

**BUSINESS  
IN MULTICULTURAL ENVIRONMENT**

**Chapter 1  
The Meanings and Dimensions of  
Culture**

Instructor: Assoc. Prof. Dr. NGUYEN VIET KHOI  
Assoc. Prof. Dr. NGUYEN THI KIM ANH

McGraw-Hill/Irwin Copyright © 2009 by The McGraw-Hill Companies, Inc. All Rights Reserved.

**Chapter Objectives**

- 1. DEFINE** the term “*culture*”, and discuss some of the comparative ways of differentiating cultures.
- 2. DESCRIBE** the concept of cultural values, and relate some of the international differences, similarities, and changes occurring in terms of both work and managerial values.
- 3. IDENTIFY** the major dimensions of culture relevant to work settings, and discuss their effects on behavior in an international environment.
- 4. DISCUSS** the value of country cluster analysis and relational orientations in developing effective international management practices.

4-2

## Nature of Culture

- Culture defined: Acquired knowledge that people use to interpret experience and generate social behavior. This knowledge forms values, creates attitudes, and influences behavior.

4-3

## Characteristics of Culture

- *Learned* - Culture is not inherited or biologically based; it is acquired by learning and experience
- *Shared* - People are members of groups that shared culture; it is not specific to single individuals
- *Trans-generational* - Culture is cumulative, passed down from one generation to the next.
- *Symbolic* – Culture is based on the human capacity to symbolize or use one thing to represent another.
- *Patterned* – Culture has structure and is integrated; a change in one part will bring changes in another
- *Adaptive* – Culture is based on the human capacity to change or adapt (the new things), as opposed to the generally driven adaptive process of animals

4-4

## Priorities of Cultural Values

*(Values are basic convictions that people have regarding what is right and wrong, good or bad, important and unimportant).*

**Table 4-1**  
**Priorities of Cultural Values: United States, Japan, and Arab Countries**

United States	Japan	Arab Countries
1. Freedom	1. Belonging	1. Family security
2. Independence	2. Group harmony	2. Family harmony
3. Self-reliance	3. Collectiveness	3. Parental guidance
4. Equality	4. Age/seniority	4. Age
5. Individualism	5. Group consensus	5. Authority
6. Competition	6. Cooperation	6. Compromise
7. Efficiency	7. Quality	7. Devotion
8. Time	8. Patience	8. Patience
9. Directness	9. Indirectness	9. Indirectness
10. Openness	10. Go-between	10. Hospitality

*Note: "1" represents the most important cultural value, "10" the least.*

*Source: Adapted from information found in F. Elashmawi and Philip R. Harris, *Multicultural Management* (Houston: Gulf Publishing, 1993), p. 63.*

### **In-class group working:** **Try to learn other cultures**

- *Based on the given materials, one group acts as instructors; another acts as a group from a specific culture.*
- *The instructors can ask the partners to give some gestures appropriate to the assigned culture.*
- *The instructing group and audiences have to check the gestures and give comments.*

4-6

## Gestures around the World

### United States:

- A firm handshake, accompanied by direct eye contact, is the standard greeting in the United States. Occasionally, among very good friends who have not seen each other for long intervals, women may briefly hug other women, and men may quickly kiss the cheek of a woman. Males rarely hug one another, however. Occasionally, men may shake hands with the left hand either covering the handshake or lightly gripping the forearm.
- Direct eye contact in both social and business situations is very important. Not doing so implies boredom or disinterest.
- Americans generally respect queues and will form lines in an orderly fashion. To shove one's way into such a line will probably generate both anger and verbal complaints.

4-7

## Gestures around the World

### United States:

- There are two well-known insulting gestures in the United States. Both are recognized in all parts of America. They are:

- \*The middle finger thrust
- \*The forearm jerk.

- Waving 'hello' or 'goodbye' is done by extending the arm, palm facing down and waving the hand up and down at the wrist joint. Another variation is to raise the arm, palm outward, and move the whole arm and hand back and forth like an upside down pendulum. This may be important to know because in many countries this is a signal for 'no'.

