BUSINESS IN MULTICULTURAL ENVIRONMENT

Chapter 1
The Meanings and Dimensions of Culture

Instructor: MA. Nguyen Thi Phuong Linh.

Summarize 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?
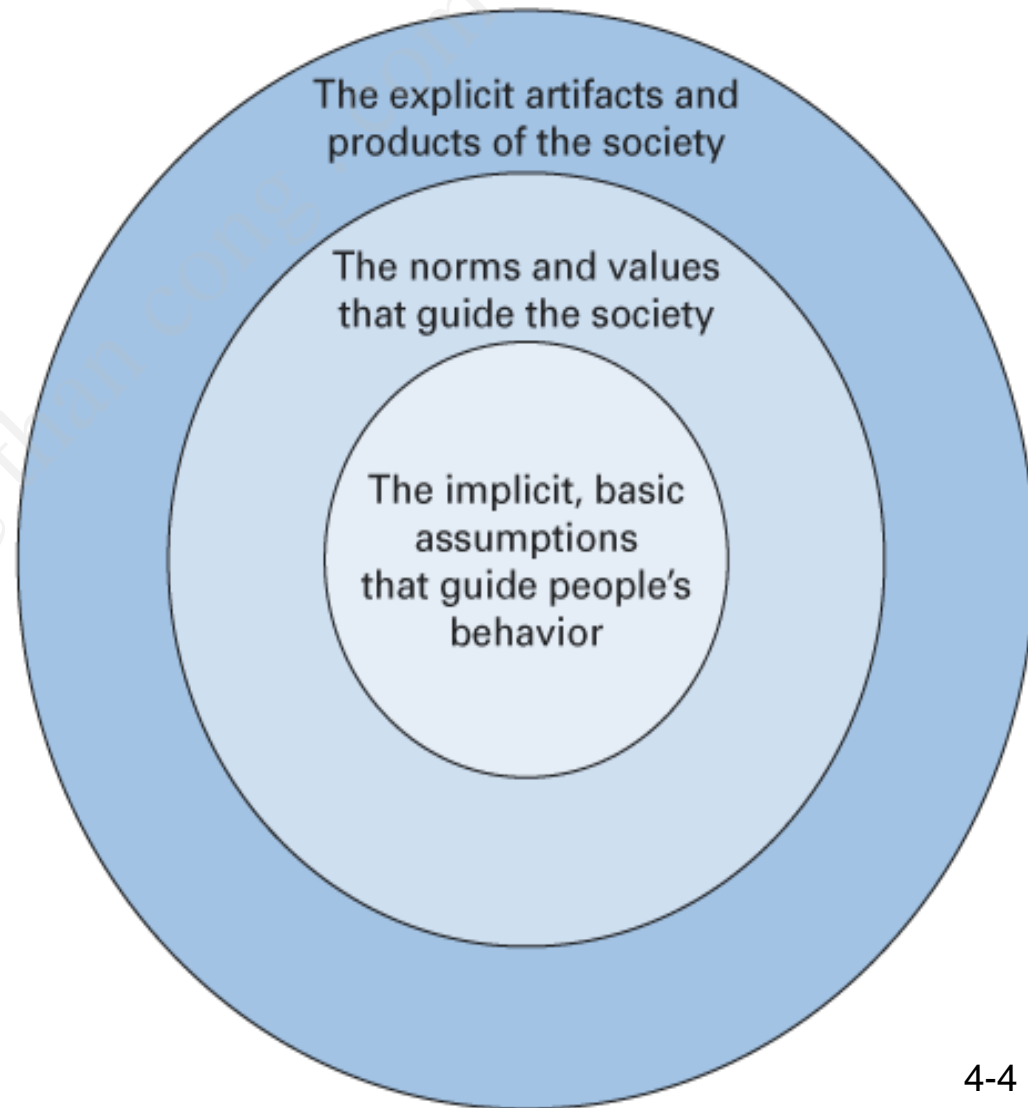
Characteristics of Culture

- *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

4-3

A Model of Cultural diversity

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.

