is more subjective. Trompenaars found, for example, that people in particularistic societies are more likely to pass on insider information to a friend than those in universalistic societies.



*Not to scale—indicates relative magnitude.

SOURCE: Data based on F. Trompenaars, 1993.

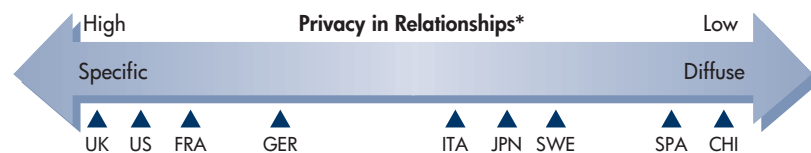
In the **neutral versus affective** dimension, the focus is on the emotional orientation of relationships. The Italians, Mexicans, and Chinese, for example, would openly express emotions even in a business situation, whereas the British and Japanese would consider such displays unprofessional; they, in turn would be regarded as “hard to ‘read’.”



*Not to scale—indicates relative magnitude.

SOURCE: Data based on F. Trompenaars, 1993.

As far as involvement in relationships goes, people tend to be either **specific or diffuse** (or somewhere along that dimension). Managers in specific-oriented cultures—the United States, United Kingdom, France—separate work and personal issues and relationships; they compartmentalize their work and private lives, and they are more open and direct. In diffuse-oriented cultures—Sweden, China—work spills over into personal relationships and vice versa.

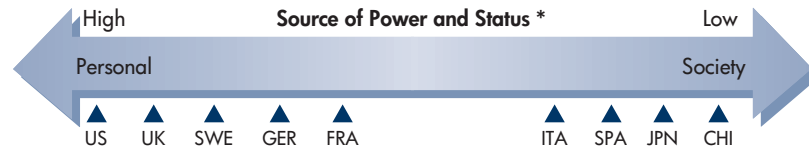


*Not to scale—indicates relative magnitude.

SOURCE: Data based on F. Trompenaars, 1993.

In the **achievement versus ascription** dimension, the question that arises is “What is the source of power and status in society?” In an achievement society, the source of status and influence is based on individual achievement—how well one performs the job and what level of education and experience one has to offer. Therefore, women, minorities, and young people usually have equal opportunity to attain position based on their

achievements. In an ascription-oriented society, people ascribe status on the basis of class, age, gender, and so on; one is more likely to be born into a position of influence. Hiring in Indonesia, for example, is more likely to be based on who you are than is the case in Germany or Australia.



*Not to scale—indicates relative magnitude.

SOURCE: Data based on F. Trompenaars, 1993.

It is clear, then, that a lot of what goes on at work can be explained by differences in people's innate value systems, as described by Hofstede, Trompenaars, and the GLOBE researchers. Awareness of such differences and how they influence work behavior can be very useful to you as a future international manager.

Critical Operational Value Differences

After studying various research results about cultural variables, it helps to identify some specific culturally based variables that cause frequent problems for Americans in international management. Important variables are those involving conflicting orientations toward time, change, material factors, and individualism. We try to understand these operational value differences because they strongly influence a person's attitudes and probable response to work situations.

Time Americans often experience much conflict and frustration because of differences in the concept of time around the world—that is, differences in temporal values. To Americans, time is a valuable and limited resource; it is to be saved, scheduled, and spent with precision, lest we waste it. The clock is always running—time is money. Therefore, deadlines and schedules have to be met. When others are not on time for meetings, Americans may feel insulted; when meetings digress from their purpose, Americans tend to become impatient. Similar attitudes toward time are found in Western Europe and elsewhere.

In many parts of the world, however, people view time from different and longer perspectives, often based on religious beliefs (such as reincarnation, in which time does not end at death), on a belief in destiny, or on pervasive social attitudes. In Latin America, for example, a common attitude toward time is *mañana*, a word that literally means “tomorrow.” A Latin American person using this word, however, usually means an indefinite time in the near future. Similarly, the word *bukra* in Arabic can mean “tomorrow” or “some time in the future.” While Americans usually regard a deadline as a firm commitment, Arabs often regard a deadline imposed on them as an insult. They feel that important things take a long time and therefore cannot be rushed. To ask an Arab to rush something, then, is to imply that you have not given him an important task or that he would not treat that task with respect. International managers have to be careful not to offend people—or lose contracts or employee cooperation—because they misunderstand the local language of time.

Change Based largely on long-standing religious beliefs, values regarding the acceptance of change and the pace of change can vary immensely among cultures. Western people generally believe that an individual can exert some control over the future and can manipulate events, particularly in a business context—that is, individuals feel they have some internal control. In many non-Western societies, however, control is considered external; people generally believe in destiny, or the will of their God, and therefore adopt a passive attitude or even feel hostility toward those introducing the “evil” of change. In societies that place great importance on tradition (such as China), one

small area of change may threaten an entire way of life. Webber describes just how difficult it is for an Asian male, concerned about tradition, to change his work habits:

To the Chinese, the introduction of power machinery meant that he had to throw over not only habits of work but a whole ideology; it implied dissatisfaction with the ways of his father's way of life in all its aspects. If the old loom must be discarded, then 100 other things must be discarded with it, for there are somehow no adequate substitutes.³¹

International firms are agents of change throughout the world. Some changes are more popular than others; for example, McDonald's hamburgers are apparently one change the Chinese are willing to accept.



The New Idea

SOURCE: Courtesy McDonald's Corporation.

Material Factors In large part, Americans consume resources at a far greater rate than most of the rest of the world. Their attitude toward nature—that it is there to be used for their benefit—differs from the attitudes of Indians and Koreans, for example, whose worship of nature is part of their religious beliefs. Whereas Americans often value physical goods and status symbols, many non-Westerners find these things unimportant; they value the aesthetic and the spiritual realm. Such differences in attitude have implications for management functions, such as motivation and reward systems, because the proverbial carrot must be appropriate to the employee's value system.

Individualism In general, Americans tend to work and conduct their private lives independently, valuing individual achievement, accomplishments, promotions, and wealth above any group goals. In many other countries, individualism is not valued (as discussed previously in the context of Hofstede's work). In China, for example, much more of a "we" consciousness prevails, and the group is the basic building block of social life and

EXHIBIT 3-5 Fundamental Differences Between Japanese and Mexican Culture that Affect Business Organizations

Dimension	Japanese Culture	Mexican Culture
Hierarchical nature	Rigid in rank and most communication; blurred in authority and responsibility	Rigid in all aspects
Individualism vs. collectivism	Highly collective culture; loyalty to work group dominates; group harmony very important	Collective relative to family group; don't transfer loyalty to work group; individualistic outside family
Attitudes toward work	Work is sacred duty; acquiring skills, working hard, thriftiness, patience, and perseverance are virtues	Work is means to support self and family; leisure more important than work
Time orientation	Balanced perspective; future oriented; monochronic in dealings with outside world	Present oriented; time is imprecise; time commitments become desirable objectives
Approach to problem solving	Holistic, reliance on intuition, pragmatic, consensus important	Reliance on intuition and emotion, individual approach
Fatalism	Fatalism leads to preparation	Fatalism makes planning, disciplined routine unnatural
View of human nature	Intrinsically good	Mixture of good and evil

SOURCE: J. J. Lawrence and Ryh-song Yeh, "The Influence of Mexican Culture on the Use of Japanese Manufacturing Techniques in Mexico," *Management International Review* 34, no. 1 (1994): 49–66.

work. For the Chinese, conformity and cooperation take precedence over individual achievement, and the emphasis is on the strength of the family or community—the predominant attitude being, "We all rise or fall together."

International managers often face conflicts in the workplace as a result of differences in these four basic values of time, change, materialism, and individualism. If these operational value differences and their likely consequences are anticipated, managers can adjust expectations, communications, work organization, schedules, incentive systems, and so forth to provide for more constructive outcomes for the company and its employees. Some of these operational differences are shown in Exhibit 3-5, using Japan and Mexico as examples. Note in particular the factors of time, individualism change (fatalism), and materialism (attitudes toward work) expressed in the exhibit.

