chapter 2

The Cultural Environments Facing Business

Objectives

1. To understand methods for learning about cultural environments
2. To analyze the major causes of cultural difference and change
3. To discuss behavioral factors influencing countries' business practices
4. To understand guidelines for cultural adjustment

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If you see men stroking their beards, stroke yours.

—Arab proverb

CASE

Shifting Sands of Saudi Society

Saudi Arabia (see Map 2.1), a land of contrasts and paradoxes, can be perplexing to foreign managers as they try to exercise acceptable personal and business behavior.[1] This is because of Saudi Arabia's mixture of strict religious convictions, ancient social customs, and governmental moves to modernize and grow the country economically. The result includes laws and customs—sometimes shifting with little advanced notice—that vary by industry and region as dominant forces evolve. In some ways, these laws and customs are an extreme contrast to those found in the countries whose companies dominate international business. Thus, foreign companies and their employees must determine what these differences are and how to adjust to operate successfully to them. Although we cannot cover all aspects of this adjustment process, a brief discussion of the roots of Saudi traditions and a sample of both cultural norms and foreign operating adjustments to them should help you understand the importance of culture in international business.

A LITTLE HISTORY AND BACKGROUND

Although the land encompassing the Kingdom of Saudi Arabia has a long history, until recently most inhabitants' loyalty was primarily tribal rather than national. In most times past, the land was divided and under the control of invaders. Nevertheless, the inhabitants have shared a common language (Arabic) and religion (Islam), while being the birthplace of Islam and location of its two holiest cities, Mecca and Medina. Beginning in 1745, the Wahabi movement swept across and united most of the peninsula by calling for the purification of Islam through a literal view of the Koran. King Ibn Saud (1882–1953), a descendant of Wahabi leaders, took power in 1901, merged independent areas, created an entity that was both political and religious, and legitimized his monarchy and succession by being the defender of Islamic holy areas, beliefs, and values.

The growing importance of oil revenue for Saudi Arabia, particularly since the 1970s, has led to rapid urbanization

MAP 2.1 Saudi Arabia and the Arabian Peninsula

The kingdom of Saudi Arabia comprises most of the Arabian Peninsula in Southwest Asia. The capital is Riyadh. Mecca and Medina are Islam's holiest cities. Jeddah is the most important port. All of the country's adjacent neighbors are also Arabic—that is, the people speak Arabic as a first language. All the nations on the peninsula are predominantly Islamic.

and has given the government means to offer social services such as free education. These changes have furthered its citizens' sense of a national identity and their diminished traditional ways of living. Since 1950, the rural population has decreased from over 80 percent (about half nomadic) to less than 20 percent. Cities have also modernized physically. However, below the physical surface, Saudis hold attitudes and values that are neither like the norm elsewhere nor easily discerned.

Modernization has been controversial within Saudi Arabia. On the one hand, there is a liberal group. It is supported by an elite segment that has traveled abroad, wants the trappings from economic growth, and fancies greater choices in products and lifestyles. On the other hand, there is a conservative group. It is supported by religious leaders and people fearful that modernization will upset traditional values and adherence to strict Koranic teachings. In turn, the government (the Royal Family) must balance these viewpoints, but it has been particularly careful not to overstep the acceptable boundaries of conservatives lest it become vulnerable to being replaced. For instance, it is well aware that Iran's Islamic Revolution was spearheaded in part by dissenters who viewed the Shah's modernization movements as corrupt and too secular. Additionally, in 1979, a group, largely marginalized by modernization, seized the Grand Mosque of Mecca, which brought questions about the Royal Family's ability to protect Islam's holiest site. Meanwhile, liberals have been largely pacified by taking well-paid government jobs and by slowly gaining the transformation they wish. The government has sometimes made tradeoffs to appease conflicting groups, such as requiring women to wear longer robes (women must wear *abayas* and men customarily wear *thobes*) in exchange for increasing women's education.

