Global Business: A Cultural Perspective

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*To assist global executives in better and more quickly **ADAPTING** to different cultures (avoiding culture shock), this research paper reviews a cultural orientation framework designed to do just that. Additionally, the model includes a cultural orientations indicator (COI), which is a self-reporting evaluation instrument predicated upon extensive international and transcultural training experiences, as well as international anthropological research conducted over many years. Based upon the work of noted international researchers and authors, the COI provides a useful measure of personal cultural values through a comprehensive analysis of ten major cultural orientations and sixteen related dimensions.[1]*

> *Culture is a learned, shared, compelling, interrelated set of symbols whose meanings provide a set of orientations for members of a society. These orientations, taken together, provide solutions to problems that all societies must solve if they are to remain viable.[2]*
>
> Vern Terpstra and Kenneth David
> *The Cultural Environment of International Business*

EXECUTIVE SUMMARY

Successful chief executive officers of multinational enterprises (MNEs) invariably have two overriding objectives as relates to the long-range success of their respective firms: (1) add value to stakeholders of the firm; and (2) create and maintain a competitive economic advantage. Neither is an easy task to accomplish. Given at times their conflicting natures, the two objectives taken together are even more difficult to simultaneously accomplish.

Regarding accomplishment, ask a business leader the following question. Which type of capital, financial or human (intellectual) is more crucial to the accomplishment of the aforementioned MNE long-range objectives, and he/she invariably will almost always respond that human capital is much more important. Top MNE executives all seem to agree that ultimately what sets their firms apart from other firms in the increasingly competitive global marketplace is their people—their ideas, expertise, ability to solve problems creatively, and flexibility. Further, nowhere are these attributes more important than in today's global marketplace.

Consequently, it is imperative that senior executives of MNEs, as they constantly move from subsidiary to subsidiary around the globe in quest of continued accomplishment of MNEs' overriding objectives, possess the necessary cross-cultural interpersonal skills to successfully relate to other firm personnel and be able to size-up situations quickly. Put simply, senior executives, working across cultures, must be able to earn the respect and trust of others quickly in order to acquire timely information that is valid and reliable for decision-making purposes. Thus, it is imperative that global executives readily **ADAPT** to other cultures—not **ADOPT** them.

ADAPTING TO DIFFERENT CULTURES (CULTURE SHOCK)

Cross-cultural competence is no longer a "nice" skill to have; it has become and economic necessity if MNEs are to survive and prosper. Companies continue to be quite successful in developing the technical "hardware" associated with increased globalization; e.g., computer and communications technologies, transportation methods, and flexible manufacturing systems, including plant and equipment. Unfortunately, almost to a firm, the major weakness continues to be the development of personnel at all levels within the firm that possess the required flexibility and knowledge necessary to optimize the value of capital (intellectual capital) available to the organization.

The cultural competence needed by many employees within an MNE, especially at the managerial level, is based upon four interrelated levels as set forth in EXHIBIT ONE.