THE INTERNET AND CULTURE

Koreans are an impatient people, and we like technology. So everyone wants the fastest Internet connection.

HWANG KYU-JUNE³²

We would be remiss if we did not acknowledge the contemporary phenomenon of the increasingly pervasive use of the Internet in society, for it seems to be encroaching on many of the social variables discussed earlier—in particular associations, education, and the economy. In South Korea, for example, where information technology makes up about 30 percent of the gross domestic product (GDP), there is an obsession for anything digital. Over 70 percent of homes are connected to a high-speed Internet service. That compares with 50 percent in Canada—the next highest user—and 23 percent in the United States.³³ This phenomenon seems to be changing the lives of many Koreans. Teenagers, used to hanging out at the mall, now do so at the country's 20,000 personal computer (PC) parlors to watch movies, check email, and surf the Net for as little as US\$1. Korean housewives are on a waiting list for ADSL lines when the \$35 billion high-speed government telecommunications project is completed. By then 95 percent of Korean households will have Internet access.³⁴

At the same time that the Internet is affecting culture, culture is also affecting how the Internet is used. One of the pervasive ways that culture is determining how the Internet

may be used in various countries is through the local attitude to **information privacy**—the right to control information about oneself—as observed in the following quote:

You Americans just don't seem to care about privacy, do you?

SWEDISH EXECUTIVE³⁵

While Americans collect data about consumers' backgrounds and what they buy, often trading that information with other internal or external contacts, the Swedes, for example, are astounded that this is done, especially without governmental oversight.³⁶ The Swedes are required to register all databases of personal information with the Data Inspection Board (DIB), their federal regulatory agency for privacy, and to get permission from that board before that data can be used. Indeed, the Swedish system is typical of most countries in Europe in their societal approaches to privacy.³⁷ One example of a blocked data transfer occurred when Sweden would not allow U.S. airlines to transmit passenger information, such as wheelchair need and meal preferences, to the United States.³⁸

Generally in Europe, each person must be informed, and given the chance to object, if the information about that person is going to be used for direct marketing purposes or released to another party. That data cannot be used for secondary purposes if the consumer objects.

In Italy, data cannot be sent outside—even to other EU countries—without the explicit consent of the data subject.

*In Spain, all direct mail has to include the name and address of the data owner so that the data subject is able to exercise his rights of access, correction, and removal.*³⁹

The manner in which Europe views information privacy has its roots in culture and history, leading to a different value set regarding privacy. The preservation of privacy is considered a human right, perhaps partially as a result of an internalized fear about how personal records were used in war times in Europe. In addition, research by Smith on the relationship between level of concern about privacy and Hofstede's cultural dimensions revealed that high levels of uncertainty avoidance were associated with the European approach to privacy, whereas higher levels of individualism, masculinity, and power distance were associated with the U.S. approach.⁴⁰

It seems, then, that societal culture and the resultant effects on business models can render the assumptions about the “global” nature of information technology incorrect. U.S. businesspeople, brought up on a strong diet of the market economy, need to realize that they will often need to “localize” their use of IT to different value sets about its use. This advice applies in particular to the many e-commerce companies doing business overseas. With 75 percent of the world's Internet market living outside the United States, multinational e-businesses are learning the hard way that their Web sites must reflect local markets, customs, languages, and currencies to be successful in foreign markets. Different legal systems, financial structures, tastes, and experiences necessitate attention to every detail to achieve global appeal. In other words, e-businesses must localize to globalize, which means much more than translating online content to local languages. Lycos Europe, for example, based its privacy policies upon German law since it is the most stringent.

One problem area often beyond the control of e-business is the costs of connecting to the Internet for people in other countries. In Asia, for example, such costs are considerably higher than in the United States. Other practical problems in Asia, as well as in Germany, the Netherlands, and Sweden, include the method of payment, which in most of these places still involves cash or letters of credit and written receipts. Dell tackled this problem by offering debit payments from consumers' checking accounts. Some companies have learned the hard way that they need to do their homework before launching sites aimed at overseas consumers. Dell, for example, committed a faux pas when it launched an e-commerce site in Japan with black borders on the site; black is considered negative in the Japanese culture, so many consumers took one look and didn't want anything else to do with it. Dell executives learned that the complexity of language translation into Japanese was only one area in which they needed to localize.

DEVELOPING CULTURAL PROFILES

Managers can gather considerable information on cultural variables from current research, personal observation, and discussions with people. From these sources, managers can develop cultural profiles of various countries—composite pictures of working environments, people’s attitudes, and norms of behavior. As we have previously discussed, these profiles are often highly generalized; many subcultures, of course, may exist within a country. However, managers can use these profiles to anticipate drastic differences in the level of motivation, communication, ethics, loyalty, and individual and group productivity that may be encountered in a given country. More such homework may have helped Wal-Mart’s expansion efforts into Germany and South Korea, from which it withdrew in 2006. Wal-Mart’s executives simply did not do enough research about the culture and shopping habits of people there; for example:

In Germany, Wal-Mart stopped requiring sales clerks to smile at customers—a practice that some male shoppers interpreted as flirting—and scrapped the morning Wal-Mart chant by staff members. “People found these things strange; Germans just don’t behave that way,” said Hans-Martin Poschmann, the secretary of the Verdi union, which represents 5,000 Wal-Mart employees here.

NEW YORK TIMES,
July 31, 2006⁴¹

It is relatively simple for Americans to pull together a descriptive profile of U.S. culture, even though regional and individual differences exist, because Americans know themselves and because researchers have thoroughly studied U.S. culture. The results of one such study by Harris and Moran are shown in Exhibit 3-6, which provides a basis of comparison with other cultures and, thus, suggests the likely differences in workplace behaviors.

It is not so easy, however, to pull together descriptive cultural profiles of peoples in other countries unless one has lived there and been intricately involved with those people. Still, managers can make a start by using what comparative research and literature are available.

EXHIBIT 3-6 Americans at a Glance

1. *Goal and achievement oriented*—Americans think they can accomplish just about anything, given enough time, money, and technology.
2. *Highly organized and institutionally minded*—Americans prefer a society that is institutionally strong, secure, and tidy or well kept.
3. *Freedom-loving and self-reliant*—Americans fought a revolution and subsequent wars to preserve their concept of democracy, so they resent too much control or interference, especially by government or external forces. They believe in an ideal that all persons are created equal; though they sometimes fail to fully live that ideal, they strive through law to promote equal opportunity and to confront their own racism or prejudice.
They also idealize the self-made person who rises from poverty and adversity, and think they can influence and create their own futures. Control of one’s destiny is popularly expressed as “doing your own thing.” Americans think, for the most part, that with determination and initiative, one can achieve whatever one sets out to do and thus, fulfill one’s individual human potential.
4. *Work oriented and efficient*—Americans possess a strong work ethic, though they are learning in the present generation to constructively enjoy leisure time. They are conscious of time and efficient in doing things. They tinker with gadgets and technological systems, always searching for easier, better, more efficient ways to accomplish tasks.
5. *Friendly and informal*—Americans reject the traditional privileges of royalty and class but defer to those with affluence and power. Although informal in greeting and dress, they are a noncontact culture (e.g., usually avoid embracing in public) and maintain a certain physical/psychological distance with others (e.g., about 2 feet).
6. *Competitive and aggressive*—Americans in play or business generally are so oriented because of their drives to achieve and succeed. This is partially traced to their heritage of having to overcome a wilderness and hostile elements in their environment.
7. *Values in transition*—Traditional American values of family loyalty, respect and care of the aged, marriage and the nuclear family, patriotism, material acquisition, forthrightness, and the like are undergoing profound reevaluation as people search for new meanings.
8. *Generosity*—Although Americans seemingly emphasize material values, they are a sharing people, as has been demonstrated in the Marshall Plan, foreign aid programs, refugee assistance, and their willingness at home and abroad to espouse a good cause and to help neighbors in need. They tend to be altruistic and some would say naive as a people.