THE RELIGIOUS FACTOR

If your country maintains more or less strict separation between religion and the state, you will probably find the pervasiveness of religious culture in Saudi Arabia daunting. For example, religious proscriptions prohibit the sale or use of pork products and alcohol, and restaurants must ensure that customers do not bring their own black market alcohol, lest they lose their operating licenses. During the holy period of Ramadan, when people fast during the day, restaurants serve customers only in the evening. Because Muslim men are called to prayer five times per day, restaurants such as McDonald's dim their lights and close their doors during those periods. Many companies convert revenue-generating space to prayer areas. Saudi Arabian Airlines does this in the rear of its planes, and the British-retailer Harvey Nichols does this in its department store. One importer had to halt the sales of the children's game Pokémon because Saudi authorities feared it might encourage the un-Islamic practice of gambling.

However, there are regional differences. In the capital, Riyadh, women traditionally wear *garhas* that cover their faces; in the port city of Jeddah, which has more contact with foreigners and is less conservative, dress codes are more relaxed and fewer women wear them. Nevertheless, merchants routinely remove the heads and hands of mannequins and keep them properly clad to prevent public objections. Starbucks franchises altered the company logo and Coty Beauty its point-of-purchase exhibits in order not to display women's faces.

Rules of behavior may also be hard to comprehend because of the ways in which religious and legal rules have been adapted to contemporary situations. Islamic law, for instance, forbids charging interest and selling accident insurance (strict doctrine holds there are no accidents, only preordained acts of God). In the case of mortgages, the Saudi government gets around this proscription by offering interest-free loans. As for accident insurance, the government has simply eliminated the prohibition because Saudi businesses, like businesses elsewhere, need the coverage.

Nor are expected behaviors necessarily the same for locals and foreigners. Non-Muslim foreign women are not required to wear head scarves, although religious patrols may admonish them for not doing so. Saudi Arabian Airlines disallows Saudi women from working as flight attendants (being in direct contact with men might tempt promiscuous behavior), but it allows women from other Arab nations to do so. In addition, there are compounds inhabited largely by Americans and Europeans, who have come to Saudi Arabia to work in specialized positions for which there are insufficient numbers of Saudis to fill them. To attract these outsiders, Saudi Arabia allows compound dress and most behaviors to emulate what the residents were accustomed to back home (alcohol, pornography, and drugs are still prohibited). However, in an example of a reverse dress code, some compounds prohibit residents and their visitors from wearing *abayas* and *thobes* in public areas.

TRADITIONAL FACTORS

Some of Saudi Arabian traditions are probably the outgrowth of a tribal and nomadic past. For instance, an oft-quoted saying, "Me against my brother, my brothers and me against my cousins, then my cousins and me against strangers," illustrates a family-centered society where trust of others is highly correlated with the degree of familiarity with them.

Given the trust factor, most Saudi businesses have historically been family owned and operated. They prefer to hire family members or people they know well, even though they could hire others who are better qualified. However, these companies have seen the need to partner with foreign companies to gain expertise. Yet, the process of partnering is usually lengthy because Saudis take time to know the foreigners well and because they are reluctant to make full financial disclosures outside the family. Saudis generally prefer to get to know you well, perhaps inviting you into their homes and developing a certain level of friendship, before ever turning to business details.

This process of getting to know someone with whom to do business is illustrated by the example of a British publisher, which dispatched two salesmen to Saudi Arabia. Because of being paid on commission, they moved aggressively, figuring they could make the same number of calls—and sales—per day as they made in Britain. Back home, they were used to punctual schedules, the undivided attention of potential clients, and conversations devoted only to business transactions. To them, time was money. In Saudi Arabia, however, they soon found that appointments seldom began on time and usually took place at local cafés over casual cups of coffee. As far as they were concerned, Saudis spent too much time in idle chitchat, and to make matters worse, they would turn their attention to personal acquaintances rather than continuing with business. Eventually, both salesmen began showing their irritation. Before long, their Saudi counterparts came to regard them as rude and impatient, and their employer had to recall them.

Saudis' preference to deal with people they know has led to a system known as *wasta*, that roughly translates into English as "connections." Thus, who one knows helps a great deal in almost everything, such as moving a résumé to the top of a pile, gaining approval of a zoning request, getting a passport, and obtaining a visa to bring in a visitor from headquarters.