4-8

## Gestures around the World

### United States:

- Many Americans become uncomfortable with periods of silence. Therefore in business or social situations, if a gap occurs they will quickly try to fill in with conversation.
- Winking in America can signal diverse messages: flirtation, friendliness, amusement, or to signal 'I am just kidding.'
- When driving, automobiles are equipped with flashing lights as turning signals. If these are not operating, or if cyclists wish to signal for a turn, the proper procedure is as follows: extending the left arm straight out of the driver's window means 'I plan to turn to the left,' but if the arm is bent upward it signals 'I plan to turn to the right.'

4-9

## Gestures around the World

### United States:

- Beckoning can be done by either raising the index finger and repeatedly curling it in and out, or by raising the hand (palm facing inward) and wagging the fingers back toward the body. Either is acceptable.
- To call a waiter, just raise one hand to head level or above. To signal that you want the check, make a writing motion with two hands (one hand representing the paper, the other making a writing motion).

4-10

## Gestures around the World

### *United States:*

- When dining, many Americans are taught to keep the left hand in their lap and eat with the right hand. It is permissible to sit at a table with both wrists resting lightly on the table. When engaged in deep, close conversation, two people might even lean forward, with elbows on the table, but strict practitioners of etiquette in America frown on this.
- It is considered impolite to use toothpicks in front of other people.
- It has become an important courtesy in the United States to ask permission of your host or hostess before smoking.

4-11

## Gestures around the World

### *Japan:*

- The act of presenting business cards is very important in Japan. Remember to hold the business card with both hands, grasping it between the thumbs and forefingers. Present it with the printing pointing towards the person to which you are giving the card, and bow slightly. Your Japanese host will accept the card with both hands, bow slightly and then read the card carefully. When you receive the business card from the Japanese host, be sure to examine it carefully and avoid quickly putting it away. Place it on the table in front of you for further reference.

4-12

## Gestures around the World

### *Japan:*

- The Japanese find it difficult to answer a definite "no" to either a question or statement. They signal that they "don't know" or "don't understand" something by waving their own hand in front of their face, with the palm outward. This also may signal that "I'm undeserving" if you pay them a compliment.
- Listening is considered both a sign of politeness, as well as a valuable skill in business negotiations in Japan. Japanese often think North Americans need to listen more attentively, not talk as much, and certainly not interrupt when someone else is speaking.

4-13

## Gestures around the World

### *Japan:*

The "OK" signal in Japan is often interpreted as the symbol for money, whereby the circular shape of the index finger and thumb together suggest the shape of a coin. This symbol may be used in a store if you want the cashier to give you your change in coins.

4-14

## Gestures around the World

### *Saudi Arabia:*

- If a Saudi man is accompanied by a veiled woman, he will most probably not introduce her.
- Many Saudi men accompany their greetings with an embrace and cheek kissing.
- The "salaam" greeting is also popular among the elderly in Saudi Arabia.
- Saudis will signal "YES", by swiveling their head from side to side. They signal "NO", by tipping their head backward and clicking their tongue.

4-15

## Gestures around the World

### *Saudi Arabia:*

- When walking down a corridor or street, your Saudi host may guide a Western male by gently holding his elbow or even taking his hand and continue walking along hand-in-hand. This is a sign of respect and friendship.
- Joint meetings may be encountered wherein several groups of business visitors may be seated in separate parts of the same room, with your Saudi host moving from group to group.
- Your Saudi host may interrupt your meeting or conversation, leave the room and be gone for 15 to 20 minutes. This usually means that he has gone for his daily prayers.

4-16



## Gestures around the World

### *Saudi Arabia:*

- Women in Saudi Arabia are not permitted to drive vehicles.
- Crossing your legs or putting your feet up on furniture may be seen as a sign of disrespect.
- An insulting gesture is to have your hand up, palm down, fingers spread, with your index finger bent down and pointing outward.

4-17

## Gestures around the World

### *Saudi Arabia:*

- Again, avoid showing the sole of your shoe to someone as the sole is considered the lowest and dirtiest part of the body.
- It is not proper to show bare shoulders, stomach, calves and thighs.
- Smoking in public is not common in Saudi Arabia. However, there are some places where the communal water pipe, or "hooka" may be passed among those present.

4-18

## How Culture Affects Managerial Approaches

- Centralized vs. Decentralized Decision Making:
  - In some societies, top managers make all important organizational decisions.
  - In others, these decisions are diffused throughout the enterprise, and middle- and lower-level managers actively participate in, and make key decisions.

