

# **International Management: Managing Across Cultures and Borders (INE3223-E)**

# Course introduction



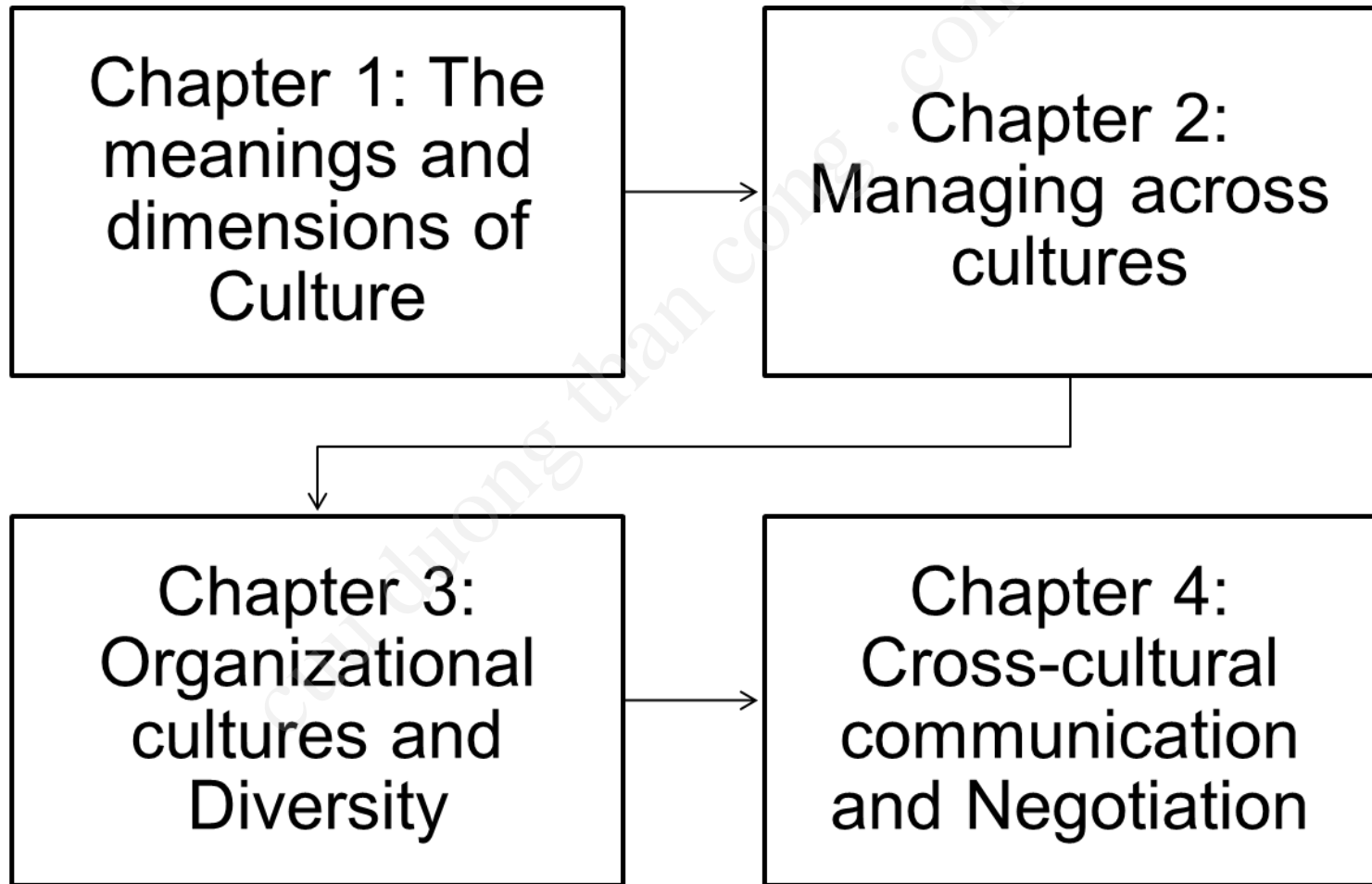
# Course description

- This course focuses on the challenges and opportunities associated with organizational management and business strategy in the global environment.
- Students will gain a general overview of the process and effect of internationalization in contemporary business, along with an introduction to theories, concepts and skills relevant to managing effectively in today's global environment.