The explicit artifacts and products of the society

The norms and values that guide the society

The implicit, basic assumptions that guide people's behavior

Compare culture as a normal distribution

Figure 4–2

Comparing Cultures as Overlapping Normal Distributions

French culture
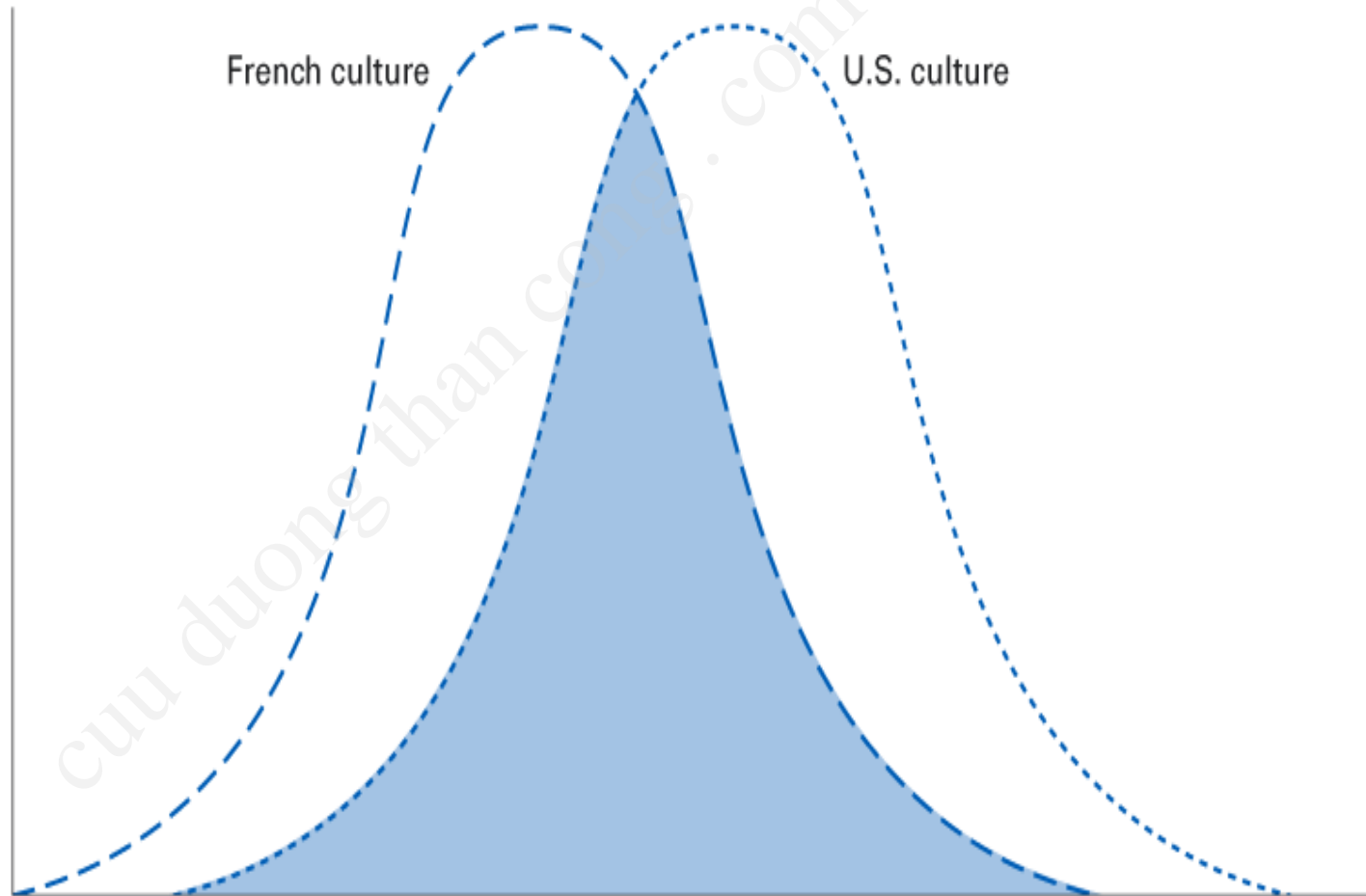
U.S. culture

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.

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**.

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Chapter 1
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Lesson Objectives

- Hofstede's model

- Trompenaars's model

- The Global Project

- Summarize today's lesson and chapter 1

Hofstede's four Cultural Dimensions

1. Power distance

2. Uncertainty avoidance

3. Individualism vs. Collectivism

4. Masculinity vs. Femininity

Hofstede's four cultural Dimension

- Gerard Hendrik (Geert) Hofstede (born 2 October 1928) is a Dutch social psychologist, former IBM employee, and Professor Emeritus of Organizational Anthropology and International Management at Maastricht University in the Netherlands,

- His most notable work has been in developing cultural dimensions theory.

Hofstede's four cultural Dimension

- Geert Hofstede identified four dimensions and later a fifth dimension
    1. Power distance
    2. Uncertainty avoidance
    3. Individualism vs. Collectivism
    4. Masculinity vs. Femininity
- The purpose of the model is to explain how and why people from various cultures behave as they do.
- His initial data were gather from two questionnaire surveys with over 116,000 respondents from over 70 different countries around the world – making it the largest organizationally based study ever conducted.

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)

4-12

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, low labor turnover (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 labor turnover, more ambitious employees (e.g., Denmark and Great Britain)

Uncertainty avoidance

Xã hội có UA yếu	Xã hội có UA mạnh
Ít người cảm thấy không hạnh phúc	Nhiều người cảm thấy không hạnh phúc
Ít lo lắng về sức khỏe và tiền bạc	Nhiều lo lắng về sức khỏe và tiền bạc
Giáo viên có thể trả lời "tôi không biết"	Giáo viên đề nghị mọi người trong lớp cùng giúp đỡ trả lời câu hỏi
Khi đi mua sắm, tìm kiếm sự thuận tiện	Khi đi mua sắm, tìm kiếm sự thuần khiết, sạch sẽ

Uncertainty avoidance

Xã hội có UA yếu	Xã hội có UA mạnh
Mua xe hơi cũ, tự sửa nhà	Mua xe hơi mới, thuê thợ sửa chữa nhà
Chấp nhận nhanh chóng các phát kiến mới như smartphone, email, internet	Có sự do dự khi chấp nhận sản phẩm mới hay kỹ thuật mới
Sự hài hước trong các đoạn quảng cáo	Sự xuất hiện của các chuyên gia trong các clip quảng cáo

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)

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)

4-17

Masculinity vs. Femininity

Xã hội nam tính	Xã hội nữ tính
Đánh giá cao giáo viên thông minh	Đánh giá cao giáo viên thân thiện
Thi rớt là thảm họa	Thi rớt là sự cố nhỏ
Lựa chọn công việc dựa trên cơ hội nghề nghiệp	Lựa chọn công việc dựa trên quan tâm nội tại.
Phụ nữ mua sắm thực phẩm, đàn ông mua xe hơi	Phụ nữ và đàn ông cùng nhau mua thực phẩm và xe
Hai người yêu nhau cần 2 chiếc xe hơi	Hai người yêu nhau cần một chiếc xe hơi
Nhiều sản phẩm cá nhân được bán	Nhiều sản phẩm cho gia đình được bán

Masculinity vs. Femininity

Xã hội nam tính	Xã hội nữ tính
Thích đọc sách phi – tiểu thuyết	Thích đọc sách tiểu thuyết
Internet sử dụng cho tìm kiếm thông tin	Internet sử dụng cho mục đích xây dựng mối quan hệ
Thích làm việc trong các công ty lớn	Thích làm việc trong công ty nhỏ
Sống để làm việc	Làm việc để sống
Thích nhiều tiền hơn thích thời gian nghỉ dưỡng	Thích nghỉ dưỡng hơn là nhiều tiền
Nghề nghiệp ổn định là bắt buộc đối với nam giới, tùy chọn với nữ giới	Nghề nghiệp ổn định là tùy chọn với cả hai giới

Integrating the Dimensions

- It is very useful in depicting what countries appear similar in values, and to what extent they differ with other country cluster.