SOURCE: From *Managing Cultural Differences* by Philip R. Harris and Robert T. Moran, 5th ed. Copyright © 2000 by Gulf Publishing Company, Houston, TX. Used with permission. All rights reserved.

The following Comparative Management in Focus provides brief, generalized country profiles based on a synthesis of research, primarily from Hofstede⁴² and England,⁴³ as well as numerous other sources.⁴⁴ These profiles illustrate how to synthesize information and gain a sense of the character of a society—from which implications may be drawn about how to manage more effectively in that society. More extensive implications and applications related to managerial functions are drawn in later chapters.

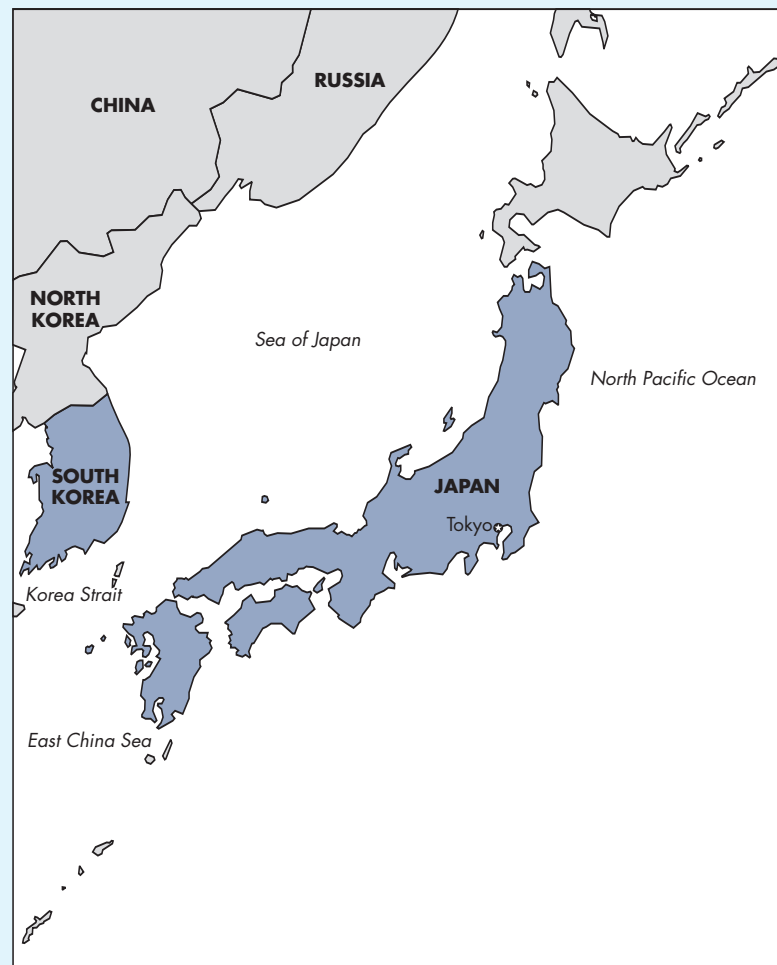
Recent evidence points to some convergence with Western business culture resulting from Japan's economic contraction and subsequent bankruptcies. Focus on the group, lifetime employment, and a pension has given way to a more competitive business environment with job security no longer guaranteed and an emphasis on performance-based pay. This has led Japan's "salarymen" to recognize the need for personal responsibility on the job and in their lives. Although only a few years ago emphasis was on the group, Japan's long economic slump seems to have caused some cultural restructuring of the individual. Corporate Japan is changing from a culture of consensus and groupthink to one touting the need for an "era of personal responsibility" as a solution to revitalize its competitive position in the global marketplace.⁴⁵

To tell you the truth, it's hard to think for yourself, says Mr. Kuzuoka . . . [but, if you don't] . . . in this age of cutthroat competition, you'll just end up drowning.⁴⁶



Comparative Management in Focus

Profiles in Culture—Japan, Germany, and South Korea



Map 3-2 Japan and South Korea

JAPAN

The traditional Japanese business characteristics of politeness and deference have left companies without the thrusting culture needed to succeed internationally.

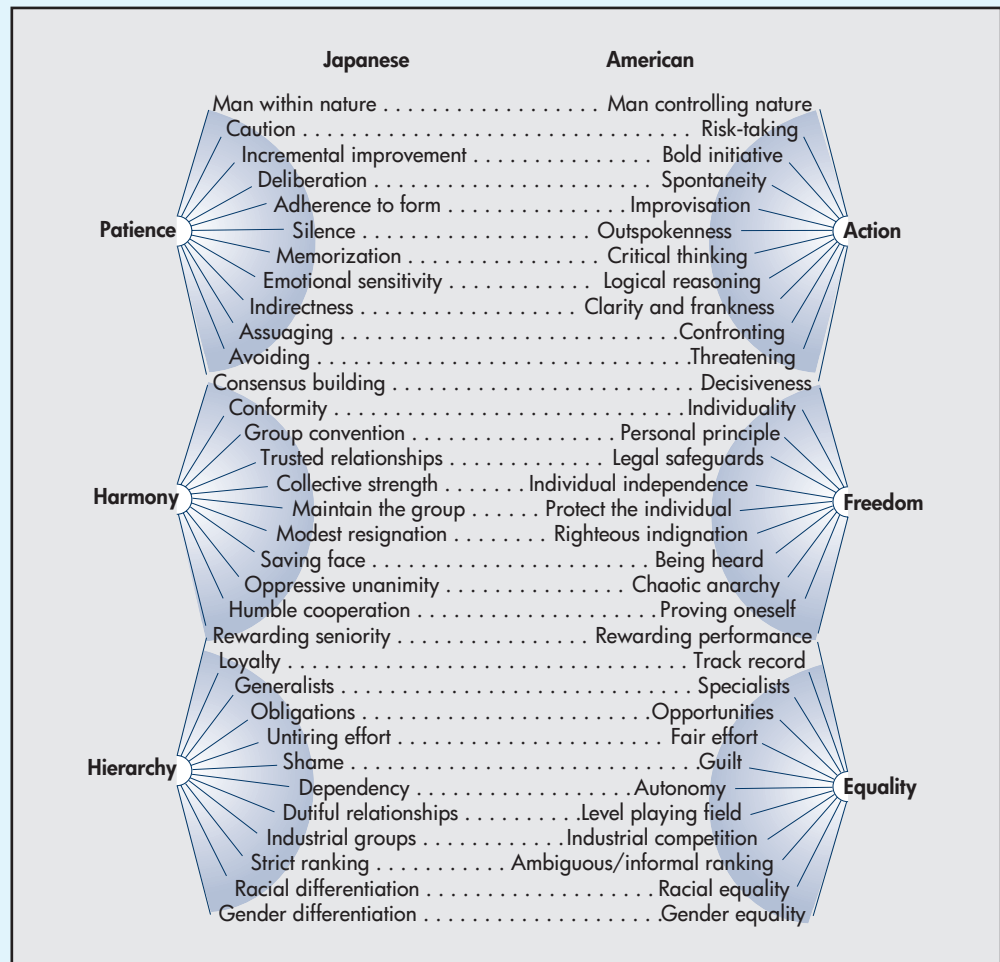
FINANCIAL TIMES,
October 10, 2005⁴⁷

With intense global competition many Japanese companies are recognizing the need for more assertiveness and clarity in their business culture in order to expand abroad. As a result, many Japanese employees are recognizing the need to manage their own careers as companies move away from lifetime employment to be more competitive. Only a handful of large businesses, such as Toyota, Komatsu, and Canon, have managed to become indisputable global leaders by maintaining relationships and a foundation for their operations around the world.⁴⁸ For the majority of Japanese, the underlying cultural values still predominate—for now anyway.