<p style="text-align:center">
EXHIBIT ONE
FOUR LEVELS OF CULTURAL COMPETENCE
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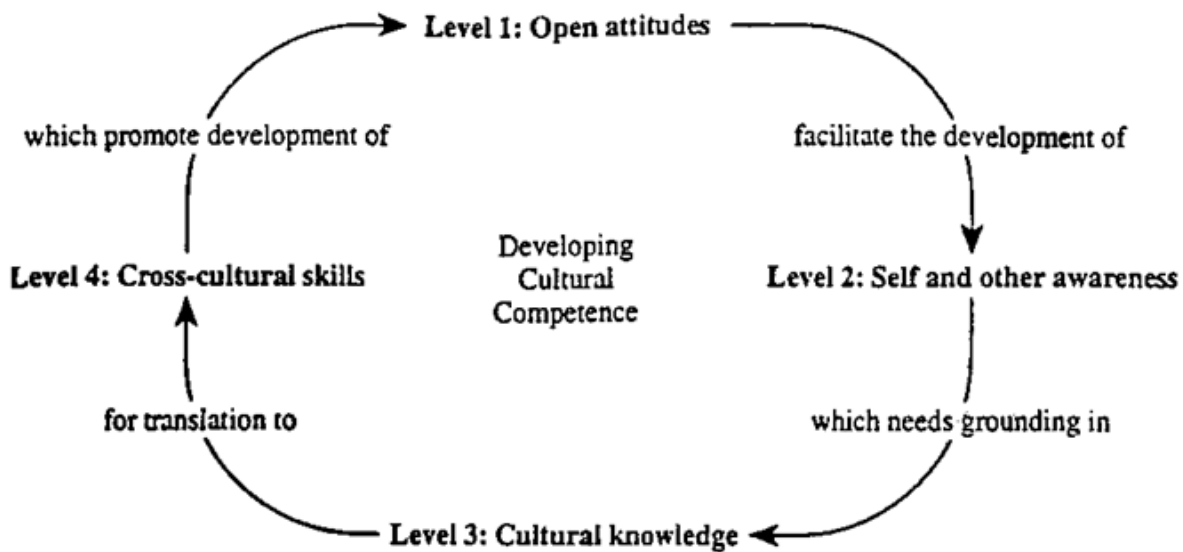
Source: Training Management Corporation (TMC), *Doing Business Internationally: The Cross Cultural Challenges, Seminar and Coursebook* (Princeton, NJ, 1992)[3]

Level 1: Open Attitudes
Objective

The primary objective is to develop the desire and acceptance by managers and key employees to participate in cross-cultural learning. Questions which key managers/employees must continuously ask themselves include the following.

- Am I open to recognizing cultural differences by not assuming that "we are all the same?"
- Am I open to examining my own cultural orientations in an honest and objective fashion and unlearning cultural habits that might be counterproductive?
- Am I open to receiving information about other cultures (information that may conflict with my existing thoughts and feelings about what is real, efficient, effective, appropriate, proper, etc.)?
- Am I open to experiencing other cultures without rushing into evaluations, becoming trapped in stereotypes, or falling into ethnocentric behaviors?
- Am I able to emphasize and see from different viewpoints while still being secure in myself, resilient, and able to act?[4]

Observation

Based upon experience, maintenance of an open attitude can be a whole lot more difficult to accomplish "under fire," given the typical everyday pressures that one tends to encounter in the real world as opposed to reading and meditating about it as part of some esoteric theoretical construct. Plainly stated, maintenance of an open attitude regarding the attainment of cross-cultural competence on a day-to-day basis can be difficult indeed, given particular facts and circumstances.

Level 2: Self and Other Awareness

Objective

One must be able to recognize key differences and similarities between one's self and others.

Self-Awareness

- What are my primary cultural orientations? How do they affect how I do business?
- How do I differ from my mainstream culture and mainstream business culture?
- How adaptable am I? How can I increase my capacity for intellectual learning?

Other-Awareness

- What are their primary cultural orientations? How do these orientations affect the way they do business?
- What is the mainstream culture and their business culture? What are the significant variations among their cultures?
- How adaptable are they? How willing are they to learn more about me and my style of working?
- What common ground exists? How can we build on our shared understanding?[5]

Observation

Several points are in order; (1) It is imperative that the "guest" in a foreign cultural first know who he/she is including the extent of one's capacity and willingness to adapt. Tolerance and flexibility are crucial. (2) It is important to understand that it is the "perception of the truth that counts, not the truth." Thus, one needs to be extremely careful not to generalize about others' cultures from "random samples of one."

Level 3: Cultural Knowledge

Objective

One should ground his/her cultural awareness in a "solid basis" of general cultural knowledge; e.g., a valid and reliable general cultural model that is applicable to all specific cultures—not just a few. Questions one might raise include the following.

- What do I need to know about all cultures? Specific cultures?
- What resources will help me find the knowledge I need, when I need it?
- How can I continue to build a practical knowledge base of cultural information that will serve me over the long-term?[6]

Observation

It is the opinion of the authors that to successfully accomplish the foregoing objective, that one's research methodology needs to be deductive as opposed to inductive. The primary reason being that it appears to be both easier and less painful to assimilate information about a specific culture as relates to one or more valid and reliable general cultural models that visa-versa.