Figure 4–5

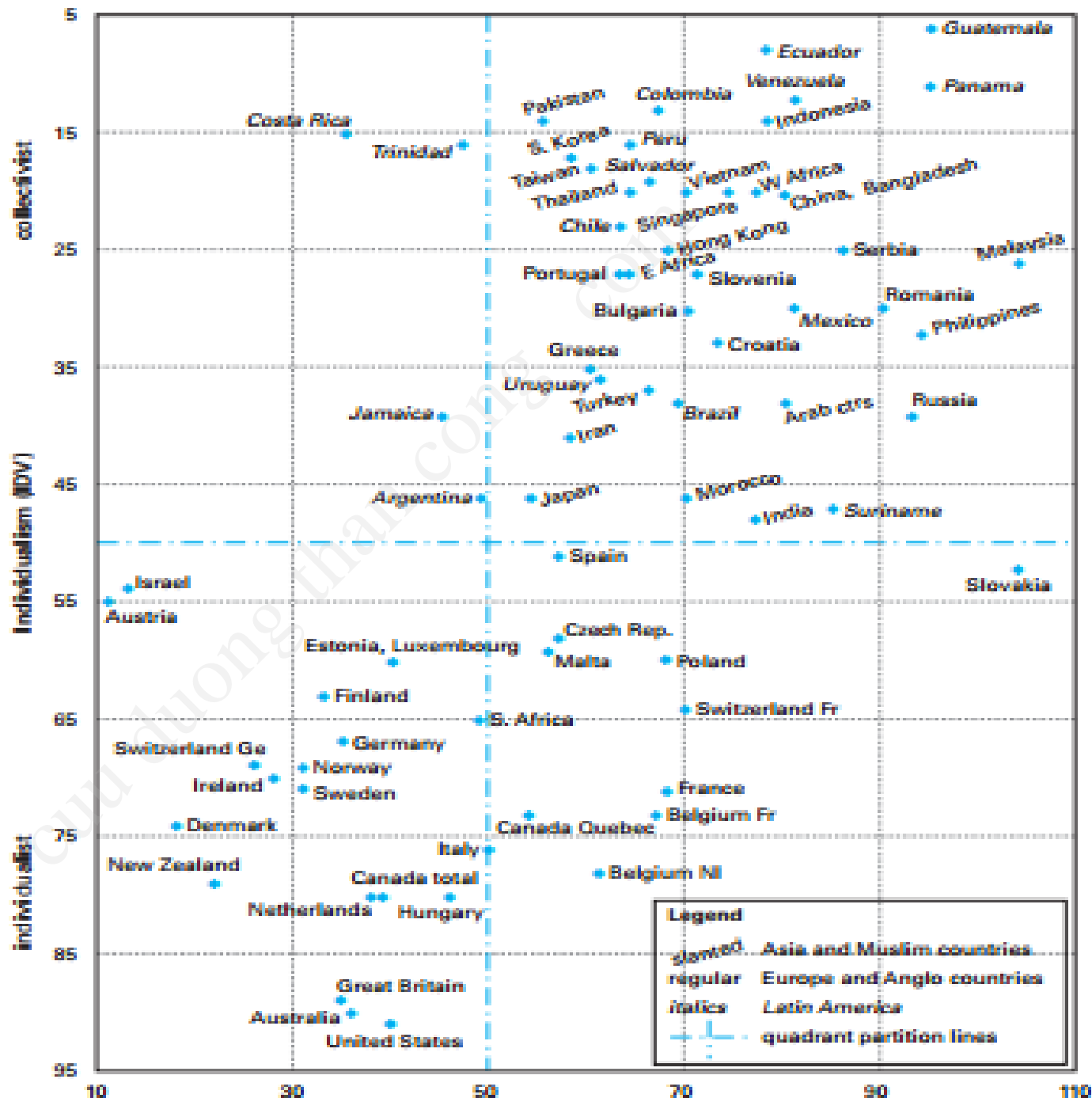**Power Distance versus Individualism**

Figure 4–6
Power Distance versus Uncertainty Avoidance