Much of Japanese culture—and the basis of working relationships—can be explained by the principle of *wa*, “peace and harmony.” This principle, embedded in the value the Japanese attribute to *amae* (“indulgent love”), probably originated in the Shinto religion, which focuses on spiritual and physical harmony. *Amae* results in *shinyo*, which refers to the mutual confidence, faith, and honor necessary for successful business relationships. Japan ranks high on pragmatism, masculinity, and uncertainty avoidance, and fairly high on power distance. At the same time, much importance is attached to loyalty, empathy, and the guidance of subordinates. The result is a mix of authoritarianism and humanism in the workplace, similar to a family system. These cultural roots are evident in a homogeneous managerial value system, with strong middle management, strong working relationships, strong seniority systems that stress rank, and an emphasis on looking after employees. The principle of *wa* carries forth into the work group—the building block of Japanese business. The Japanese strongly identify and thus seek to cooperate with their work groups. The emphasis is on participative management, consensus problem solving, and decision making with a patient, long-term perspective. Open expression and conflict are discouraged, and it is of paramount importance to avoid the shame of not fulfilling one’s duty. These elements of work culture result in a devotion to work, collective responsibility, and a high degree of employee productivity.

If we extend this cultural profile to its implications for specific behaviors in the workplace, we can draw a comparison with common American behaviors. Most of those behaviors seem to be opposite to those of their counterparts; it is no wonder that many misunderstandings and conflicts in the workplace arise between Americans and Japanese (see Exhibit 3-7). For example, a majority of the attitudes and behaviors of many Japanese stems from a high level of collectivism, compared with a high level of individualism common to Americans. This contrast is highlighted in the center of Exhibit 3-7—“Maintain the group”—compared with “Protect the individual.” In addition, the strict social order of the Japanese permeates the workplace in adherence to organizational hierarchy and seniority and in loyalty to the firm. This contrasts markedly with the typical American responses to organizational relationships and duties based on equality. In addition, the often blunt, outspoken American businessperson offends the indirectness and sensitivity of the Japanese for whom the virtue of patience is paramount, causing the silence and avoidance that so frustrates Americans. As a result, Japanese businesspeople tend to think of American organizations as having no spiritual quality and little employee loyalty, and of Americans as assertive, frank, and egotistic. Their American counterparts, in turn, respond with the impression that Japanese businesspeople have little experience and are secretive, arrogant, and cautious.⁴⁹

EXHIBIT 3-7 The American–Japanese Cultural Divide



SOURCE: R. G. Linowes, "The Japanese Manager's Traumatic Entry into the United States: Understanding the American–Japanese Cultural Divide," *The Academy of Management Executive*, VII, no. 4 (November 1993): 24.

GERMANY

The reunited Germany is somewhat culturally diverse inasmuch as the country borders several nations. Generally, Germans rank quite high on Hofstede's dimension of individualism, although their behaviors seem less individualistic than those of Americans. They score fairly high on uncertainty avoidance and masculinity and have a relatively small need for power distance. These cultural norms show up in the Germans' preference for being around familiar people and situations; they are also reflected in their propensity to do a detailed evaluation of business deals before committing themselves.

Christianity underlies much of German culture—more than 96 percent of Germans are Catholics or Protestants. This may be why Germans tend to like rule and order in their lives, and why there is a clear public expectation of acceptable and the unacceptable ways to act. Public signs everywhere in Germany dictate what is allowed or *verboten* (forbidden). Germans are very strict with their use of time, whether for business or pleasure, frowning on inefficiency or on tardiness. In business, Germans tend to be assertive, but they downplay aggression. Decisions are not as centralized as one would expect, with hierarchical processes often giving way to consensus decision making. However, strict departmentalization is present

in organizations, with centralized and final authority at the departmental manager level. Hall and Hall describe the German preference for closed doors and private space as evidence of the affinity for compartmentalization in organizations and in their own lives. They also prefer more physical space around them in conversation than do most other Europeans, and they seek privacy so as not to be overheard. German law prohibits loud noises in public areas on weekend afternoons. Germans are conservative, valuing privacy, politeness, and formality; they usually use last names and titles for all except those close to them.

In negotiations, Germans want detailed information before and during discussions, which can become lengthy. They give factors such as voice and speech control much weight. However, since Germany is a low-context society, communication is explicit, and Americans find negotiations easy to understand.⁵⁰

SOUTH KOREA

Koreans rank high on collectivism and pragmatism, fairly low on masculinity, moderate on power distance, and quite high on uncertainty avoidance. Although greatly influenced by U.S. culture, Koreans are still very much bound to the traditional Confucian teachings of spiritualism and collectivism. Korea and its people have undergone great changes, but the respect for family, authority, formality, class, and rank remain strong. Koreans are demonstrative, friendly, quite aggressive and hard-working, and very hospitable. For the most part, they do not subscribe to participative management. Family and personal relationships are important, and connections are vital for business introductions and transactions. Business is based on honor and trust; most contracts are oral. Although achievement and competence are important to Koreans, the priority of guarding both parties' social and professional reputations is a driving force in relationships. Thus, praise predominates, and honest criticism is rare.

Further insight into the differences between U.S. and Korean culture can be derived from the following excerpted letter from Professor Jin K. Kim in Plattsburgh, New York, to his high school friend, MK, in South Korea, who just returned from a visit to the United States. MK, whom Dr. Kim had not seen for 20 years, planned to emigrate to the United States, and Dr. Kim wanted to help ward off his friend's culture shock by telling him about U.S. culture from a Korean perspective.

Dear MK,

I sincerely hope the last leg of your trip home from the five-week fact-finding visit to the United States was pleasant and informative. Although I may not have expressed my sense of exhilaration about your visit through the meager lodging accommodations and "barbaric" foods we provided, it was sheer joy to spend four weeks with you and Kyung-Ok. (Please refrain from hitting the ceiling. My use of your charming wife's name, rather than the usual Korean expression "your wife" or "your house person," is not an indication of my amorous intentions toward her as any red-blooded Korean man would suspect. Since you are planning to immigrate to this country soon, I thought you might as well begin to get used to the idea of your wife exerting her individuality. Better yet, I thought you should be warned that the moment the plane touches U.S. soil, you will lose your status as the center of your familial universe.) At any rate, please be assured that during your stay here my heart was filled with memories of our three years together in high school when we were young in Pusan.

During your visit, you called me, on several occasions, an American. What prompted you to invoke such a reference is beyond my comprehension. Was it my rusty Korean expressions? Was it my calculating mind? Was it my pitifully subservient (at least when viewed through your cultural lens) role that I was playing

in my family life? Or, was it my familiarity with some facets of the cultural landscape? This may sound bewildering to you, but it is absolutely true that through all the years I have lived in this country, I never truly felt like an American. Sure, on the surface, our family followed closely many ritualistic routines of the American culture: shopping malls, dining out, PTA, Little League, picnics, camping trips, credit card shopping sprees, hot dogs, and so on. But mentally I remained stubbornly in the periphery. Naturally, then, my subjective cultural attitudes stayed staunchly Korean. Never did the inner layers of my Korean psyche yield to the invading American cultural vagaries, I thought. So, when you labeled me an American for the first time, I felt a twinge of guilt.

Several years ago, an old Korean friend of mine, who settled in the United States about the same time I did, paid a visit to Korea for the first time in some fifteen years. When he went to see his best high school friend, who was now married and had two sons, his friend's wife made a bed for him and her husband in the master bedroom, declaring that she would spend the night with the children. It was not necessarily the sexual connotation of the episode that made my friend blush; he was greatly embarrassed by the circumstance in which he imposed himself to the extent that the couple's privacy had to be violated. For his high school friend and his wife, it was clearly their age-old friendship to which the couple's privacy had to yield. MK, you might empathize rather easily with this Korean couple's state of mind, but it would be a gross mistake even to imagine there may be occasions in your adopted culture when a gesture of friendship breaks the barrier of privacy. Zealously guarding their privacy above all, Americans are marvelously adept at drawing the line where friendship—that elusive “we” feeling—stops and privacy begins. . . .

Indeed, one of the hardest tasks you will face as an “alien” is how to find that delicate balance between your individuality (for example, privacy) and your collective identity (for example, friendship or membership in social groups).