Gender Roles

Perhaps the most baffling aspect of Saudi culture to many outsiders is the expected role of people by gender. Based largely on a Koranic prescription whereby daughters receive only half the inheritance that sons receive, females are placed in a separate and often subservient position. Their role has been to be virtuous, marry young, and have offspring. In turn, males are responsible to be protectors of females and breadwinners for the family. Not only is female virtue required, but also the appearance of it. Because of family importance, a negative perception of one member reflects on all. These beliefs have led to a number of practices, e.g., women cannot obtain driver's licenses, travel abroad without permission of a male relative, and study abroad without a male relative escort. (In 2011 a group of women drove autos in protest, with little intimidation. Further, women were granted future rights to vote and hold political offices.) Basically, non-kin males and females may interact personally only in "open areas," or in "closed areas" when females are accompanied by a male relative. However, applying this restriction may seem a bit confusing to outsiders. For instance, restaurants are considered closed areas, and proprietors must maintain separate dining rooms and entrances for men without female companions. However, the food malls at most shopping centers are considered open areas where members of both sexes intermingle.

A 2008 royal decree lifted a ban on mixing men and women in the workplace, but the situation is complex. Male and female employees within the public sector work in separate buildings. When they must meet together, they do so within meeting rooms in the Governor's office, in which males and females must use separate entrances. However, within the private sector, males and females may work together, but there are other limitations.

Although there are now more female than male university graduates in Saudi Arabia, only about 7 percent of the workforce is female. Why? The answer is partially cultural. Some women prefer traditional family roles. Some find driving restrictions to be too much of a hassle. Finally, some families prohibit women members from working because of family honor, i.e., "What will people think?"

Economic factors blend with cultural ones as well. Companies must incur the cost of providing separate entrances and toilet facilities for males and females. But once in, the genders do interact, especially in multinational companies. For example, Unilever's female brand managers, who as long they adhere to dress codes, interact with male colleagues and meet with male personnel from other companies. However, female employees are limited in traveling abroad on company business because they need permission from male relatives. Some multinationals ease this problem by paying the travel costs for a male relative to accompany a female employee abroad.

At one time, visas for single women to enter Saudi Arabia were nearly unobtainable. However, the Saudi Arabian General Investment Authority (SAGIA) has successfully attracted investments by MNEs that need visas to send female executives to Saudi Arabia for short- and long-term assignments. While these visas are not given automatically, they can be obtained—more easily for women over 40, but also possible for younger women, especially with the use of *wasta*. For instance, the U.S. consulting company, Monitor Group, brought in American women in their twenties, and L'Oreal has sent its female human resources manager to Saudi Arabia.

The restrictions on gender interactions also lead to other adjustments. For instance, four young Saudis who had lived and studied abroad researched the market potential for opening an up-scale restaurant (the Java Lounge) in Jeddah. Ordinarily, such research can be difficult in Saudi Arabia because limitations on male-female interactions restrain family-focused interviews. In this case, researchers interviewed families who appeared to be affluent by approaching them in restaurants. They deduced who was affluent by noting how they comported themselves, whether they wore custom-made versus off-the-rack robes, the quality of wristwatches showing beneath long sleeves, and the care with which men kept their beards. These were all indicators that people from outside the society would probably overlook.

At upscale U.S.- and U.K.-based department stores like Saks Fifth Avenue and Harvey Nichols, mixed shopping is allowed only on the lower floors. There, all salespeople are men (even those specializing in such products as cosmetics and lingerie), and there are no changing rooms or places to try cosmetics. Meanwhile, the upper floors are for women only, and female shoppers can check their *abayas* and shop in jeans or whatever they choose. (Meanwhile, males who drove the women can relax in space that the stores have put aside for them.) One problem: Because male managers can visit these floors only when a store is closed, they are limited in their ability to observe operations.