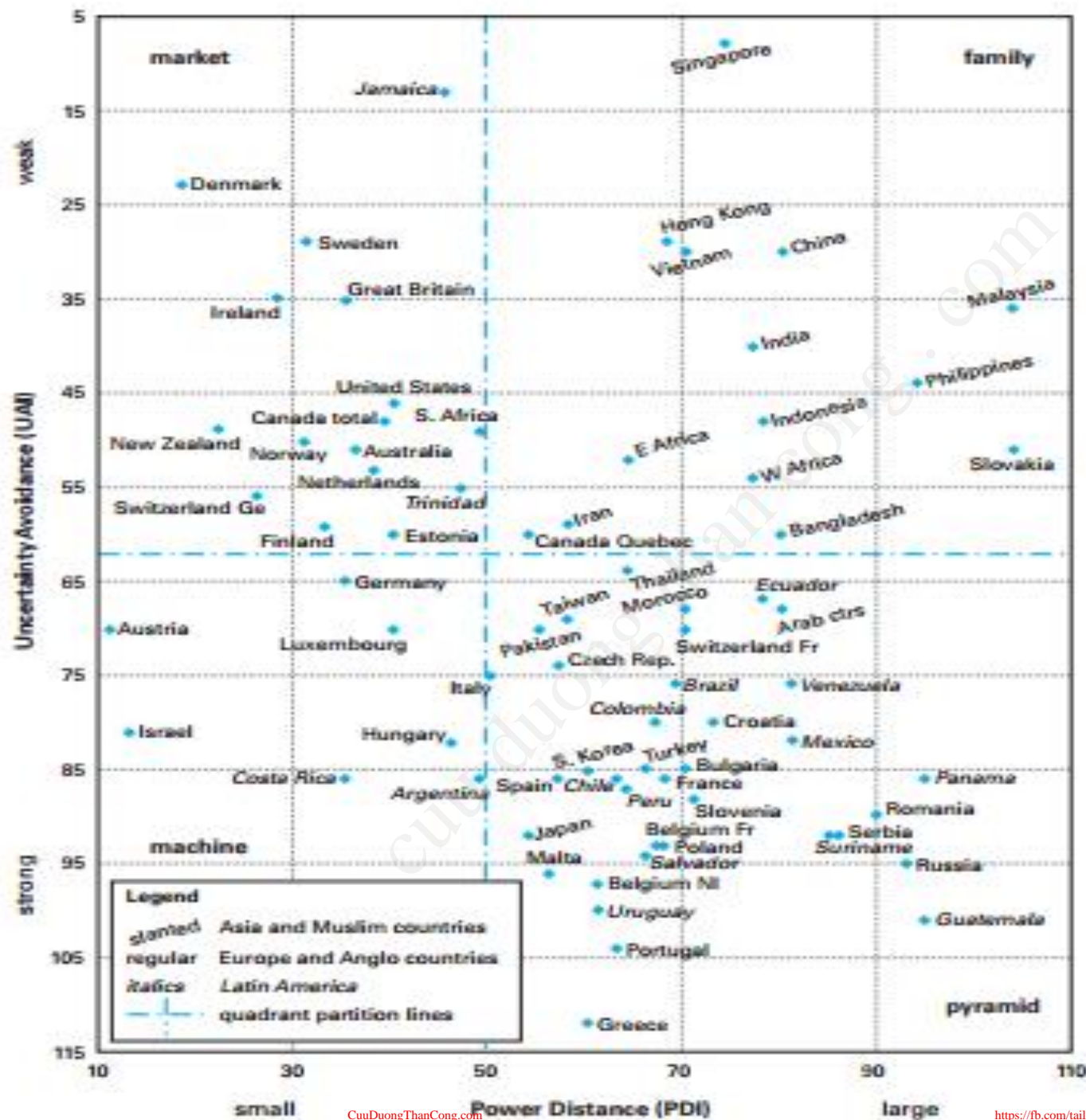
Figure 4-7

Masculinity versus Uncertainty Avoidance
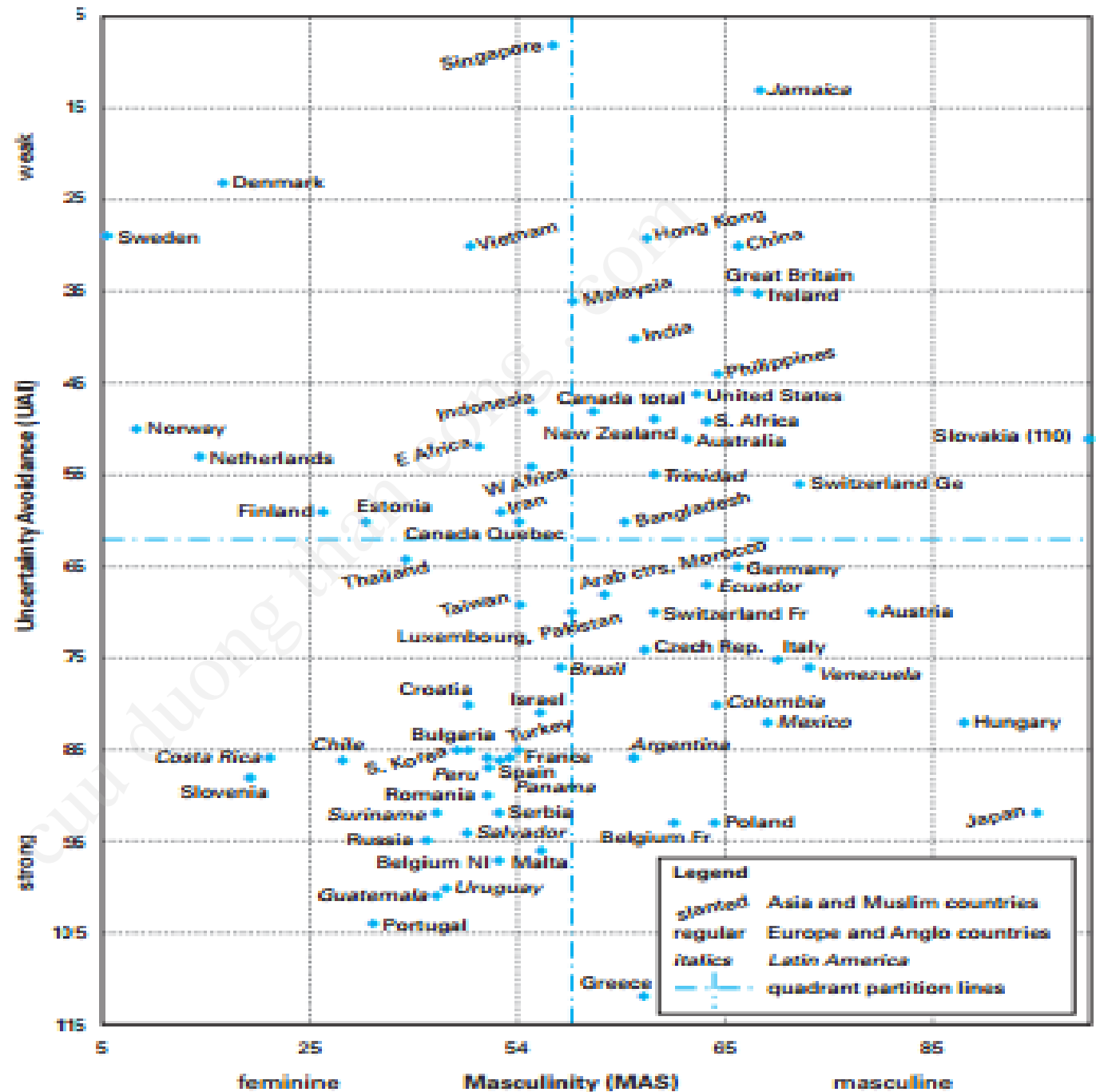
Cultural Difference between Taiwan and US.