Privacy is not the only issue that stems from this individuality–collectivity continuum. Honesty in interpersonal relationships is another point that may keep you puzzled. Americans are almost brutally honest and frank about issues that belong to public domains; they are not afraid of discussing an embarrassing topic in most graphic details as long as the topic is a matter of public concern. Equally frank and honest gestures are adopted when they discuss their own personal lives once the presumed benefits from such gestures are determined to outweigh the risks involved. Accordingly, it is not uncommon to encounter friends who volunteer personally embarrassing and even shameful information lest you find it out from other sources. Are Americans equally straightforward and forthcoming in laying out heartfelt personal criticisms directed at their friends? Not likely. Their otherwise acute sense of honesty becomes significantly muted when they face the unpleasant task of being negative toward their personal friends. The fear of an emotion-draining confrontation and the virtue of being polite force them to put on a facade or mask.

The perfectly accepted social behavior of telling “white lies” is a good example. The social and personal virtues of accepting such lies are grounded in the belief that the potential damage that can be inflicted by directly telling a friend the hurtful truth far outweighs the potential benefit that the friend could gain from it. Instead of telling a hurtful truth directly, Americans use various indirect communication channels to which their friend is likely to be tuned. In other words, they publicize the information in the form of gossip or behind-the-back recriminations until it is transformed into a sort of collective criticism against the target individual. Thus objectified and collectivized, the “truth” ultimately reaches the target individual with a minimal cost of social discomfort on the part of the teller. There is nothing vile or insidious about this communication tactic, since it is deeply rooted in the concern for sustaining social pleasantries for both parties.

This innocuous practice, however, is bound to be perceived as an act of outrageous dishonesty by a person deeply immersed in the Korean culture. In the Korean cultural context, a trusted personal relationship precludes such publicizing prior to direct, “honest” criticism to the individual concerned, no matter what the cost in social and personal unpleasantness. Indeed, as you are well aware, MK, such direct reproach and even recrimination in Korea is in most cases appreciated as a sign of one’s utmost love and concern for the target individual. Stressful and emotionally draining as it is, such a frank expression of criticism is done out of “we” feeling. Straight-talking friends did not want me to repeat undesirable acts in front of others, as it would either damage “our reputation” or go against the common interest of “our collective identity.” In Korea, the focus is on the self-discipline that forms a basis for the integrity of “our group.” In America, on the other hand, the focus is on the feelings of two individuals. From the potential teller’s viewpoint, the primary concern is how to maintain social politeness, whereas from the target person’s viewpoint, the primary concern is how to maintain self-esteem. Indeed, these two diametrically opposed frames of reference—self-discipline and self-esteem—make one culture collective and the other individualistic.

It is rather amazing that for all the mistakes I must have made in the past twenty years, only one non-Korean American friend gave me such an “honest” criticism. In a sense, this concern for interpersonal politeness conceals disapproval of my undesirable behavior for a time and ultimately delays the adjustment or realignment of my behavior, since it is likely to take quite a while for the collective judgment to reach me through the “publicized” channels of communication. So many Korean immigrants express their indignation about their U.S. colleagues who smile at them but who criticize them behind their backs. If you ever become a victim of such a perception, MK, please take heart that you are not the only one who feels that pain.

MK, the last facet of the individualism–collectivism continuum likely to cause a great amount of cognitive dissonance in the process of your assimilation to American life is the extent to which you have to assert your individuality to other people. You probably have no difficulty remembering our high school principal, K. W. Park, for whom we had a respect–contempt complex. He used to lecture, almost daily at morning assemblies, on the virtue of being modest. As he preached it, it was a form of the Confucian virtue of self-denial. Our existence or presence among other people, he told us, should not be overly felt through communicated messages (regardless of whether they are done with a tongue or pen). . . . One’s existence, we were told, should be noticed by others in the form of our acts and conduct. One is obligated to provide opportunities for others to experience one’s existence through what he or she does. Self-initiated effort for public recognition or self-aggrandizement was the most shameful conduct for a person of virtue.

This idea is interesting and noble as a philosophical posture, but when it is practiced in America, it will not get you anywhere in most circumstances. The lack of self-assertion is translated directly into timidity and lack of self-confidence. This is a culture where you must exert your individuality to the extent that it would make our high school principal turn in his grave out of shame and disgust. Blame the size of the territory or the population of this country. You may even blame the fast-paced cadence of life or the social mobility that moves people around at a dizzying speed. Whatever the specific reason might be, Americans are not waiting to experience you or your behaviors as they exist. They want a “documented” version of you that is eloquently summarized, decorated, and certified. What they are looking for is not your raw, unprocessed being with rich texture; rather, it is a slickly processed self, neatly packaged, and, most important, conveniently delivered to them. Self-advertising is encouraged almost to the point of pretentiousness. Years ago in Syracuse, I had an occasion to introduce a visiting Korean monk–scholar to a gathering of people who wanted to hear something about Oriental philosophies. After taking an elegantly practiced bow to the crowd, this

humble monk declared, “My name is . . . Please teach me, as I do not know anything.” It took quite a bit of probing and questioning for us to extract something to chew on from that monk with the mysterious smile. Contrast this with an American colleague of mine applying for a promotion several years ago, who literally hauled in two cabinets full of documented evidence of his scholarly achievements.

The curious journey toward the American end of the individualism–collectivism continuum will be inevitable, I assure you. The real question is whether it will be in your generation, your children’s, or their children’s. Whenever it happens, it will be a bittersweet revenge for me, since only then will you realize how it feels to be called an American by your best high school chum.

SOURCE: Excerpted from a letter by Dr. Jin K. Kim, State University of New York—Plattsburgh. Copyright © 2001 by Dr. Jin K. Kim. Used with permission of Dr. Kim.

CULTURE AND MANAGEMENT STYLES AROUND THE WORLD

As an international manager, once you have researched the culture of a country in which you may be going to work or with which to do business, and after you have developed a cultural profile, it is useful then to apply that information to develop an understanding of the expected management styles and ways of doing business that predominate in that region, or with that type of business setting. Two examples follow: Saudi Arabia and Chinese Small Family Businesses.

Saudi Arabia

Understanding how business is conducted in the modern Middle East requires an understanding of the Arab culture, since the Arab peoples are the majority there and most of them are Muslim. As discussed in the opening profile, the Arab culture is intertwined with the pervasive influence of Islam. Even though not all Middle Easterners are Arab, Arab culture and management style predominate in the Arabian Gulf region. Shared culture, religion, and language underlie behavioral similarities throughout the Arab world. Islam “permeates Saudi life—Allah is always present, controls everything, and is frequently referred to in conversation.”⁵¹ Employees may spend more than two hours a day in prayer as part of the life pattern that intertwines work with religion, politics, and social life.

Arab history and culture are based on tribalism, with its norms of reciprocity of favors, support, obligation, and identity passed on to the family unit, which is the primary structural model. Family life is based on closer personal ties than in the West. Arabs value personal relationships, honor, and saving face for all concerned; these values take precedence over the work at hand or verbal accuracy. “Outsiders” must realize that establishing a trusting relationship and respect for Arab social norms has to precede any attempts at business discussions. Honor, pride, and dignity are at the core of “shame” societies, such as the Arabs. As such, shame and honor provide the basis for social control and motivation. Circumstances dictate what is right or wrong and what is acceptable behavior.⁵²

Arabs avoid open admission of error at all costs because weakness (*muruwwa*) is a failure to be manly. It is sometimes difficult for westerners to get at the truth because of the Arab need to avoid showing weakness; instead, Arabs present a desired or idealized situation. Shame is also brought on someone who declines to fulfill a request or a favor; therefore, a business arrangement is left open if something has yet to be completed.