CULTURAL DYNAMICS

Almost all aspects of culture evolve, and Saudi Arabia is no exception. Take the case of women in the workplace. In terms of preparation, the first public school for girls did not open until 1960, and the government had to provide troops in one city because of protests that the schooling would negatively affect girls' religion, social values, and norms. Since then, there has been a gradual increase in years of study and curriculum offered for females. Economic need has spurred both changes in education and the use of education within the workforce. At the same time, critics have had to be persuaded that changes are compatible with women's role. For example, one of the first acceptances of working women (and alongside men) was in the medical field because of the shortage of doctors, the high cost of separate male and female specialists, and the compatibility of healing with women's role as nurturers.

Within the conservative-liberal struggle, a 2003 incident (religious police prevented male firefighters from rescuing girls in a school fire because they were without *abayas* and head coverings) shifted more public opinion toward liberal views and provided the government the authority to reduce religious authorities' power. In addition, Saudi opinion and policy has been to reduce the heavy dependence on and cost of foreign workers. Thus, the Saudi government pays for foreign university education of its citizens. At the same time, there has been growing recognition that much female talent is being underutilized.

There has been much change in the Saudi business world. For instance, as of this writing, women own about 20 percent of all Saudi businesses (most of which must have a male manager and sell only to female customers), and the CEO of one of the country's largest concerns, the Olayan Financing Company, is a woman. Further changes are particularly apparent in the book *Leaders of Saudi Arabia*, which highlights the backgrounds and philosophies of 140 Saudi leaders, both male and female. Three things will likely increase Saudi female workforce participation: (1) increase in inward foreign investment, (2) increase in women studying abroad, and (3) women's psychological drive to prove themselves. Bear in mind, however, that changes tend to be uneven, particularly differing among geographic areas of the country and among people of certain income and educational levels.

CRN Case Review Note

Introduction

Concept Check

In Chapter 1, we explained that behavioral factors, values, attitudes, and beliefs can be studied as keys both to cultural conditions and to ways of developing suitable business practices.

Our opening case illustrates companies' need to understand and be sensitive to ever-changing operating environments. Figure 2.1 shows how **culture**—learned norms based on the values, attitudes, and beliefs of a group of people—is an integral part of a nation's operating environment. Culture is sometimes an elusive topic to study. Why? Because people belong to different groups, based on nationality, ethnicity, religion, gender, work organization, profession, age, political party membership, and income level, and each group comprises a culture. In this chapter, we emphasize the nature of *national cultures;* we also discuss other cultural memberships, especially as they differ from country to country.

THE PEOPLE FACTOR

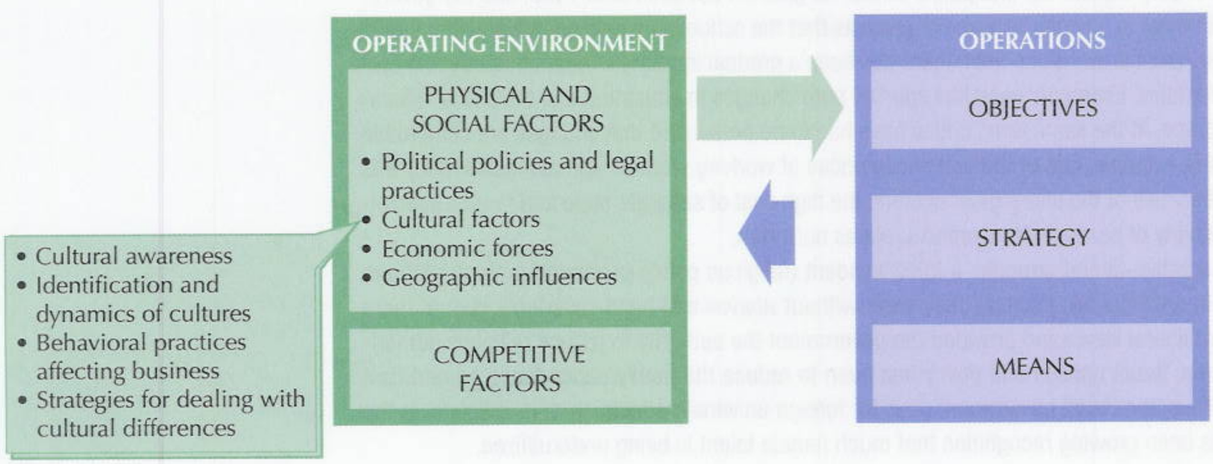
Concept Check

Keep in mind our definition of *international business* in Chapter 1, where we stress that it involves "all commercial transactions"—sales, investments, transportation, and so forth.