	Taiwan	**U.S.A**
Power Distance	Medium/ high	Medium/ how
Uncertainty Avoidance	High	High
Masculinity	Medium/ low	Medium/ high
Collectivism	High	Low

Cultural Difference between Taiwan and US.

Power distance	Taiwan	U.S.A
1. Managers should make most decisions without consulting subordinates	2.79	2.54
2. It is frequently necessary for a manager to use authority and power when dealing with subordinates	3.64	3.39
3. Managers should seldom ask for the opinions of employees	2.52	2.10
4. Employees should not disagree with management decisions.	3.46	2.54
5. Managers should not delegate important tasks to employees.	2.68	2.20

Cultural Difference between Taiwan and US.

Uncertainty Avoidance

1.	It is important to have job requirements and instructions spelled out in detail so that employees always know what they are expected to do.	5.68	5.89
2.	Managers expect workers to closely follow instructions and procedures.	5.28	5.35
3.	Rules and regularities are important because they inform workers what the organization expects of them.	5.45	5.56
4.	Standard operating procedures are helpful to employees on the job.	5.35	5.48
5.	Instructions for operations are important for employees on the job.	5.61	5.55

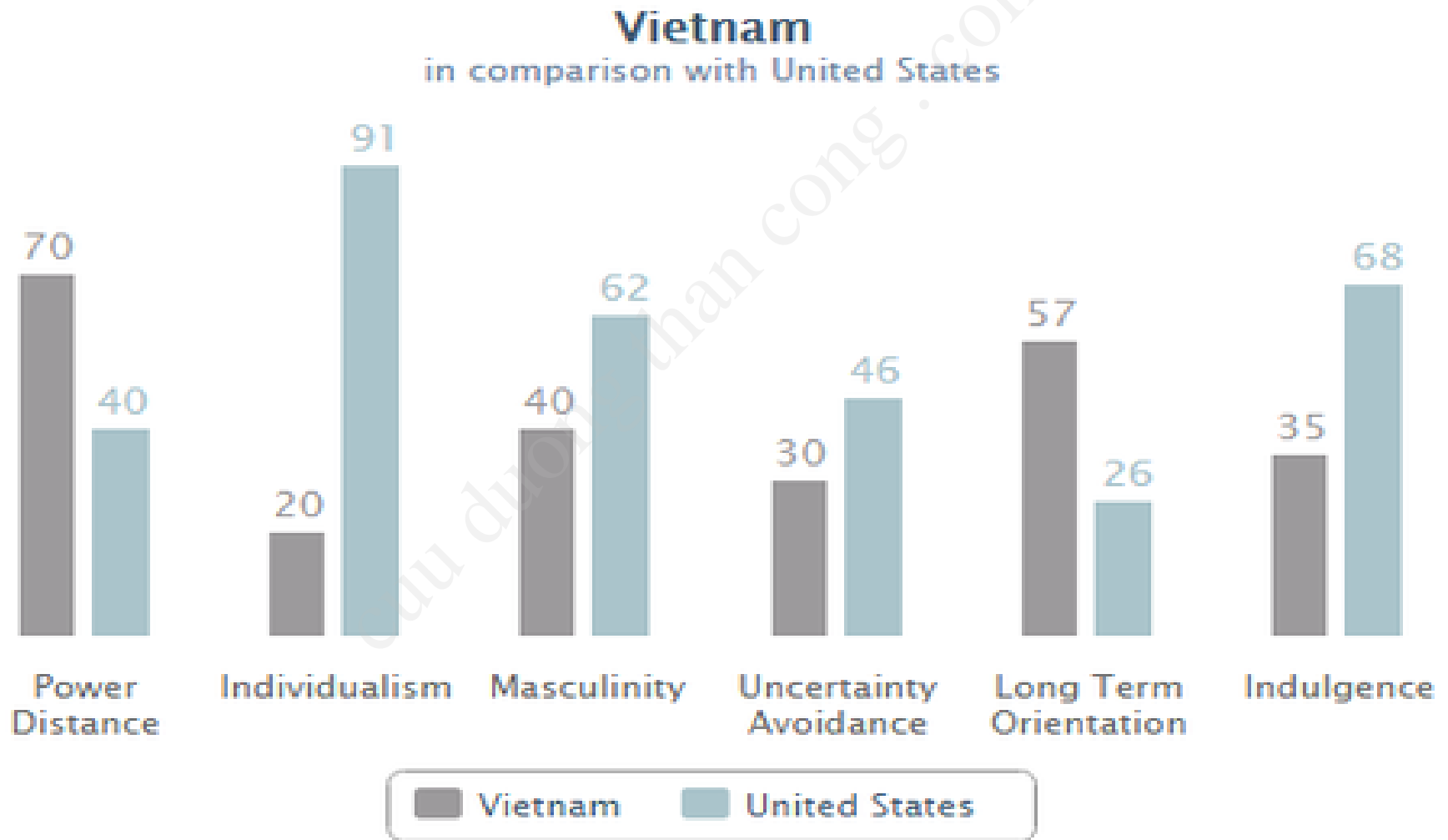# Cultural Difference between Taiwan and US.