# Course objectives

- This course aim to equip general knowledge in international management to students and to help them to become well-prepared and well-informed experts or managers in the future.
- It also develops personal, professional and interpersonal skills and attributes for students.

# Course calendar



# Required textbooks

- Luthans, F. and Doh, J.P (2009), *International Management: Culture, Strategy, and Behavior*, 7<sup>th</sup> Ed., McGraw-Hill Irwin.
- Dresky, H. (2007), *International Management: Managing Across Borders and Cultures*, 6<sup>th</sup> Ed., Pearson Prentice-Hall.
- Hill, Charles W.L. (2009), *Global Business Today*, 6<sup>th</sup> Ed., The McGraw-Hill.

# Assessment and grading

1. Class attendance: 5%
2. Homework + quiz: 5%
3. Group presentation: 15% (divide into groups)
4. Mid-term exam: 15%
5. Final exam: 60%



# BUSINESS IN MULTICULTURAL ENVIRONMENT

## Chapter 1 The Meanings and Dimensions of Culture

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# 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.

# 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.

# 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

# Cultural Diversity

- There are cultural differences between countries.
- Culture can affect a host of business-related activities such as managerial attitudes, managerial ideology, technology transfer, and even business government relations.
- Examples?

# Cultural Diversity

## Types of handshake

Culture	Type of Handshake
United States	Firm
Asian	Gentle (shaking hands is unfamiliar and uncomfortable for some; the exception is the Korean, who usually has a firm handshake)
British	Soft
French	Light and quick (not offered to superiors); repeated on arrival and departure
German	Brusque and firm; repeated on arrival and departure
Latin American	Moderate grasp; repeated frequently
Middle Eastern	Gentle; repeated frequently
South Africa	Light/soft; long and involved <sup>6</sup>

# Cultural Diversity

## 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, *Multi-cultural Management* (Houston: Gulf Publishing, 1993), p. 63.

# 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.

# 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'.



# 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.'

# 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).

# 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.

# 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.

# 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.

# 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.

# 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.

# 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.



# 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.

# 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.

# Gestures around the World

- Youtube video:

“The Definitions Of Hand Gestures Around The World”

Link: <https://www.youtube.com/watch?v=JCwyRn40fvk>



# 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 ?**

# Cultural Diversity Affects Managerial Approaches

## 1. 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.

# Cultural Diversity Affects Managerial Approaches

## 2. 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.

# Cultural Diversity Affects Managerial Approaches

## 3. 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.

# Cultural Diversity Affects Managerial Approaches

## 4. Informal Procedures vs. Formal Procedures:

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



# Cultural Diversity

## Affects Managerial Approaches

### 5. 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.

# Cultural Diversity Affects Managerial Approaches

## 6. Cooperation vs. Competition

- Some societies encourage cooperation between their people.
- Others encourage competition between their people.

# Cultural Diversity Affects Managerial Approaches

## 7. 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.

# Cultural Diversity Affects Managerial Approaches

## 8. 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.

# Cultural Diversity Affects Managerial Approaches

Relating Vietnam's culture following 8  
aspects above?