Business involves *people*. Every business employs, sells to, buys from, and is owned and regulated by people. International business, of course, involves people from different national cultures. Every business function, therefore—managing a workforce, marketing and transporting output, purchasing supplies, dealing with regulators, securing funds—is subject to potential cultural differences.

Cultural Diversity Chapter 1 explained that companies become international to create value for their organizations, and a means to this end is acquiring foreign assets, including knowledge-based resources. Another means of gaining global competitive

FIGURE 2.1 Cultural Factors Affecting International Business Operations



advantage is fostering cultural diversity. By bringing together people of diverse backgrounds, perspectives, and experience, companies often gain a deeper knowledge of products and services and how to create and deliver them. At companies like PepsiCo and IBM, executives report that much of their recent growth has been a result of greater workforce diversity.[2] However, as we shall see, bringing all these people together is difficult.

Cultural Collision **Cultural collision** occurs when divergent cultures come in contact. In international business, the major problems of *cultural collision* arise under two conditions:

- When a company implements practices that are less effective than intended
- When a company's employees encounter distress because of difficulty in accepting or adjusting to foreign behaviors

Sensitivity and Adjustment A firm doing business in another country must determine which of that nation's business practices differ from its own and then decide what adjustments, if any, are necessary for operating efficiently. In this chapter, we first examine *cultural awareness*, especially the need for building it, and discuss the causes of cultural differences, rigidities, and changes. Next, we describe the major behavioral factors that affect the conduct of international business. Finally, we take a look at the reasons why some businesses—and some individuals—do or don't adjust to other cultures.

Cultural Awareness

Most cultural variables—daily routines and rules, codes of social relations, language, emotive expression, concepts of luck—are universal. The forms of these variables, however, differ among cultures, and not everyone responds to them in the same way. Every culture, for instance, features some form of dance, but types of and participation in dancing vary among and even within cultures.[3]

Almost everyone agrees that national cultures differ, but they disagree on what the differences are.

There is no foolproof method for building cultural awareness.[4] Travelers remark on cultural differences, experts write about them, and international businesspeople see how they affect operations. Even so, people tend to disagree on just what they are, whether they're widespread or limited, and whether they're deep-seated or superficial. Nor is it easy to isolate culture from such factors as economic and political conditions. A survey measuring people's entrepreneurial attitudes, for example, could be influenced by economic conditions along with basic risk-taking values. China's changing preference for male versus female offspring offers an example of how cultural and economic factors interplay. Under the country's one-child policy, millions of female fetuses have been aborted, while infanticide and adoption of female babies has been widespread. Why? This has been a combination of males' carrying on a family name (cultural), helping to work fields in rural areas (economic), and caring for parents in old age (cultural and economic). Recently, however, there has been a shift toward preference for female offspring. Why? Urbanization requires fewer male workers on farms (economic). Further, rising property values (economic) have created hardships on families' tradition (cultural) of buying living quarters for sons before they can marry.[5]

Problem areas that can hinder managers' cultural awareness are

- Subconscious reactions to circumstances.
- The assumption that all societal subgroups are similar.

Some cultural differences, such as acceptable attire, are fairly obvious; others aren't. And people in every culture often react to given situations by expecting the same responses they would likely get in their own cultures. In our opening case, PRI's British sales reps expected their potential Saudi customers to be punctual and to give them their undivided attention. In fact, the reps' compensation system discouraged them from spending much time on each business transaction. The Saudis, meanwhile, had no compulsion to wrap things up, regarded time spent in a café as worthwhile, and considered small talk a good way to identify good business partners. They regarded business dealings as less urgent than conversing with friends.