Collectivism

1. Group welfare is more important than individual rewards.	4.54
2. Group success is more important than individual success.	4.92
3. Being accepted by the members of your workgroup is very important.	5.71
4. Employees should pursue their goals after considering the welfare of the group.	4.47

Cultural Difference between Taiwan and US.

Masculinity

1. Meetings are usually run more effectively when they are chaired by a man. — 3.44

2. It is more important for men to have a professional career than it is for women to have a professional career. — 3.69

3. Men usually solve problems with logical analysis; women usually solve problems with intuition. — 3.70

4. Solving organizational problems usually requires an active, forcible approach which is typical of men. — 3.54

5. It is preferable to have a man in a high level position rather than a woman. — 3.52

4-28

4-28

Hofstede's Cultural Dimensions

Vietnam
in comparison with United States

Power Distance: Vietnam 70, United States 40
Individualism: Vietnam 20, United States 91
Masculinity: Vietnam 40, United States 62
Uncertainty Avoidance: Vietnam 30, United States 46
Long Term Orientation: Vietnam 57, United States 26
Indulgence: Vietnam 35, United States 68

Legend: Vietnam, United States

Trompenaars' Cultural Dimensions

- Alfonsus (Fons) Trompenaars (born 1953, Amsterdam) is a Dutch organizational theorist, management consultant, and author in the field of cross-cultural communication.

- Trompenaars' model of national culture differences is a well-known framework for cross-cultural communication applied to general business and management

  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

source: thtconsulting.com

Trompenaars' Cultural Dimensions

- Trompenaars's research was conducted over a 10-year-period and published in 1994.

- He administered research questionnaires to over 15,000 managers from 28 countries and received usable responses from at least 500 in each nation

- His research result is a wealth of information helping explain how cultures differ and offering practical ways in which MNCs can do business in various countries.

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

Trompenaars' Cultural Dimensions

1. **Universalism vs. Particularism**

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

High universalism countries: the focus is more on formal rules than on relationships, business contracts are adhered to very closely, and people believe that "a deal is a deal" (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: the focus is more on the relationships and trust more than formal rules, legal contracts are often modified (e.g., China, South Korea)

4-33

Trompenaars' Cultural Dimensions
Example of Universalism and Particularism

You are riding in a car driven by a close friend. He hits a pedestrian. You know he was going at least 35 miles per hour in an area of the city where the maximum allowed speed is 20 miles per hour. There are no witnesses. His lawyer says that if you testify under oath that he was driving 20 miles per hour it may save him from serious consequences. What right has your friend to expect you to protect him?

(*a*) My friend has a definite right as a friend to expect me to testify to the lower figure.

(*b*) He has some right as a friend to expect me to testify to the lower figure.

(*c*) He has no right as a friend to expect me to testify to the lower figure.

Trompenaars' Cultural Dimensions

With a high score indicating strong universalism (choice *c*) and a low score indicating strong particularism (choice *a*), here is how the different nations scored:

Universalism (no right)

Canada	96
United States	95
Germany	90
United Kingdom	90
Netherlands	88
France	68
Japan	67
Singapore	67
Thailand	63
Hong Kong	56

Particularism (some or definite right)