4-19

## How Culture Affects Managerial Approaches

- Safety vs. Risk:
  - In some societies, organizational decision makers are risk averse and have great difficulty with conditions of uncertainty.
  - In others, risk taking is encouraged, and decision making under uncertainty is common.

4-20

## How Culture Affects Managerial Approaches

- Individual vs. Group Rewards:
  - In some countries, personnel who do outstanding work are given individual rewards in the form of bonuses and commissions.
  - In others, cultural norms require group rewards, and individual rewards are frowned upon.

4-21

## How Culture Affects Managerial Approaches

- Informal Procedures vs. Formal Procedures:
  - In some societies, much is accomplished through informal means.
  - In others, formal procedures are set forth and followed rigidly.

4-22

## How Culture Affects Managerial Approaches

- High Organizational Loyalty vs. Low Organizational Loyalty
  - In some societies, people identify very strongly with their organization or employer.
  - In others, people identify with their occupational group, such as engineer or mechanic.

4-23

## How Culture Affects Managerial Approaches

- Cooperation vs. Competition
  - Some societies encourage cooperation between their people.
  - Others encourage competition between their people.

4-24

## How Culture Affects Managerial Approaches

- Short-term vs. Long-term Horizons
  - Some culture focus most heavily on short-term horizons, such as short-range goals of profit and efficiency.
  - Others are more interested in long-range goals, such as market share and technologic developments.

4-25

## How Culture Affects Managerial Approaches

- Stability vs. Innovation
  - The culture of some countries encourages stability and resistance to change.
  - The culture of others puts high value on innovation and change.

4-26

## In-class Discussion

**Case of “The cultural Roots of Toyota’s Quality Crisis”. Please answer the following questions:**

1. What are the problems of Toyota’s quality?
2. How did Toyota response to public?
3. What are the cultural impacts of Japan on Toyota management?
4. What are the differences of cultural impacts on management between Japanese and American corporations ?

4-27

## Business Customs in South Africa

- Arrange meeting before discussing business over phone (face-to-face interactions; creating relationship; initially less business talk...).
- Make appointments as far in advance as possible (early risers so breakfast & lunch meetings are common, view of time is lax, meetings are prone to being postponed).
- Maintain eye contact, shake hands, provide business card (do not sit until invited to do so, men & women do not shake hands, so wait for women to initiate handshakes)
- Maintain a win-win strategy (Negotiation is not their strong point, aggressive approach will not prove to be successful)
- Keep presentations short ; keep patience (never interrupt, decision making takes time for discussion between managers and subordinates)

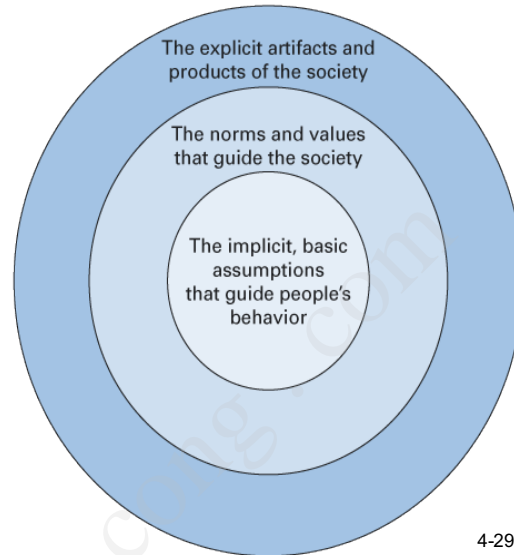
4-28

## A Model of Cultural diversity

Figure 4-1

### A Model of Culture

- Outer ring consists of observable things: food, language, buildings and art
- Middle ring consists of formal/informal norms and values by which people understand how to behave
- Inner ring consists of assumptions that govern behavior by which people can organize themselves in a way that improve effectiveness of problem-solving process and interact well with each other.