# Business Customs in South Africa

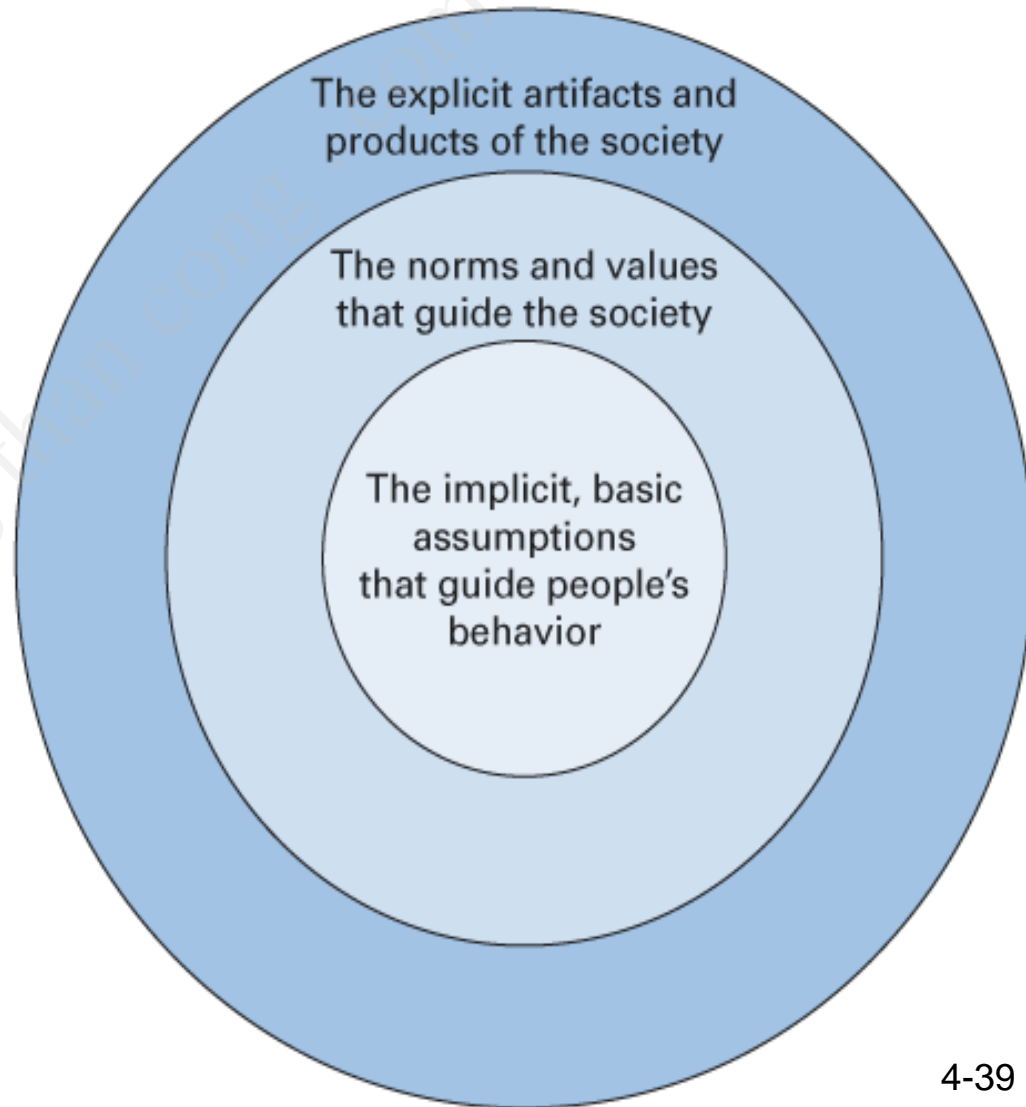
- Arrange meeting before discussing business over phone (face-to-face interactions; creating relationship; initially less business talk...).
- Make appointments as far in advance as possible (early risers so breakfast & lunch meetings are common, view of time is lax, meetings are prone to being postponed).
- 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)