Level 4: Cross-Cultural Skills
Objective
It is important to develop behaviors that maximize cross-cultural effectiveness. Several questions that need asking include the following.

- How do I translate my awareness and knowledge into functional skills?
- What skills will help me minimize cross-cultural conflict and maximize productivity and effectiveness?
- How can I continue to refine my skills and develop my level of cultural competence and adaptability?
- How can I use my cross-cultural skills to further enhance my openness to cross-cultural learning?[7]

Observation
It is important that one possess extremely good communication, negotiation and mediation skills including the art of listening, if one expects to maximize his/her cross-cultural effectiveness. Once again, in the "heat of battle," this can be a lot easier said than done."

Overall, it takes an open, receptive attitude, based on both an insatiable curiosity and desire to learn about others to form the foundation for developing cross-cultural competence. Interestingly enough, this same attitude tends to facilitate the development of self and other awareness. In order to be useful, however, this awareness needs to be well grounded in both knowledge and experience as relate to both general and specific cultural models. Further, that knowledge and experience must be translated into the appropriate skills required for success when one is working across cultures. Hopefully, by continually developing at all four levels of cultural competence, a manager/employee will continue to build confidence and ability to successfully integrate acceptable cultural differences into new and rewarding ways of doing business.
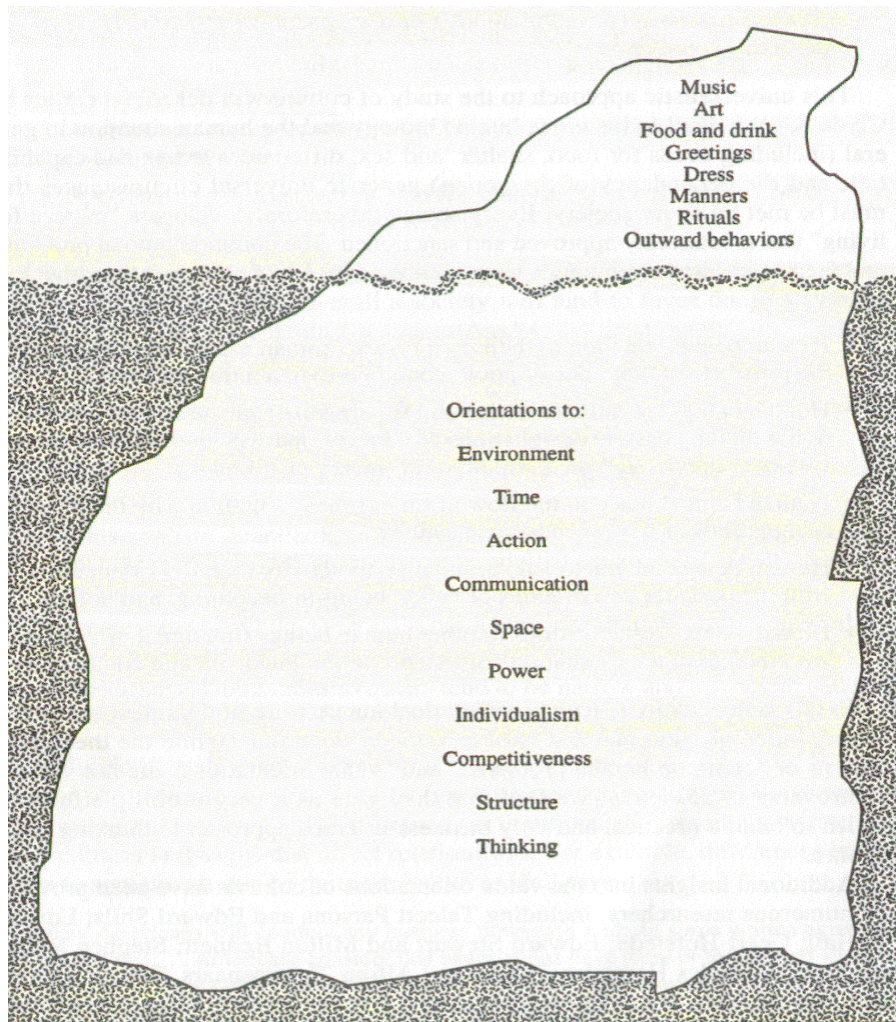
CULTURE EXPLORED: FINDING ONE'S FEET

The inability to "find our feet" is an appropriate description for the feeling of intense disorientation (culture shock) that can accompany contact with and/or submersion into a new culture. The simple question that a business person working across cultures must ask oneself time and again, as one moves from culture to culture, is the following. "What will help me find my feet in other cultures so that I can do business effectively?"