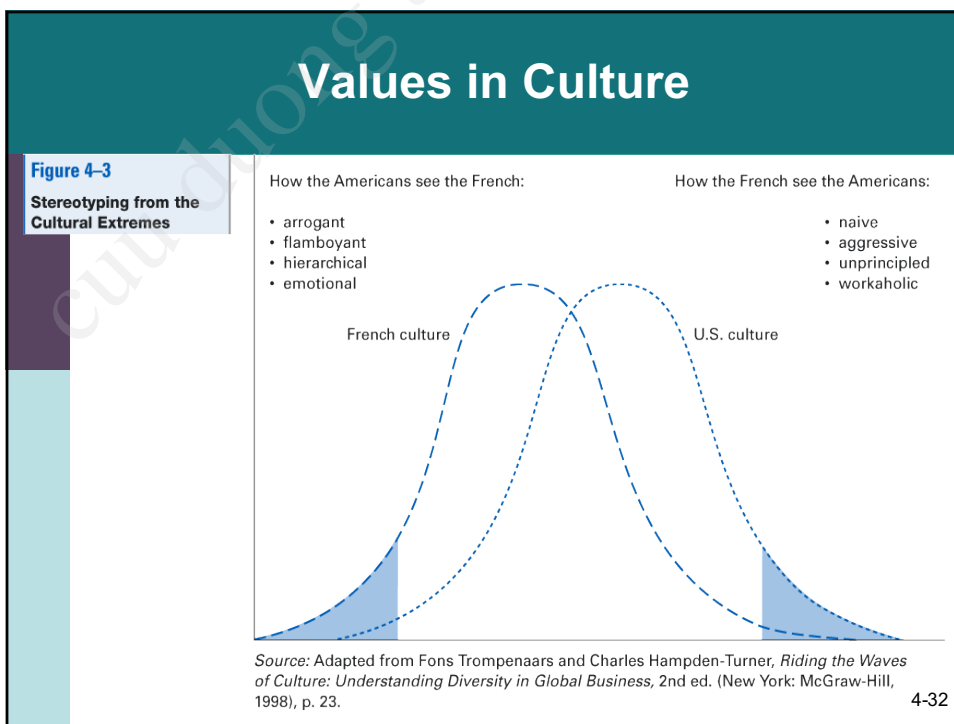
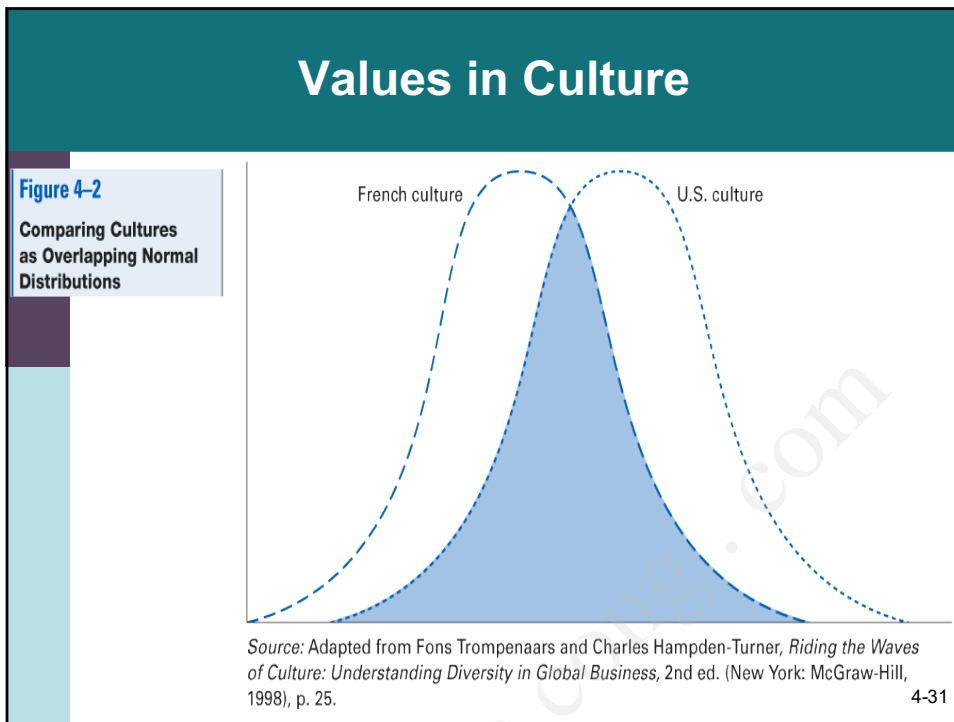