The communication style of Middle Eastern societies is high context (that is, implicit and indirect), and their use of time is polychronic: Many activities can be taking place at the same time, with constant interruptions commonplace. The imposition of deadlines is considered rude, and business schedules take a backseat to the perspective that

EXHIBIT 3-8 Behavior that Will Likely Cause Offense in Saudi Arabia

- Bringing up business subjects until you get to know your host, or you will be considered rude.
- Commenting on a man's wife or female children over 12 years of age.
- Raising colloquial questions that may be common in your country but possibly misunderstood in Saudi Arabia as an invasion of privacy.
- Using disparaging or swear words and off-color or obscene attempts at humor.
- Engaging in conversations about religion, politics, or Israel.
- Bringing gifts of alcohol or using alcohol, which is prohibited in Saudi Arabia.
- Requesting favors from those in authority or esteem, for it is considered impolite for Arabs to say no.
- Shaking hands too firmly or pumping—gentle or limp handshakes are preferred.
- Pointing your finger at someone or showing the soles of your feet when seated.

SOURCE: P. R. Harris and R. T. Moran, *Managing Cultural Differences*, 5th ed. (Houston: Gulf Publishing, 2000).

events will occur “sometime” when Allah wills (*bukra insha Allah*). Arabs give primary importance to hospitality; they are cordial to business associates and lavish in their entertainment, constantly offering strong black coffee (which you should not refuse) and banquets before considering business transactions. Westerners must realize the importance of personal contacts and networking, socializing and building close relationships and trust, practicing patience regarding schedules, and doing business in person. Exhibit 3-8 gives some selected actions and nonverbal behaviors that may offend Arabs. The relationship between cultural values and norms in Saudi Arabia and managerial behaviors is illustrated in Exhibit 3-9.

Chinese Small Family Businesses

The predominance of small businesses in China and the region highlights the need for managers from around the world to gain an understanding of how such businesses operate. Many small businesses—most of which are family or extended-family businesses—become part of the value chain (suppliers, buyers, retailers, etc.) within industries in which “foreign” firms may compete.

Some specifics of Chinese management style and practices in particular are presented here as they apply to small businesses. (Further discussion of the Chinese culture continues in Chapter 5 in the context of negotiation.) It is important to note that no matter the size of a company, but especially in small businesses, it is the all-pervasive presence and use of *guanxi* that provides the little red engine of business transactions in China. *Guanxi* means “connections”—the network of relationships the Chinese cultivate through friendship and affection; it entails the exchange of favors and gifts to provide an obligation to reciprocate favors. Those who share a *guanxi* network share an unwritten code.⁵³ The philosophy and structure of Chinese businesses comprise paternalism, mutual obligation, responsibility, hierarchy, familialism, personalism, and connections.⁵⁴ Autocratic leadership is the norm, with the owner using his or her power—but with a caring about other people that may predominate over efficiency.⁵⁵

According to Lee, the major differences between Chinese management styles and those of their Western counterparts are human-centeredness, family-centeredness, centralization of power, and small size.⁵⁶ Their human-centered management style puts people ahead of a business relationship and focuses on friendship, loyalty, and trustworthiness.⁵⁷ The family is extremely important in Chinese culture, and any small business tends to be run like a family.

The centralized power structure in Chinese organizations, unlike those in the West, splits into two distinct levels: At the top are the boss and a few family members, and at the bottom are the employees, with no ranking among the workers.⁵⁸

As Chinese firms in many modern regions in the Pacific Rim seek to modernize and compete locally and globally, a tug of war has begun between the old and the new: the

EXHIBIT 3-9 The Relationship Between Culture and Managerial Behaviors in Saudi Arabia

Cultural Values	Managerial Behaviors
Tribal and family loyalty	Work group loyalty Paternal sociability Stable employment and a sense of belonging A pleasant workplace Careful selection of employees Nepotism
Arabic language	Business as an intellectual activity Access to employees and peers Management by walking around Conversation as recreation
Close and warm friendships	A person rather than task and money orientation Theory Y management Avoidance of judgment
Islam	Sensitivity to Islamic virtues Observance of the Qur'an and Sharia Work as personal or spiritual growth Consultative management A full and fair hearing Adherence to norms
Honor and shame	Clear guidelines and conflict avoidance Positive reinforcement Training and defined job duties Private correction of mistakes Avoidance of competition
An idealized self	Centralized decision making Assumption of responsibility appropriate to position Empathy and respect for the self-image of others
Polychronic use of time	Right- and left-brain facility A bias for action Patience and flexibility
Independence	Sensitivity to control Interest in the individual
Male domination	Separation of sexes Open work life; closed family life

SOURCE: R. R. Harris and R. T. Moran, *Managing Cultural Differences* 4th ed. (Houston: Gulf Publishing, 1996).

traditional Chinese management practices and the increasingly “imported” Western management styles. As discussed by Lee, this struggle is encapsulated in the different management perspectives of the old and young generations. A two-generational study of Chinese managers by Ralston et al. also found generational shifts in work values in China. They concluded that the new generation manager is more individualistic, more independent, and takes more risks in the pursuit of profits. However, they also found the new generation holding on to their Confucian values, concluding that the new generation may be viewed as “crossverging their Eastern and Western influences, while on the road of modernization.”⁵⁹

CONCLUSION

This chapter has explored various cultural values and how managers can understand them with the help of cultural profiles. The following chapters focus on application of this cultural knowledge to management in an international environment (or, alternatively in a domestic multicultural environment)—especially as relevant to cross-cultural communication (Chapter 4), negotiation and decision making (Chapter 5), and motivating and leading (Chapter 11). Culture and communication are essentially synonymous; what

happens when people from different cultures communicate, and how can international managers understand the underlying process and adapt their styles and expectations accordingly? For the answers, read the next chapter.

Summary of Key Points

1. The culture of a society comprises the shared values, understandings, assumptions, and goals that are passed down through generations and imposed by members of the society. These unique sets of cultural and national differences strongly influence the attitudes and expectations and therefore the on-the-job behavior of individuals and groups.
2. Managers must develop cultural sensitivity to anticipate and accommodate behavioral differences in various societies. As part of that sensitivity, they must avoid parochialism—an attitude that assumes one’s own management techniques are best in any situation or location and that other people should follow one’s patterns of behavior.
3. Harris and Moran take a systems approach to understanding cultural and national variables and their effects on work behavior. They identify eight subsystems of variables: kinship, education, economy, politics, religion, associations, health, and recreation.
4. From his research in 50 countries, Hofstede proposes four underlying value dimensions that help to identify and describe the cultural profile of a country and affect organizational processes: power distance, uncertainty avoidance, individualism, and masculinity.
5. Through his research, Fons Trompenaars confirmed some similar dimensions, and found other unique dimensions: obligation, emotional orientation, privacy, and source of power and status.
6. The GLOBE project team of 170 researchers in 62 countries concluded the presence of a number of other dimensions, and ranked countries on those dimensions, including assertiveness, performance orientation, future orientation, and humane orientation. Gupta et al. from that team found geographical clusters on nine of the GLOBE project cultural dimensions.
7. On-the-job conflicts in international management frequently arise out of conflicting values and orientations regarding time, change, material factors, and individualism.
8. Managers can use research results and personal observations to develop a character sketch, or cultural profile, of a country. This profile can help managers anticipate how to motivate people and coordinate work processes in a particular international context.

Discussion Questions

1. What is meant by the culture of a society, and why is it important that international managers understand it? Do you notice cultural differences among your classmates? How do those differences affect the class environment? Your group projects?
2. Describe the four dimensions of culture proposed by Hofstede. What are the managerial implications of these dimensions? Compare the findings with those of Trompenaars and the GLOBE project team.
3. Discuss the types of operational conflicts that could occur in an international context because of different attitudes toward time, change, material factors, and individualism. Give examples relative to specific countries.
4. Give some examples of countries in which the family and its extensions play an important role in the workplace. How are managerial functions affected, and what can a manager do about this influence?
5. Discuss collectivism as it applies to the Japanese workplace. What managerial functions does it affect?
6. Discuss the role of Islam in cross-cultural relations and business operations.

Application Exercises

1. Develop a cultural profile for one of the countries in the following list. Form small groups of students and compare your findings in class with those of another group preparing a profile for another country. Be sure to compare specific findings regarding religion, kinship, recreation, and other subsystems. What are the prevailing attitudes toward time, change, material factors, and individualism?