Historically, the traditional and popular answer to such a question, was found in "Dos and don'ts around the World: A Guide to Business Etiquette or Doing Business in… cookbooks," designed primarily for persons preparing to work within a specific new country or region. However, in the increasingly global marketplace, managers/employees are finding themselves being required to move quickly from place to place, culture to culture—specifically wherever they can add value quickly and efficiently. Consequently, such individuals need a general cultural model (mental model) designed to capture and assimilate data quickly in order to make valid and reliable decisions that are timely.

Culture
When one hears the word "culture," what normally comes to mind? Most people tend to think about such things as types of music, art, literature, laws, customs, rituals, gestures, dress and fashion, diet, methods of greeting and saying good-bye, etc. Certainly all of these items make up part of a specific culture, but in reality they are just the "tip of the iceberg!" (See EXHIBIT TWO.)

EXHIBIT TWO
THE ICEBERG MODEL OF CULTURE

Music
Art
Food and drink
Greetings
Dress
Manners
Rituals
Outward behaviors

Orientations to:

Environment

Time

Action

Communication

Space

Power

Individualism

Competitiveness

Structure

Thinking

Source: Training Management Corporation (TMC), *Doing Business Internationally: The Cross Cultural Challenges, Seminar and Coursebook* (Princeton, NJ, 1992)[8]

As illustrated in EXHIBIT TWO, the most powerful elements of culture are those that lie beneath the surface of everyday interaction. These are called *value orientations.* Value orientations are preferences for certain outcomes over others; e.g., private space over public space, deductive thinking over inductive thinking, and so on. These patterns of value orientations tend to be manifested in peoples' behaviors, beliefs, attitudes, and patterns of thinking. All of these are key components in our individual and national identities.

Plainly stated, culture significantly influences peoples' actions, decisions, methodologies, feelings, thoughts, shapes their experiences, their interrelationships with others, their institutions, as well as the world around them. Culture further tends to define peoples' fundamental beliefs as to how the world actually works, as well as providing them with both the form and substance with which to cope with everyday life, space, and communication.

Furthermore, is believed that these powerful, underlying (implicit) elements are the relatively static patterns of value that individuals learn as they grow and develop in their respective social groups. Even

though, we may dress similarly to another person, and possibly even speak the same language, the cultural differences "hidden below the surface," may be monumental. These differences may manifest themselves in all sorts of ways such as when one shows up late for a previously scheduled meeting, demeanor of the meeting once it starts (people coming and going, interrupting the flow of the session and creating chaos), reluctance of people in meetings to identify sources of conflict and deal with them accordingly. Thus, each society tends to have its own unique set of value orientations. However, extensive empirical research over time indicates that the cultural variables, to which the value orientations (attributes) attach, are the same across cultures.

A MODEL OF KEY CULTURAL ORIENTATIONS

The feeling of disorientation that can develop as one moves from culture to culture (culture shock) can manifest itself in many ways including feelings of depression, aggression, resentment, superiority, inferiority, curiosity, excitement, loneliness, fear, frustration, and so on. Thus, it is imperative that a businessperson find his/her "cultural feet" quickly when moving around the globe doing business. In nautical terms, one needs to be able to get his/her "navigational bearings" quickly. One way to do this, is by paying attention to a number of key features, specifically, the dominant value orientations of the culture.