4-29

## Values in Culture

- Values
  - Basic convictions that people have about
    - Right and wrong
    - Good and bad
    - Important and unimportant
  - Learned from culture in which individual is reared
  - Differences in cultural values may result in varying management practices

4-30





## Values in Culture

**Table 4-2**  
**U.S. Values and Possible Alternatives**

U.S. Cultural Values	Alternative Values	Examples of Management Function Affected
Individuals 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.
Individuals should be realistic in their 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.
A primary obligation of an employee is to the organization.	Individual employees have a primary obligation to their family and friends.	Loyalty, commitment, and motivation.
Employees can be removed if they do not perform well.	The removal of an employee from a position involves a great loss of prestige and will rarely be done.	Promotion.
Company information should be available to anyone who needs it within the organization.	Withholding information to gain or maintain power is acceptable.	Organization, communication, and managerial style.
Competition stimulates high performance.	Competition leads to imbalances and disharmony.	Career development and marketing.
What works is important.	Symbols and the process are more important than the end point.	Communication, planning, and quality control.

*Source:* Adapted from information found in Philip R. Harris and Robert T. Moran, *Managing Cultural Differences* (Houston: Gulf Publishing, 1991), pp. 79–80.

## Value Similarities and Differences Across Cultures

1. Strong relationship between level of managerial success and personal values
2. Value patterns predict managerial success and can be used in selection/placement decisions
3. Country differences in relationship between values and success; however, findings across U.S., Japan, Australia, India are similar
4. Values of more successful managers favor pragmatic, dynamic, achievement-oriented and active role in interaction with others
5. Values of less successful managers tend toward static and passive values; relatively passive roles in interacting with others

4-34

## Hofstede's four Cultural Dimensions

1. *Power distance* is the extent to which less powerful members of institutions and organizations accept that power is distributed unequally (high power distance – be centralized, tall organization structures, large proportion of supervisors, people at the lower levels of structure have low job qualification: Mexico, South Korea and India).
2. *Uncertainty avoidance* is the extent to which people feel threatened by ambiguous situation and have created beliefs and institutions that try to avoid these. (High uncertainty avoidance: Germany, Japan, Spain; Low uncertainty avoidance: Denmark, UK)

4-35

## Hofstede's four Cultural Dimensions

3. *Individualism/collectivism*. **Individualism** is the tendency of people to look after themselves and their families only; **Collectivism** is the tendency of people to belong to groups or collectives and look after each other in exchange for loyalty
4. *Masculinity/femininity*. **Masculinity** is a situation in which the dominant values in society are success, money and things; **Femininity** is a situation in which the dominant values in society are caring for others and quality of life.

4-36

## Hofstede's four Cultural Dimensions

1. Power distance
2. Uncertainty avoidance
3. Individualism vs. Collectivism
4. Masculinity vs. Femininity

4-37

## Hofstede's Four Cultural Dimensions

- **Power distance:** Less powerful members accept that power is distributed unequally
  - **High power distance countries:** people blindly obey superiors; centralized, tall structures (e.g., Mexico, South Korea, India)
  - **Low power distance countries:** flatter, decentralized structures, smaller ratio of supervisor to employee (e.g., Austria, Finland, Ireland)

4-38

## Hofstede's Four Cultural Dimensions

- **Uncertainty avoidance:** people feel threatened by ambiguous situations; create beliefs/institutions to avoid such situations
  - **High uncertainty avoidance countries:** high need for security, strong belief in experts and their knowledge; structure organizational activities, more written rules, less managerial risk taking (e.g., Germany, Japan, Spain)
  - **Low uncertainty avoidance countries:** people more willing to accept risks of the unknown, less structured organizational activities, fewer written rules, more managerial risk taking, higher employee turnover, more ambitious employees (e.g., Denmark and Great Britain)

4-39

## Hofstede's Cultural Dimensions

- **Individualism** is the tendency of people to look after themselves and their families only; **Collectivism** is the tendency of people to belong to groups or collectives and look after each other in exchange for loyalty.
  - **High individualism countries:** wealthier, protestant work ethic, greater individual initiative, promotions based on market value (e.g., U.S., Canada, Sweden)
  - **High collectivism countries:** poorer, less support of Protestant work ethic, less individual initiative, promotions based on seniority (e.g., Indonesia, Pakistan)