China	48
South Korea	26

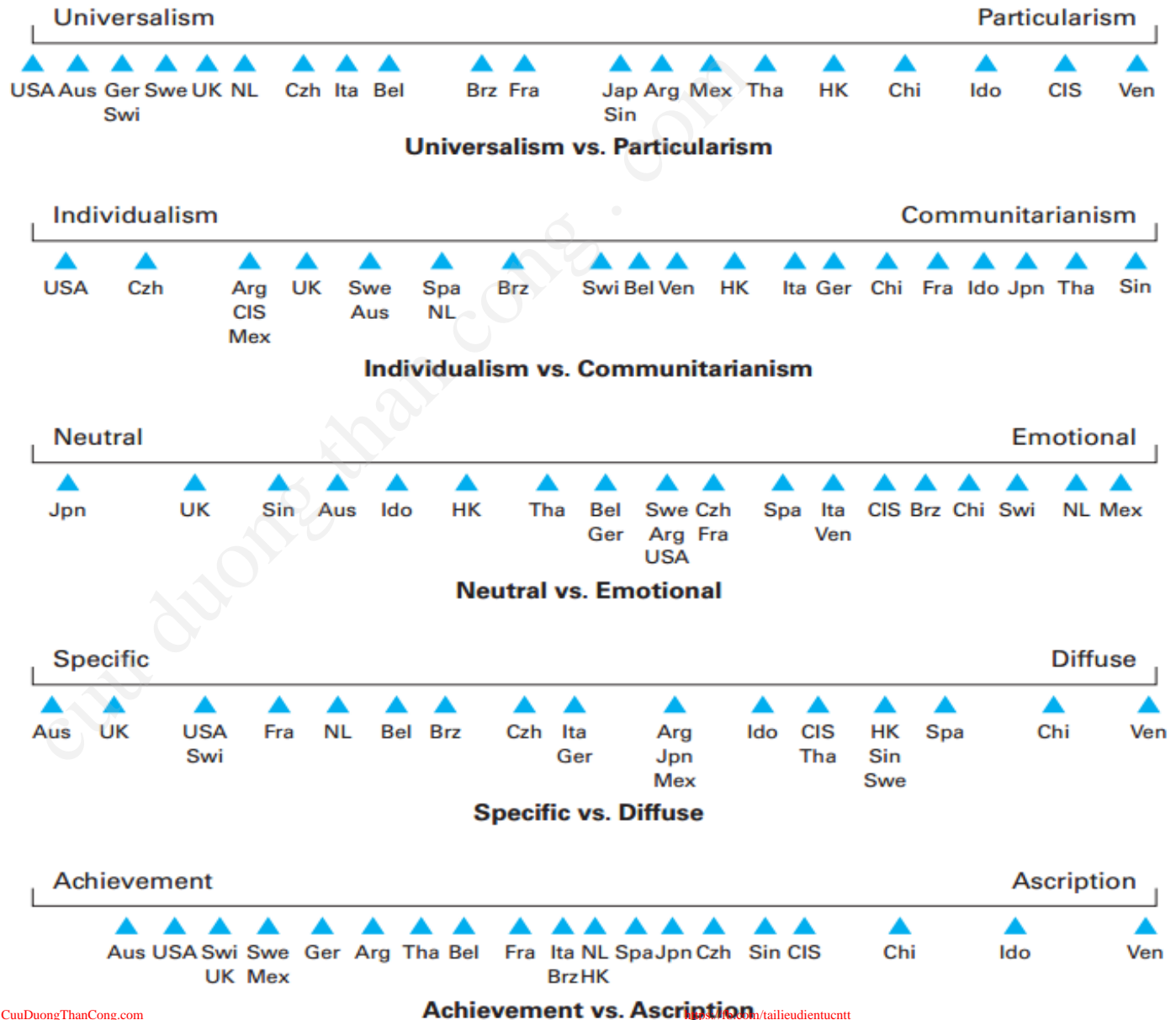# Trompenaars' Cultural Dimensions

1. Universalism vs. Particularism

→Recommendation:

- *When doing business in a universalism culture, people should be prepared for rational, professional arguments and a "let's get down to business" attitudes.*

- *When doing business in a particularism culture, people should be prepared for personal meandering or irrelevancies that seem to go nowhere.*

Trompenaars' Cultural Dimensions

Figure 4–8

Trompenaars's Relationship Orientations on Cultural Dimensions

Universalism ——————————————————————————— Particularism

USA Aus Ger Swe UK NL   Czh Ita Bel   Brz Fra   Jap Arg Mex   Tha   HK   Chi   Ido   CIS   Ven
Swi   Sin

Universalism vs. Particularism

Individualism ——————————————————————————— Communitarianism

USA   Czh   Arg UK Swe Spa Brz   Swi Bel Ven HK   Ita Ger Chi Fra Ido Jpn Tha   Sin
              CIS   Aus NL
              Mex

Individualism vs. Communitarianism

Neutral ——————————————————————————— Emotional

Jpn   UK   Sin Aus Ido   HK   Tha   Bel   Swe Czh   Spa Ita   CIS Brz Chi Swi   NL Mex
                                          Ger   Arg Fra   Ven
                                                 USA

Neutral vs. Emotional

Specific ——————————————————————————— Diffuse

Aus UK   USA   Fra NL   Bel Brz   Czh Ita   Arg   Ido CIS   HK Spa   Chi   Ven
          Swi   Ger   Jpn   Tha   Sin
                                              Mex   Swe

Specific vs. Diffuse

Achievement ——————————————————————————— Ascription

Aus USA Swi Swe Ger Arg Tha Bel   Fra Ita NL Spa Jpn Czh   Sin CIS   Chi   Ido   Ven
    UK Mex   Brz HK

Achievement vs. Ascription

Trompenaars' Cultural Dimensions

2. Individualism vs. Communitarianism

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

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

Trompenaars' Cultural Dimensions
Example of Individualism vs Communitarianism

- If you were to be promoted, which of the two following issues would you emphasize most: (a) the new group of people with whom you will be working or (b) the greater responsibility of the work you are undertaking and the higher income you will be earning? The following reports the latest scores associated with the individualism of option b— greater responsibility and more money

Individualism (emphasis on larger responsibilities and more income)

Canada	77
Thailand	71
United Kingdom	69
United States	67
Netherlands	64
France	61
Japan	61
China	54
Singapore	50
Hong Kong	47

Communitarianism (emphasis on the new group of people)

Malaysia	38
Korea	32

4-39

Trompenaars' Cultural Dimensions

2. Individualism vs. Communitarianism

→Recommendation:

- *When doing business in a communitarianism culture, people should be patience and aim to build lasting relationship.*

- *When doing business in Individualism culture, people should be prepared to emphasize a great deal of personal responsibility.*

Trompenaars' Cultural Dimensions

3. Neutral vs. Emotional

- **Neutral**: culture in which emotions not shown
  - High neutral countries: people try not to show their feeling, they 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)

Trompenaars' Cultural Dimensions

3. Neutral vs. Emotional

→Recommendation:

- *When doing business in a neutral culture, people should put as much as they can on paper and submit it to the other side. They should realize that lack of emotion does not mean a lack of interest or boredom, but rather that people from neutral culture do not like show their emotion..*

- *When doing business in emotional culture, people should try to respond calmly to the emotional affections.*

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)

Trompenaars' Cultural Dimensions

4. Specific vs. Diffuse

→Recommendation:

- *When doing business in a diffuse culture, people should respect a person's title, age, and background connections; do not get impatient when people are indirect or circuitous.*

- *When doing business in specific culture, people not use their titles or acknowledge achievements or skills that are irrelevant to the issues being discussed..*

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)

Trompenaars' Cultural Dimensions

5. Achievement vs. Ascription

- ***Recommendation:***

- *When doing business in a ascription culture, people should make sure that their group has older, senior, and formal position holders who can impress other side; respect counterpart's status and influences.*

- *When doing business in an achievement culture, people should make sure that their group has sufficient data, technical advisers and knowledgeable people to convince the other group that they are proficient.*

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*

Trompenaars' Cultural Dimensions

6. Time

→Recommendation:

- When doing business in a sequential and future-oriented cultures, people should *emphasize the opportunities, limited scope, agree to specific deadlines for getting things done*

- *When doing business in a synchronous and past or present oriented cultures, people should provide multiple task but without strict deadlines*

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)

Trompenaars' Cultural Dimensions

7. The Environment

→Recommendation:

- When doing business in a inner-directed culture, people should emphasize the criteria and results can ben achieved.