CRN
Case Review Note

Concept Check

We stress in Chapter 1 that understanding cultural values, attitudes, and beliefs is often crucial in deciding when and how to alter operations in foreign countries.

A LITTLE LEARNING GOES A LONG WAY

Some people seem to have an innate ability to say and do the right thing at the right time, while others offend unintentionally or seem ignorant. Experts agree, however, that businesspeople can learn to improve awareness and sensitivity and, by educating themselves, enhance the likelihood of succeeding abroad. Gathering some basic research on another culture can be instructive. However, managers must assess information to determine if it perpetuates unwarranted stereotypes, covers only limited facets of a country and its culture, or is obsolete. They should also observe the behavior of those people who have garnered the kind of respect and confidence they themselves will need.

Of course, cultural variations are so numerous that managers cannot memorize everything. Just consider how many different ways there are to address people. Should you use a given name or a surname? Does a surname come before or after a given name? Do people take a parent's name as a surname? If so, is it taken from a parent's first or last name? If so, is it from one or both parents? Does a wife take her husband's name? What titles are appropriate for different professions? Moreover, many languages have pronouns and verb forms (familiar and polite) that reflect status and how well people know each other. These can even vary among countries using the same language. Mistakes that may seem humorous can also be perceived as the result of ignorance or rudeness, thus jeopardizing a business deal. Fortunately, there are country guidebooks based on people's experiences, including those by international managers. You can also consult with knowledgeable people at home and abroad, whether in a governmental or private capacity.

There is another side to the cultural coin: Too often when we can't explain some difference—say, why the Irish consume more cold cereal than the Spanish do—we tend to attribute it to culture without trying to understand it. (Perhaps the difference is simply that cereal companies have marketed more in Ireland.) Fortunately, we now have access to many recent studies on cross-cultural attitudes and practices that concern businesspeople.[6] Nevertheless, many attitudes, practices, and cultures remain unstudied.

Before reporting major research findings throughout this chapter, we should emphasize a few common shortcomings:

1. Comparing countries by what people say can be risky. For one thing, responses may be colored by the culture you're trying to understand. Some groups of people, for example, may be happiest when they're complaining, or they respond with what they think you want to hear.
2. When researchers are focused on national differences in terms of *averages*, they may overlook specific variations within countries and believe in unrealistic stereotypes. (The average Scandinavian may be uncomfortable with bargaining, but it could be a grave mistake to assume that an Ikea [Swedish] buyer doesn't expect to bargain on prices.[7]) And, of course, personality differences make some people outliers in their own cultures, with no certainty that they'll eventually integrate and conform to cultural norms.[8] (You may score yourself on some common cultural comparison tests—ethnocentrism, individualism versus collectivism, and power distance—to see how you compare with your national norm.[9])
3. Because cultures evolve, behavior reflecting "current" attitudes may well change in the future. Our opening case, for instance, details some changing Saudi attitudes toward women.

The Idea of a "Nation": Delineating Cultures

We begin here by showing why the idea of a "nation" is a useful but imperfect cultural reference when talking about international business. Afterward, we explain why cultures develop and change and discuss how language and religion influence culture.

THE NATION AS A POINT OF REFERENCE

The idea of a *nation* provides a workable definition of a *culture* because the basic similarity among people is often both the cause and effect of national boundaries. Laws governing business operations also apply largely along national lines. Within its borders, a nation's people chiefly share such essential attributes as values, language, and race. The feeling of "we" casts foreigners as "they." National identity is perpetuated through rites and symbols—flags, parades, rallies—and the preservation of national sites, documents, monuments, and museums promotes a common perception of "we."

The nation is a useful definition of society because

- Similarity among people is a cause and an effect of national boundaries.
- Laws apply largely along national lines.

The Nation as Cultural Mediator Obviously, the existence of shared attributes doesn't mean everyone in a country is alike, or that each country is unique in all respects. Nations usually include various subcultures, ethnic groups, races, and classes. However, a national culture must be flexible enough to accommodate such a mixture. In fact, a nation legitimizes itself by mediating its diversity;[10] those that fail to do so often dissolve. Yet a nation's shared and mediated characteristics constitute its national identity and affect the practices of any company that does business under its jurisdiction.