4-40

## Hofstede's Cultural Dimensions

- **Masculinity** is a situation in which the dominant values in society are success, money and things; **Femininity** is a situation in which the dominant values in society are caring for others and quality of life
  - **High masculine countries:** stress earnings, recognition, advancement, challenge, wealth; high job stress (e.g., Germanic countries)
  - **High feminine countries:** emphasize caring for cooperation, friendly atmosphere, employment security, group decision making; low job stress (e.g., Norway)

4-41

## Trompenaars' Cultural Dimensions

1. **Universalism vs. Particularism**
2. **Individualism vs. Communitarianism**
3. **Neutral vs. Emotional**
4. **Specific vs. Diffuse**
5. **Achievement vs. Ascription**
6. **Time**
7. **The Environment**

4-42

## Trompenaars' Cultural Dimensions

### 1. Universalism vs. Particularism

- **Universalism** is the belief that ideas/practices can be applied everywhere without modification.

*High universalism countries:* formal rules, close adhere to business contracts (e.g., Canada, U.S., Netherlands, Hong Kong)

- **Particularism** is the beliefs that circumstances dictate how ideas and practices should be applied.

*High particularism countries:* often modify contracts (e.g., China, South Korea)

-*Recommendation: People from particularism culture do business in a universalism culture should be prepared for rational, professional arguments and a "let's get down to business" attitudes*

4-43

## Trompenaars' Cultural Dimensions

### 2. Individualism vs. Communitarianism

– **Individualism:** people as individuals. Countries with high individualism: stress personal and individual matters; assume great personal responsibility (e.g., Canada, Thailand, U.S., Japan)

– **Communitarianism:** people regard themselves as part of group. Value group-related issues; committee decisions; joint responsibility (e.g., Malaysia, Korea)

– *Recommendation: people in high individualism culture do business with high communitarianism culture people should be patience and aim to build lasting relationship.*

4-44

## Trompenaars' Cultural Dimensions

### 3. Neutral vs. Emotional

- **Neutral:** culture in which emotions not shown
  - High neutral countries, people act stoically and maintain composure (e.g., Japan and U.K.)
- **Emotional:** Emotions are expressed openly and naturally
  - High emotion cultures: people smile a lot, talk loudly, greet each other with enthusiasm (e.g., Mexico, Netherlands, Switzerland)
- **Recommendation:** *people from emotional culture do business in neutral culture should put as much as they can on paper and submit it to the other side*

4-45

## Trompenaars' Cultural Dimensions

### 4. Specific vs. Diffuse

- **Specific:** large public space shared with others and small private space guarded closely
  - High specific cultures: people open, extroverted; strong separation work and personal life (e.g., Austria, U.K., U.S.)
- **Diffuse:** public and private spaces similar size, public space guarded because shared with private space; people indirect and introverted, work/private life closely linked (e.g., Venezuela, China, Spain)
- **Recommendation:** *People from specific culture do business in diffuse culture should respect a person's title, age, and background connections; do not get impatient when people are indirect or circuitous.*

4-46

## Trompenaars' Cultural Dimensions

### 5. Achievement vs. Ascription

- **Achievement** culture is one in which people are accorded status based on how well they perform their functions (Austria, Switzerland, U.S.)
- **Ascription** culture is one in which status is attributed based on who or what a person is (e.g., Venezuela, China, Indonesia)
- **Recommendation:** *People from achievement culture do business in ascription culture should make sure that their group has older, senior, and formal position holders who can impress other side; respect counterpart's status and influences.*

4-47

## Trompenaars' Cultural Dimensions

### 6. Time

- **Sequential:** only one activity at a time; appointments kept strictly, follow plans as laid out (U.S.)
- **Synchronous:** multi-task, appointments are approximate, schedules subordinate to relationships (e.g., France, Mexico)
- **Present vs. Future:**
  - **Future** more important (Italy, U.S., Germany)
  - **Present** more important (Venezuela, Indonesia)
  - All 3 time periods equally important (France, Belgium)
- **Recommendation:** *doing business with future-oriented cultures, an effective international manager should emphasize the opportunities, limited scope, agree to specific deadlines for getting things done*