A key question, however, is a value orientation towards what? Based upon the valid and reliable research findings of numerous anthropologists, psychologists, communications experts and business consultants, including their own experiences from having taught cross-cultural seminars to thousands of executives and managers throughout the world, Brake, Walker and Walker have chosen ten (10) variables and thirty-six (36) relevant orientations attaching to those variables, that have been of practical value to international business people in distinguishing between cultures and guiding key decisions. [See EXHIBIT THREE for a detailed illustration of the cultural orientations framework including the ten (10) variables and thirty-six (36) attributes.[9]

EXHIBIT THREE
CULTURAL ORIENTATIONS FRAMEWORK

The variables are listed in the circle as: 1. Environment; 2. Time; and so on. The key cultural orientations are in italics beneath each variable.

A SUMMARY OF CULTURAL ORIENTATIONS

The following summary is provided regarding the Cultural Orientations Framework set forth in EXHIBIT THREE.

Variable	Attribute	Description of Different Value Orientations for Each Variable
1. Environment	*Control:*	People can dominate their environment; it can be changed to fit human needs.
	Harmony:	People should live in harmony with the world around them.
	Constraint:	People are constrained by the world around them. Fate, luck, and change play a significant role.
2. Time	*Single-Focus:*	Concentration on one task at a time; high commitment to schedules.
	Multi-Focus:	Emphasis on multiple tasks and relation-ships rather than deadlines.
	Fixed:	Punctuality defined precisely.
	Fluid:	Punctuality defined somewhat loosely.
	Past:	High value placed on continuance of traditions.
	Present:	Short-term orientation aimed at quick results.
	Future:	Willingness to trade short-term gain for long term results.
3. Action	*Doing:*	Task centered. Stress placed on productive activity in goal accomplishment and achievement.
	Being:	Relationship-centered. Stress placed on working for the moment, experience rather than accomplishment.
4. Communication	*High context:*	Shared experience makes certain things understood without them needing to be stated explicitly. Rules for speaking and behaving are implicit in the context.
	Low context:	Exchange of facts and information is

		stressed. Information is given primarily in words, and meaning is expressed explicitly.
	Direct:	Preference for explicit one- or two-way communication, including identification, diagnosis, and management of conflict.
	Indirect:	Preference for implicit communication and conflict avoidance.
	Expressive:	Emotive and personal communication style with high degree of subjectivity. Stress on relationships.
	Instrumental:	Unemotional and impersonal communication style with high degree of objectivity. Stress on task achievement.
	Formal:	High emphasis on following protocol and social customs.
	Informal:	Stress on dispensing with ceremony and rigid protocol.
5. Space	*Private:*	Individual orientation to the use of physical space. Preference for distance between individuals.
	Public:	Group orientation to the use of physical space. Preference for close proximity.
6. Power	*Hierarchy:*	Value placed on power differences between individuals and groups.
	Equality:	Value placed on the minimization of levels of power.
7. Individualism	*Individualistic:*	The "I" predominates over the 'we." Independence is highly valued.
	Collectivist:	Individual interests are subordinate to group interests. Identity is based on the social network. Loyalty is highly valued.
	Universalistic:	Focus is placed on abstract rules before relationships. What is true, correct, and appropriate can be identified and applied to everyone. Societal obligations are emphasized.

	Particularistic:	Focus is placed on relationships before abstract rules. Weight is given to changing circumstances and personal obligations.
8. Competitiveness	*Competitive:*	Achievement, assertiveness, and material success are reinforced.
	Cooperative:	Stress is placed on the quality of life, interdependence, and relationships.
9. Structure	*Order:*	High need for predictability and rules, written and unwritten. Conflict is threatening.
	Flexibility:	Tolerance of unpredictable situations and ambiguity. Dissent is acceptable.
10. Thinking	*Inductive:*	Reasoning based on experience and experimentation.
	Deductive:	Reasoning based on theory and logic.
	Linear:	Preference for analytical thinking, which breaks problems into small chunks.
	Systemic:	Preference for holistic thinking, which focuses on the big picture and the interrelationships between components.[10]

SOME OTHER CULTURAL ISSUES

Prior to concluding, it is important that there are still other cultural issues that must be considered. These include, but are not necessarily limited to the following.