- When doing business in a outer-directed culture, people should be persistent and polite, maintain good relationships with the other party.

Trompenaars' Cultural Dimensions

One of the things he asked managers to do was choose between the following statements:

1. What happens to me is my own doing.
2. Sometimes I feel that I do not have enough control over the directions my life is taking

Managers who believe in controlling their own environment would opt for the first choice; those who believe that they are controlled by their environment and cannot do much about it would opt for the second. Here is an example by country of the sample respondents who believe that what happens to them is their own doing

- United States   89%
- Switzerland   84%
- Australia   81%
- Belgium   76%
- Indonesia   73%
- Hong Kong   69%
- Greece   63%
- Singapore   58%
- Japan   56%
- China   35%

Quiz: Analyze Japanese culture based on Trompenaars's model?

Japan	Trompenaars's cultural dimensions
Universalism vs. Particularism	Universalism
Individualism vs. Communitarianism	Communitarianism
Neutral vs. Emotional	Neutral
Specific vs. Diffuse	Diffuse
Achievement vs. Ascription	Ascription
Time: sequential vs synchronous	Both
The Environment:	Inner-directed

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.

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

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 workng 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.

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

GLOBE Analysis
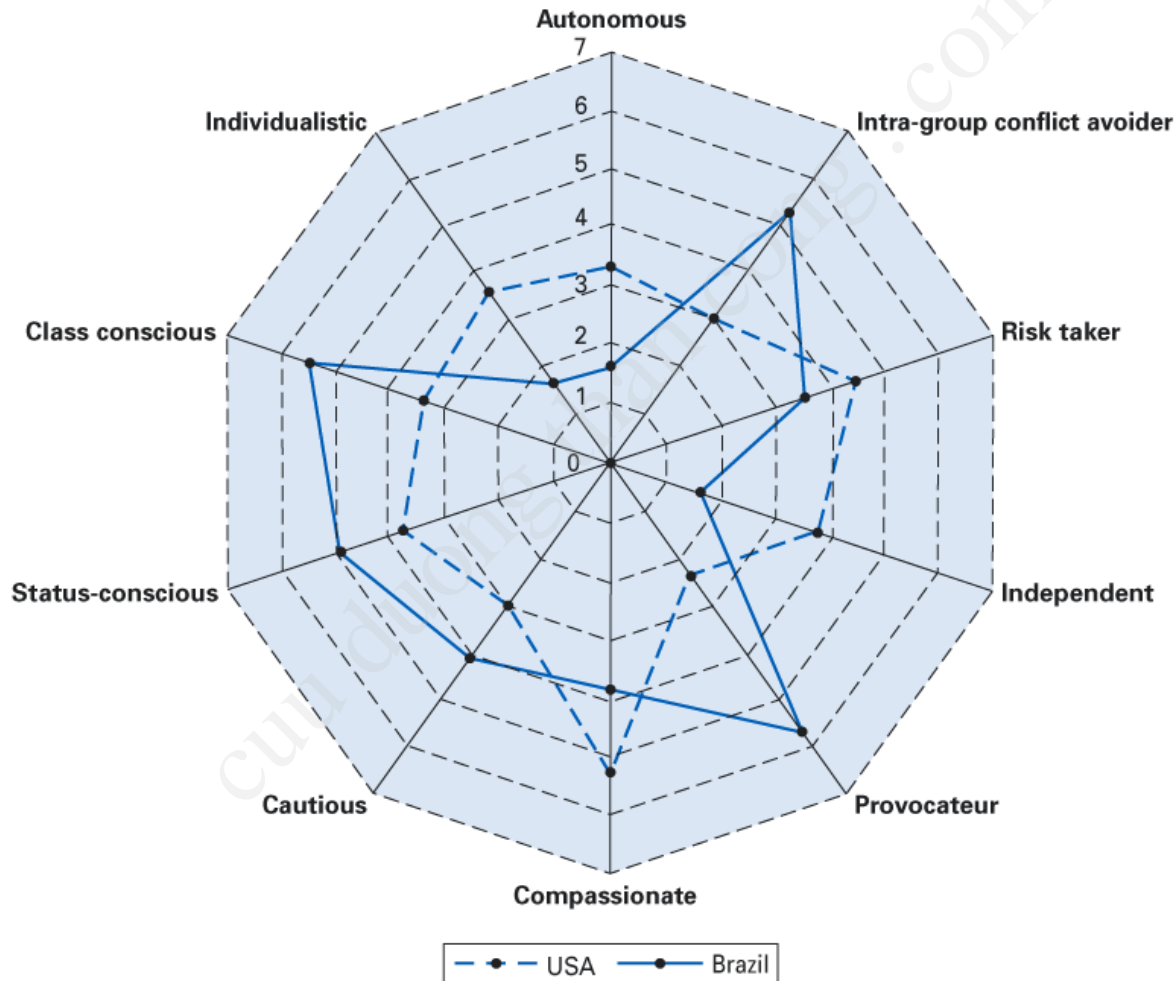
Figure 4–9

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.

Closing Case: South Africa

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.
6. Describe The global project.