Any African country
 People’s Republic of China
 Saudi Arabia
 Mexico
 France
 India

2. In small groups of students, research Hofstede's findings regarding the four dimensions of power distance, uncertainty avoidance, masculinity, and individualism for one of the following countries in comparison to the United States. (Your instructor can assign the countries to avoid duplication.) Present your findings to the class. Assume you are a U.S. manager of a subsidiary in the foreign country and explain how differences on these dimensions are likely to affect your management tasks. What suggestions do you have for dealing with these differences in the workplace?

Brazil

Italy

People's Republic of China

Russia

Experiential Exercises

1. A large Baltimore manufacturer of cabinet hardware had been working for months to locate a suitable distributor for its products in Europe. Finally invited to present a demonstration to a reputable distributing company in Frankfurt, it sent one of its most promising young executives, Fred Wagner, to make the presentation. Fred not only spoke fluent German but also felt a special interest in this assignment because his paternal grandparents had immigrated to the United States from the Frankfurt area during the 1920s. When Fred arrived at the conference room where he would be making his presentation, he shook hands firmly, greeted everyone with a friendly *guten tag*, and even remembered to bow the head slightly as is the German custom. Fred, an effective speaker and past president of the Baltimore Toastmasters Club, prefaced his presentation with a few humorous anecdotes to set a relaxed and receptive atmosphere. However, he felt that his presentation was not well received by the company executives. In fact, his instincts were correct, for the German company chose not to distribute Fred's hardware products.
What went wrong?
2. Bill Nugent, an international real estate developer from Dallas, had made a 2:30 P.M. appointment with Mr. Abdullah, a high-ranking government official in Riyadh, Saudi Arabia. From the beginning things did not go well for Bill. First, he was kept waiting until nearly 3:45 P.M. before he was ushered into Mr. Abdullah's office. When he finally did get in, several other men were also in the room. Even though Bill felt that he wanted to get down to business with Mr. Abdullah, he was reluctant to get too specific because he considered much of what they needed to discuss sensitive and private. To add to Bill's sense of frustration, Mr. Abdullah seemed more interested in engaging in meaningless small talk than in dealing with the substantive issues concerning their business.
How might you help Bill deal with his frustration?
3. Tom Forrest, an up-and-coming executive for a U.S. electronics company, was sent to Japan to work out the details of a joint venture with a Japanese electronics firm. During the first several weeks, Tom felt that the negotiations were proceeding better than he had expected. He found that he had very cordial working relationships with the team of Japanese executives, and in fact, they had agreed on the major policies and strategies governing the new joint venture. During the third week of negotiations, Tom was present at a meeting held to review their progress. The meeting was chaired by the president of the Japanese firm, Mr. Hayakawa, a man in his mid-forties, who had recently taken over the presidency from his 82-year-old grandfather. The new president, who had been involved in most of the negotiations during the preceding weeks, seemed to Tom to be one of the strongest advocates of the plan that had been developed to date. Hayakawa's grandfather, the recently retired president, also was present at the meeting. After the plans had been discussed in some detail, the octogenarian past president proceeded to give a long soliloquy about how some of the features of this plan violated the traditional practices on which the company had been founded. Much to Tom's amazement, Mr. Hayakawa did nothing to explain or defend the policies and strategies that they had taken weeks to develop. Feeling extremely frustrated, Tom then gave a fairly strong argued defense of the plan. To Tom's further amazement, no one else in the meeting spoke up in defense of the plan. The tension in the air was quite heavy, and the meeting adjourned shortly thereafter. Within days the Japanese firm completely terminated the negotiations on the joint venture.
How could you help Tom better understand this bewildering situation?

SOURCE: Gary P. Ferraro, *The Cultural Dimensions of International Business*, 2nd ed. (Upper Saddle River, NJ: Prentice Hall, 1994).

Internet Resources

Visit the Deresky Companion Website at www.prenhall.com/deresky for this chapter's Internet resources.

Moto: Coming to America from Japan

Moto arrived in Chicago in the middle of winter, unprepared for the raw wind that swept off the lake. The first day he bought a new coat and fur-lined boots. He was cheered by a helpful salesgirl who smiled as she packed his lined raincoat into a box. Americans were nice, Moto decided. He was not worried about his assignment in America. The land had been purchased, and Moto's responsibility was to hire a contracting company and check on the pricing details. The job seemed straightforward.

Moto's firm, KKD, an auto parts supplier, had spent a year and a half researching U.S. building contractors. Allmack had the best record in terms of timely delivery and liaisons with good architects and the best suppliers of raw materials. That night Moto called Mr. Crowell of Allmack, who confirmed the appointment for the next morning. His tone was amiable.

Moto arrived at the Allmack office at nine sharp. He had brought a set of *kokeshi* dolls for Crowell. The dolls, which his wife had spent a good part of a day picking out, were made from a special maple in the mountains near his family home in Niigata. He would explain that to Crowell later, when they knew each other. Crowell also came from a hilly, snowy place, which was called Vermont.

When the secretary ushered him in, Crowell stood immediately and rounded the desk with an outstretched hand. Squeezing Moto's hand, he roared, "How are you? Long trip from Tokyo. Please sit down, please."

Moto smiled. He reached in his jacket for his card. By the time he presented it, Crowell was back on the other side of the desk. "My card," Moto said seriously.

"Yes, yes," Crowell answered. He put Moto's card in his pocket without a glance.

Moto stared at the floor. This couldn't be happening, he thought. Everything was on that card: KKD, Moto, Michio, Project Director. KKD meant University of Tokyo and years of hard work to earn a high recommendation from Dr. Iwasa's laboratory. Crowell had simply put it away.

"Here." Crowell handed Moto his card.

"Oh, John Crowell, Allmack, President," Moto read aloud, slowly trying to recover his equilibrium. "Allmack is famous in Japan."

"You know me," Crowell replied and grinned. "All those faxes. Pleased to meet you, Moto. I have a good feeling about this deal."

Moto smiled and laid Crowell's card on the table in front of him.

"KKD is pleased to do business with Allmack," Moto spoke slowly. He was proud of his English. Not

only had he been a top English student in high school and university, but he had also studied English in a *juku* (an after-school class) for five years. As soon as he received this assignment, he took an intensive six-week course taught by Ms. Black, an American, who also instructed him in U.S. history and customs.

Crowell looked impatient. Moto tried to think of Ms. Black's etiquette lessons as he continued talking about KKD and Allmack's history. "We are the best in the business," Crowell interrupted. "Ask anyone. We build the biggest and best shopping malls in the country."

Moto hesitated. He knew Allmack's record—that's why he was in the room. Surely Crowell knew that. The box of *kokeshi* dolls pressed against his knees. Maybe he should give the gift now. No, he thought, Crowell was still talking about Allmack's achievements. Now Crowell had switched to his own achievements. Moto felt desperate.

"You'll have to come to my house," Crowell continued. "I live in a fantastic house. I had an architect from California build it. He builds for all the stars, and for me." Crowell chuckled. "Built it for my wife. She's the best wife, the very best. I call her my little sweetheart. Gave the wife the house on her birthday. Took her right up to the front door and carried her inside."

Moto shifted his weight. Perhaps if he were quiet, Crowell would change the subject. Then they could pretend the conversation never happened. "Moto-san, what's your first name? Here, we like to be on a first-name basis."

"Michio," Moto whispered.

"Michio-san, you won't get a better price than from me. You can go down the block to Zimmer or Casey, but you got the best deal right here."

"I brought you a present," Moto said, handing him the box of *kokeshi* dolls.

"Thanks," Crowell answered. He looked genuinely pleased as he tore open the paper. Moto looked away while Crowell picked up a *kokeshi* doll in each hand. "They look like Russian dolls. Hey, thanks a lot, my daughter will love them."

Moto pretended that he hadn't heard. I'll help by ignoring him, Moto thought, deeply embarrassed.

Crowell pushed the *kokeshi* dolls aside and pressed a buzzer. "Send George in," he said.

The door opened and a tall, heavysset man with a dark crew cut stepped inside the room.

"George Kubushevsky, this is Moto-san, Michio. . ."

"How do you do?" Kubushevsky's handshake was firm.