# A Model of Cultural diversity

**Figure 4–1**

**A Model of Culture**

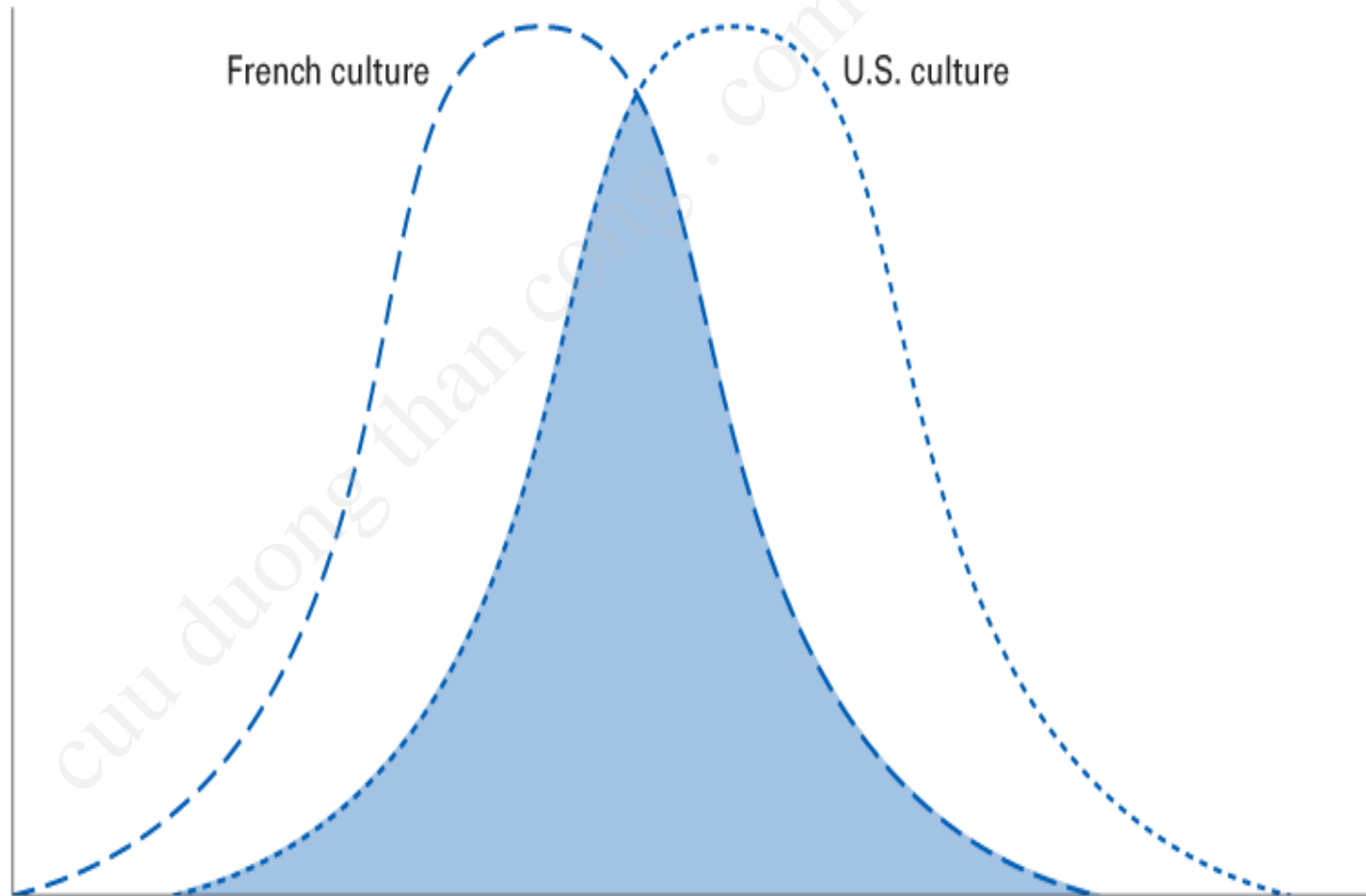
- Outer ring consists of observable things: food, language, buildings and art
- Middle ring consists of formal/informal norms and values by which people understand how to behave
- Inner ring consists of assumptions that govern behavior by which people can organize themselves in a way that improve effectiveness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