4-48



## Trompenaars' Cultural Dimensions

### 7. The Environment

- **Inner-directed:** people believe in control of outcomes (U.S., Switzerland, Greece, Japan)
- **Outer-directed:** people believe in letting things take own course (China, many other Asian countries)
- **Recommendation:** *dealing with people who believe in dominating environment, it is important to play handball, test the resilience of the opponent, win some objectives, and always lose from time to time.*

4-49

## Integrating Culture and Management: The GLOBE Project

- **GLOBE:** Global Leadership and Organizational Behavior Effectiveness.
- Project extends and integrates previous analyses of cultural attributes and variables.
- Evaluates nine different cultural attributes using middle managers from 951 organizations in 62 countries.
- Multi-cultural team of 170 scholars from around the world worked together to survey 17,000 managers in 3 industries: financial services, food processing, and telecommunications.
- Covered every major geographic region of the world.

4-50

## The GLOBE Project

- The 9 Dimensions of the GLOBE Project:
  - Uncertainty avoidance
  - Power distance
  - Collectivism I: Social collectivism
  - Collectivism II: In-group collectivism
  - Gender egalitarianism
  - Assertiveness
  - Future orientation
  - Performance orientation
  - Humane orientation

4-51

## GLOBE Results

- Corresponds generally with those of Hofstede and Trompenaars.
- Different from Hofstede in that many more researchers with varied perspectives were involved (vs. Hofstede working alone); studied many companies vs. Hofstede's IBM.
- GLOBE provides a current comprehensive overview of general stereotypes that can be further analyzed for greater insight.

4-52

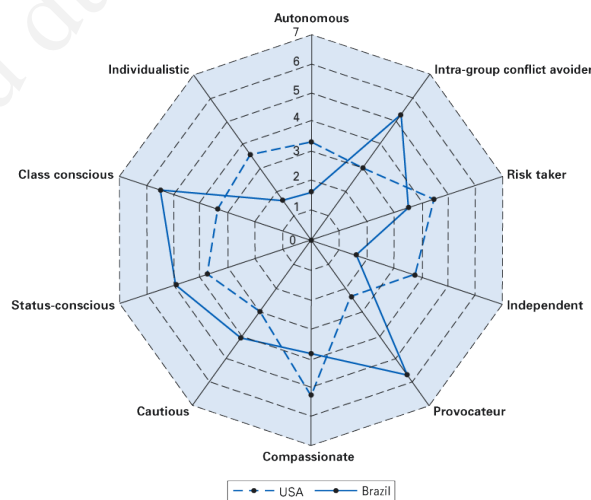
# GLOBE Project

**Table 4-6**  
**GLOBE Cultural Variable Results**

Variable	Highest Ranking	Medium Ranking	Lowest Ranking
Assertiveness	Spain, U.S.	Egypt, Ireland	Sweden, New Zealand
Future orientation	Denmark, Canada	Slovenia, Egypt	Russia, Argentina
Gender differentiation	South Korea, Egypt	Italy, Brazil	Sweden, Denmark
Uncertainty avoidance	Austria, Denmark	Israel, U.S.	Russia, Hungary
Power distance	Russia, Spain	England, France	Denmark, Netherlands
Collectivism/societal	Denmark, Singapore	Hong Kong, U.S.	Greece, Hungary
In-group collectivism	Egypt, China	England, France	Denmark, Netherlands
Performance orientation	U.S., Taiwan	Sweden, Israel	Russia, Argentina
Humane orientation	Indonesia, Egypt	Hong Kong, Sweden	Germany, Spain

4-53

# GLOBE Analysis



**Figure 4-9**  
**GLOBE Analysis:**  
**Managerial Perspectives**  
**in the United States and**  
**Brazil**

Source: Mansour Javidan, Peter W. Dorfman, et. al. "In the Eye of the Beholder: Cross Cultural Lessons in Leadership from Project GLOBE," *Academy of Management Perspectives* 20, no. 1 (2006), p. 76.

4-54

## Review and Discuss

1. What is meant by *culture*?
2. What is meant by *value*?
3. What are the dimensions of Hofstede's model?
4. Will cultural differences decline or intensify as roadblock to international understanding?
5. Describe Trompenaar's research.

4-55

cuu duong than cong . com