How Culture Affects your Business
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How Culture Affects your Business
1) The globalization of business,
2) Quantum advances in telecommunications and data processing,
3) The formation of global alliances,
4) The growing diversity in the domestic workforce,
5) The increasing mobility of workforce worldwide.
• Culture is the collective programming of the mind which distinguishes the members of one human group from another

• Culture is patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols

• Culture is the guider of selection of appropriate responses in social situations, social interactions, business interactions

• Culture is a learned behavior. People learn do’s & don’t as they grow up
“A system of values and norms that are shared among a group of people and that when taken together constitute a design for living.”

- Hofstede, Namenwirth and Weber
• Values: Abstract ideas/assumptions about what a group believes to be good, right and desirable

• Norms: social rules and guidelines that prescribe appropriate behavior in particular situations
Elements of culture

- Social structure
- Religion
- Language
- Education
- Economic philosophy
- Political philosophy
• **Two dimensions**
  – The extent to which society is group or individually oriented
  – Degree of stratification into castes or classes
    • Social mobility
    • Significance to business

• **Other influences**
  – Political philosophy
  – Economic philosophy
• **Spoken**
  – Verbal cues
  – Language structures
    perception of world

• **Unspoken**
  – Body language
  – Personal space
Hofstede’s cultural dimensions

• Four dimensions of culture
  – Power distance
  – Individualism versus collectivism
  – Uncertainty avoidance
  – Masculinity versus femininity
Common roots of national cultures in Europe:

1. Heritage of Greek Culture and Knowledge
2. Roots in Roman Empire
3. Christianity and its Religious Tradition
Does exist European culture???

Something similar is to find the answer on the question, if there is a meaning of life or not, and if yes, what???

It depends from individuals, what they think, because each person has its own opinion.
Impact of Culture

- **Culture affects**
  - Consumer behavior
  - Local demand
  - Buying decisions
  - Brand Image

- **Culture influences managerial styles and management decisions**

- **Culture affects the nature of business negotiations**
Importance of Culture

- Knowledge of Native culture is useful when dealing with home markets but it has little value when dealing in foreign markets.

- Culture acts as a hidden entry barrier, but it can be overcome with cultural sensitivity, hard work & quality.

- Managerial behavior is driven by his/her cultural knowledge.
• Some countries are multicultural: India, China, US, Russia. These countries have several sub-cultures.....51 nations in China!!!!

• While many are monocultural. UK, France, Germany, Columbia, Peru etc.

• Culture is the “Silent Language” in International business
  – Relationship with Time & Space
  – High Context – Low context cultures and direct, indirect behaving
  – Body language
Managers face cultural dilemmas due to differences in cultures

- Modernization versus westernization
- Individualism Vs Collectivism in decision making
- Specific Vs General
- Attitudes towards Time
- Attitudes towards Environment
Kiss, Bow, or Shake Hands!!!!

Women and religion in muslim world!!!
  • The number 7 is considered bad luck in Kenya, good luck in Czech Republic
  • Number 8 in China—always and everywhere
  • Avoid using triangular shapes in Hong Kong, Korea and Taiwan. It is considered a negative shape.
  • The number 4 means Death in Japan and China
  • Gift giving-How to choose it!!!!
• The aim of business is the same everywhere, but the way to do it varies across countries

• Global Managers must be able to handle Culture shock

• Similar business situations in different countries does not imply similar opportunities. Alcohol in muslim world,..........etc.

• Culture influences Management skills. So in a new country, its “Back-to-Basics” .... learning local culture
• Culture defines a set of acceptable & unacceptable behaviors, which forms the basis of “Way of doing Business”

• Managers learn how to do business. This process is called Enculturization and Socialization
  – How consumers behave
  – How to manage people, supplier & subordinates
  – What guides the consumer behavior

• Acceptable Behavior in business is usually acceptable behavior in society
• Global business involves cross cultural negotiations, establishing relationships with suppliers, customers, distributors & other partners
  – Know whom you are dealing with

“In some cultures, 10AM means ‘Sometime in the morning’. Actual time on the clock has little significance.”
• **When not to be culturally sensitive**
  – Global Culture: Globalization is creating a global business culture. In business it may be inappropriate to dress in a local way.
  – Cultural Sensitivity must be inline with the business model. If the product/Service offering does not meet the buyer requirement, no amount of cultural sensitivity will help
  – Cultural Sensitivity does not mean giving up one’s own culture. Successful manager will know both the cultures
Business Marketing Tasks

- Establish the global firm as a dependable supplier operating in the local market
  - Understand buyer’s position
  - People who influence the buying decision
  - Role of the supplier’s product/Service in the buyer’s business success
- This will make the local buyer treat the global supplier as a local firm.
• Culture defines “The way to do Business”

• Learn & analyze local cultures before entry
  – Do’s & don’ts
  – Identify trustworthy local agents
  – Identify danger signals
  – Know the strengths & weakness as perceived by the local culture

• Establish trust & friendships
• New Culture is an operational risk
American Society
Dignity of Individuals

Dignity of individuals
Individuals work ethic
Great individuals freedom
Respect for rules
A open and transparent society
Multi-cultural society
A society excelling in creativity and versatility
Individual decisions over consensus
A society which pursue that ideal

Japanese Society
“In the same boat” concept

Human relation oriented
Dependence on the group
Lack of individuals freedom
Low regard for rules
A close society, lacking in transparency
Mono-cultural society
An orderly and uniform society
Dependence on consensus
A society which pursue harmony with reality
## Corruption Perception Index* (Selected Countries 1997 & 1998)

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- The ranking is based on 52 countries studied
- The maximum 10 would be corrupt free country
Cross-Culture Training Methods

• Area Briefing
• Books
• Sensitivity Training
• Field Trips
• Field Experience
Thank You for your Attention