Moto took out his card.

“Thanks,” Kubushevsky said. “Never carry those.”

He laughed and hooked his thumbs in his belt buckle. Moto nodded. He was curious. Kubushevsky must be a Jewish name—or was it Polish, or maybe even German? In Japan he’d read books about all three groups. He looked at Kubushevsky’s bone structure. It was impossible to tell. He was too fat.

“George, make sure you show Michio everything. We want him to see all the suppliers, meet the right people, you understand?”

“Sure.” George grinned and left the room.

Moto turned to Crowell. “Is he a real American?” Moto asked.

“A real American? What’s that?”

Moto flushed. “Is he first generation?” Moto finished lamely. He remembered reading that Jews, Lebanese, and Armenians were often first generation.

“How do I know? He’s just Kubushevsky.”

During the next few weeks Moto saw a great deal of Kubushevsky. Each morning he was picked up at nine and taken to a round of suppliers. Kubushevsky gave him a rundown on each supplier before they met. He was amiable and polite, but never really intimate. Moto’s response was also to be polite. Once he suggested that they go drinking after work, but Kubushevsky flatly refused, saying that he had to work early the next morning. Moto sighed, remembering briefly his favorite bar and his favorite hostess in Tokyo. Yuko-san must be nearly fifty now, he thought affectionately. She could make him laugh. He wished he were barhopping with his colleagues from his *ringi* group at KKD. Moto regretted that he had not brought more *kokeshi* dolls, since Kubushevsky had not seemed delighted with the present of the KKD pen.

One morning they were driving to a cement outlet.

“George.”

“Yes, Michio-san.”

Moto paused. He still found it difficult to call Kubushevsky by his first name. “Do you think I could have some papers?”

“What kind of papers?” Kubushevsky’s voice was friendly. Unlike Crowell, he kept an even tone. Moto liked that.

“I need papers on the past sales of these people.”

“We’re the best.”

“I need records for the past five years on the cement place we are going to visit.”

“I told you, Michio-san, I’m taking you to the best! What do you want?”

“I need some records.”

“Trust me, I know what I’m doing.”

Moto was silent. He didn’t know what to say. What did trust have to do with anything? His *ringi* group in Tokyo needed documentation so they could discuss the issues and be involved in the decisions. If the decision to go with one supplier or the other was correct, that should be reflected in the figures.

“Just look at what’s going on now,” George said. “Charts for the last five years, that’s history.”

Moto remained silent. George pressed his foot to the gas. The car passed one truck, and then another. Moto looked nervously at the climbing speedometer. Suddenly Kubushevsky whistled and released his foot. “Alright, Michio-san, I’ll get you the damned figures.”

“Thanks,” Moto said softly.

“After we see the cement people, let’s go for a drink.”

Moto looked uneasily at the soft red lightbulb that lit the bar. He sipped his beer and ate a few peanuts. Kubushevsky was staring at a tall blonde at the other end of the bar. She seemed to notice him also. Her fingers moved across the rim of the glass.

“George,” Moto said gently. “Where are you from, George?”

“Here and there,” Kubushevsky said idly, still eyeing the blonde.

Moto laughed. “Here and there.”

Kubushevsky nodded. “Here and there,” he repeated.

“You Americans,” Moto said. “You must have a home.”

“No home, Michio-san.”

The blonde slid her drink down the bar and slipped into the next seat. Kubushevsky turned more toward her.

Moto felt desperate. Last week Crowell had also acted rudely. When Imai, KKD’s vice president, was visiting from Japan, Crowell had dropped them both off at a golf course. What was the point?

He drained his beer. Immediately the familiar warmth of the alcohol made him buoyant. “George,” he said intimately. “You need a wife. You need a wife like Crowell has.”

Kubushevsky turned slowly on his seat. He stared hard at Moto. “You need a muzzle,” he said quietly.

“You need a wife,” Moto repeated. He had Kubushevsky’s full attention now. He poured Kubushevsky another beer. “Drink,” he commanded.

Kubushevsky drank. In fact they both drank. Then suddenly Kubushevsky’s voice changed. He put his arm around Moto and purred in his ear. “Let me tell you a secret, Moto-san. Crowell’s wife is a dog. Crowell is a dog. I’m going to leave Allmack, just as soon as possible. Want to join me, Michio-san?”

Moto’s insides froze. Leave Crowell. What was Kubushevsky talking about? He was just getting to know him. They were a team. All those hours in the car together, all those hours staring at cornfields and concrete. What was Kubushevsky talking about? Did Crowell know? What was Kubushevsky insinuating about joining him? “You’re drunk, George.”

“I know.”

“You’re very drunk.”

“I know.”

Moto smiled. The blonde got restless and left the bar. Kubushevsky didn't seem to notice. For the rest of the night he talked about his first wife and his two children, whom he barely saw. He spoke of his job at Allmack and his hopes for a better job in California. They sat at a low table. Moto spoke of his children and distant wife. It felt good to talk, almost as good as having Yuko next to him.

As they left the bar, Kubushevsky leaned heavily on him. They peed against a stone wall before getting in the car. All the way home Kubushevsky sang a song about a folk here named Davy Crockett, who "killed himself a bear when he was only three." Moto sang a song from Niigata about the beauty of the snow on the rooftops in winter. Kubushevsky hummed along.

They worked as a team for the next four months. Kubushevsky provided whatever detailed documentation Moto asked for. They went drinking a lot. Sometimes they both felt a little sad, sometimes happy, but Moto mostly felt entirely comfortable. Kubushevsky introduced him to Porter, a large, good-natured man in the steel business who liked to hunt and cook gourmet food, to Andrews, a tiny man who danced the polka as if it were a waltz and to many others.

Just before the closing, Kubushevsky took him to a bar and told him of a job offer in California. He had tears in his eyes and hugged Moto good-bye. Moto had long since accepted the fact that Kubushevsky would leave.

Two weeks later Moto looked around the conference room at Allmack. Ishii, KKD's president, and Imai had flown in from Tokyo for the signing of the contract for the shopping mall, the culmination of three years of

research and months of negotiation. John Crowell stood by his lawyer, Sue Smith. Sue had been on her feet for five hours. Mike Apple, Moto's lawyer, slammed his fist on the table and pointed at the item in question. The lawyers argued a timing detail that Moto was sure had been worked out weeks before. Moto glanced nervously at Ishii and Imai. Ishii's eyes were closed. Imai stared at the table.

Moto shifted uneasily in his seat. Sue was smarter than Mike, he thought. Perhaps a female lawyer wouldn't have been so terrible. While it was not unusual to see females in professional positions in Japan, this was America. Tokyo might have understood. After all, this was America, he repeated to himself. Internationalization required some adjustment. A year ago he would have had total loss of face if confronted with this prolonged, argumentative closing. Today he did not care. He could not explain to Tokyo all he'd learned in that time, all the friends he'd made. When he tried to communicate about business in America, the home office sent him terse notes by fax.

Now the lawyers stood back. President Ishii opened his eyes. Crowell handed a pen to Ishii. They signed the document together. The lawyers smiled. Sue Smith looked satisfied. She should be pleased, Moto thought. Her extensive preparation for the case made him realize again that the Japanese stereotype of the "lazy" American was false. Sue's knowledge of the case was perfect in all details. I'll have to use her next time, Moto thought. She's the smart one. Yes, he thought, his friend Kubushevsky had taught him many things. Suddenly he felt Kubushevsky's large presence. Moto lowered his head in gratitude.

CASE QUESTIONS

1. What was Moto's purpose and agenda for the first meeting with Crowell? How does he try to implement his agenda?
2. What communication problems were there between Moto and Crowell?
3. What was the significance of the dolls? What went wrong?
4. Why did Crowell's remarks about Allmack threaten a loss of face from Moto's perspective?
5. How did Moto feel about Kubushevsky's behavior early on? How did their relationship change?

SOURCE: Patricia Cercik, *On Track with the Japanese*, 1992 (New York: Kodansha International, 114 Fifth Ave., NY, NY, 10011) (OR Kudanske America).