- **Cultures are clusters of related values.** In the case of the aforementioned model, the ten (10) variables and thirty-six (36) cultural orientations for the sake of presentation, are treated as if they are mutually exclusive. They are not. Culture is both fluid and extremely complex. For instance, analytical boundaries like control vs. doing orientation are not as separate and distinct as portrayed in the model. They tend to relate to each other quite closely as do a number of the other attributes. However, real life experience with the model indicates that the model continues to possess significant explanatory and predictive powers for global managers and executives working in different cultures.

- **Cultural differences tend to dictate changes in managerial style.** For instance, a participative managerial style may be successful in one culture but not another, because of different cultural mores as relate to such variables as power, individualism, competitiveness, and so on.

- **Culture is complex.** The primary cultural emphasis in this article is at the national or regional level. However, an individual's cultural profile is also influenced by many other factors; thus, each individual, to some extent, is culturally unique. The factors that affect an individual's cultural profile include such things as family, geographical region, neighborhood, education, corporate culture, religion profession, social class, gender, race, and generation. Additionally, the importance of each of these variables from time to time, tends to change dependent on the situation, facts and circumstances, etc.

- **Cultures tend to operate in dynamic equilibrium.** Core value orientations tend to change very slowly, such as accepted and expected behaviors, which are passed on from generation to generation, through such institutions as families and schools. However, the wider cultural environment including such things as, economic, political, demographic, social and technological changes are always impacting on the culture: thus, both individuals as well as entire cultures may need to adapt to change.
- **Cultural ADAPTATION is not cultural ADOPTION.** Culture is not an abstraction; it is real. It is a powerful human reality that is an integral part of what it means to be a human being in a specific place at a given point in time. People cannot escape from being cultural creatures and having favored value orientations embedded into their ways of doing and thinking.
- **It is not only important that people understand their differences with others and try to adapt accordingly; it is also important for people to recognize their boundaries.** Although it is important to attempt to pursue open lines of communication including mutual understanding, it does not follow that one should adopt the value orientations of the other person. Sometime, there are situations in which it is easy to adapt and even adopt a cultural practice of someone else that makes sense. To the contrary, there are situations in which one feels there is a line which one cannot cross. Such situations tend to represent value orientations which are closer to the core of who one is; and therefore, should not be compromised. This should also be the case with the shared values of one's company. Thus, one should spend time reflect on one's own adaptability prior to accepting an assignment in someone else's country.
- **Finally, cultural differences can add value.** Basic economics, not political correctness, is the primary reason to pay attention to cultural differences in business. Recapping what was said at the outset, successful chief executive officers of MNEs invariably have two overriding objectives as relate to the long-range success of their respective firms; (1) add value to stakeholders of the firm; and (2) create and maintain a competitive economic advantage. Neither is an easy task to accomplish. At the point where business and culture intersect, the most important criterion for selecting an approach in order to maximize an opportunity to excel (what some people like to call a problem), is not "correctness" or "superiority," but rather the synergistic process of creating added value. As for the complex issue of creating and maintaining a competitive advantage in the marketplace, culture can either facilitate or hinder the process. Thus, the probability for global success only increases to the extent cultural learning throughout an organization is enhanced. [11 and 12]

ENDNOTES

1. Terence Brake, Danielle Medina Walker and Thomas Walker, *TMC Cultural Orientations Indicator*[TM], Training Management Corporation; Available from http://www.tmcorp.com/coihtml; Internet; accessed March 1998.
2. Vern Terpstra and Kenneth David, *The Cultural Environment of International Business.* 3d ed. (Cincinnati, Ohio: South-Western Publishing Co., 1991), p.6.
3. Terrence Brake, Danielle Medina Walker and Thomas (Tim) Walker, D*oing Business Internationally: The Guide to Cross-Cultural Success,* (New York, New York: Richard D. Irwin, Inc., 1995), p. 33.
4. Ibid.
5. Ibid, p.34.
6. Ibid.
7. Ibid., p. 35.
8. Ibid., p. 37.
9. Ibid., p. 45
10. Ibid., pp. 46-47
11. Ibid., pp. 70-74
12. Ibid., http://www.tmcorp.com: Internet; accessed August, 2012