# Compare culture as a normal distribution

**Figure 4-2**

**Comparing Cultures  
as Overlapping Normal  
Distributions**



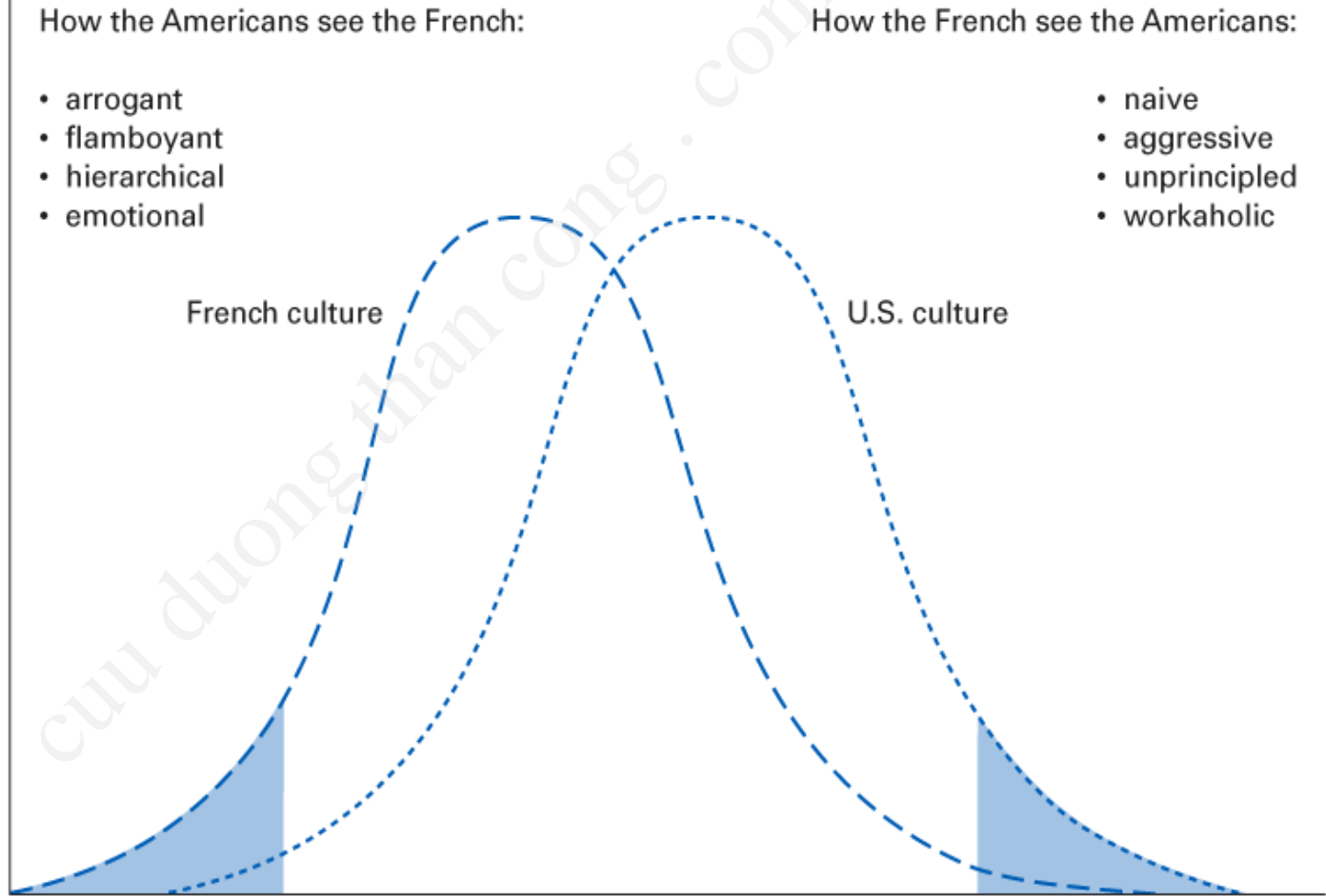
Source: Adapted from Fons Trompenaars and Charles Hampden-Turner, *Riding the Waves of Culture: Understanding Diversity in Global Business*, 2nd ed. (New York: McGraw-Hill, 1998), p. 25.



# Compare culture as a normal distribution

**Figure 4-3**

## **Stereotyping from the Cultural Extremes**



Source: Adapted from Fons Trompenaars and Charles Hampden-Turner, *Riding the Waves of Culture: Understanding Diversity in Global Business*, 2nd ed. (New York: McGraw-Hill, 1998), p. 23.

# 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
  - **Value can be different and similar across cultures.**

# Value Differences

**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

(Example of managers in US, Australia, Japan, India)

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

# In-class Discussion

## Case 2:

### Examples of value difference and similarities

# Is values changing over time?

## Value in Transition

- Personal value systems are relatively stable and do not change rapidly.
- However, changes are taking place in managerial values as a results of both culture and technology.

# Value in Transition

## Example of Japanese

1. Lifetime employment is widely accepted in Japanese culture, but the state-side Japanese managers did not believe that unconditional tenure in one organization was of major importance. They did believe, however, that job security was important.
2. Formal authority, obedience, and conformance to hierarchic position are very important in Japan, but the stateside managers did not perceive obedience and conformity to be very important and rejected the idea that one should not question a superior. However, they did support the concept of formal authority.
3. Group orientation, cooperation, conformity, and compromise are important organizational values in Japan. The stateside managers supported these values but also believed it was important to be an individual, thus maintaining a balance between a group and a personal orientation.
4. In Japan, organizational personnel often are rewarded based on seniority, not merit. Support for this value was directly influenced by the length of time the Japanese managers had been in the United States. The longer they had been there, the lower their support for this value.
5. Paternalism, often measured by a manager's involvement in both personal and off-the-job problems of subordinates, is very important in Japan. State-side Japanese managers disagreed, and this resistance was positively associated with the number of years they had been in the United States.<sup>13</sup>

# Summary lesson 1

1. What is culture? What are characteristics of culture?
2. Is culture diversified? How?
3. Do cultural differences affect International business? How? (3 ways to examine)
4. What is value in culture?
5. Examine differences and similarities of value
6. Is value changing over time?