Managers find country-by-country analysis difficult because

- Subcultures exist within nations.
- Similarities link groups from different countries.

Nevertheless, certain cultural attributes can link groups from different nations more closely than groups in a given nation. People in urban areas differ in certain attitudes from people in rural areas. Managers have different work attitudes than do production workers; thus, Country A managers may hold work values closer to those of Country B managers than to those of Country A production workers. As a consequence, when international businesspeople compare nations, they must be careful to examine *relevant groups*—differentiating between, say, the typical attitudes of rural and urban dwellers, or between young and old people.

How Cultures Form and Change

Culture is transmitted in various ways—from parent to child, teacher to pupil, social leader to follower, peer to peer. Developmental psychologists believe that most people acquire their basic value systems as children, such as concepts of evil versus good, dirty versus clean, ugly versus beautiful, unnatural versus natural, abnormal versus normal, paradoxical versus logical, and irrational versus rational. These values are not easily changed later on.[11]

Cultural value systems are set early in life but may change through

- Choice or imposition.
- Contact with other cultures.

SOURCES OF CHANGE

Both individual and collective values and customs, however, may evolve. Examining this evolution may tell us something about the process by which a culture comes to accept (or reject) certain business practices—knowledge that could be useful to international companies attempting to introduce changes (e.g., new products or operating methods) into a culture. The important thing here is *change,* which may result from either *choice* or *imposition.*

Change by Choice Change by choice may occur as a reaction to social and economic situations that present people with new alternatives. When rural people choose to accept factory jobs, for example, they change some basic customs—notably, by working regular hours that don't allow the sort of work-time social interactions that farm work allowed.

Change by Imposition Change by imposition—sometimes called **cultural imperialism**—involves imposing certain elements from an alien culture, such as a forced change in laws by an occupying country that, over time, becomes part of the subject culture.

As a rule, contact among countries brings change; this is known as *cultural diffusion.* When the change results in mixing cultural elements, we have *creolization.* In many Asian countries, for example, ethnic Chinese embody a mixture of Chinese and local cultures.[12]

This photo shows people in traditional dress in Bhutan, arguably the world's most isolated national culture.
Source: Attila JANDI/Shutterstock.com

Some groups and governments have tried to protect national cultures but have not succeeded entirely because people travel and access foreign information through a variety of sources. Further, protecting a culture may result in other disadvantages. For instance, Bhutan, arguably the world's most isolated national culture has required national dress in public (see photo), a primary national language, and preservation of traditions (e.g., folksongs, marriage celebrations, house blessings, archery contests). It has also limited Bhutanese contact with foreigners. However, because these constraints isolated Bhutan from global economic growth, it has permitted some satellite TV since 2007 and will increase the number of permitted foreign tourists from 30,000 to 100,000 between 2010 and 2012.[13]

Language as Both a Diffuser and Stabilizer of Culture

A common language within countries is a unifying force.

Like national boundaries and geographic obstacles, language limits people's contact with other cultures. Map 2.2 shows the distribution of the world's major language groups. Not surprisingly, when people from different areas speak the same language, culture spreads more easily. This helps explain the greater cultural homogeneity among English-speaking and among Spanish-speaking countries, than between English-speaking and Spanish-speaking countries.

The map omits most of the world's approximately 6,000 languages because they are spoken by proportionately few people. When people understand only one language that has relatively few users—especially concentrated in a small geographic area—they tend to cling to their culture because they have little meaningful contact with others.

Such languages as English, French, and Spanish have such widespread acceptance (they're the most prevalent in 52, 21, and 21 countries and territories, respectively) that, as a rule, native speakers don't feel the same need to learn other languages as do speakers of languages that, like Armenian or Bulgarian, are found in only limited geographic areas. Among nations that share the same language, commerce is easier because translating everything isn't necessary. Thus, when people study second languages, they usually choose the ones that are most useful in interacting with other countries, especially in the realm of commerce.

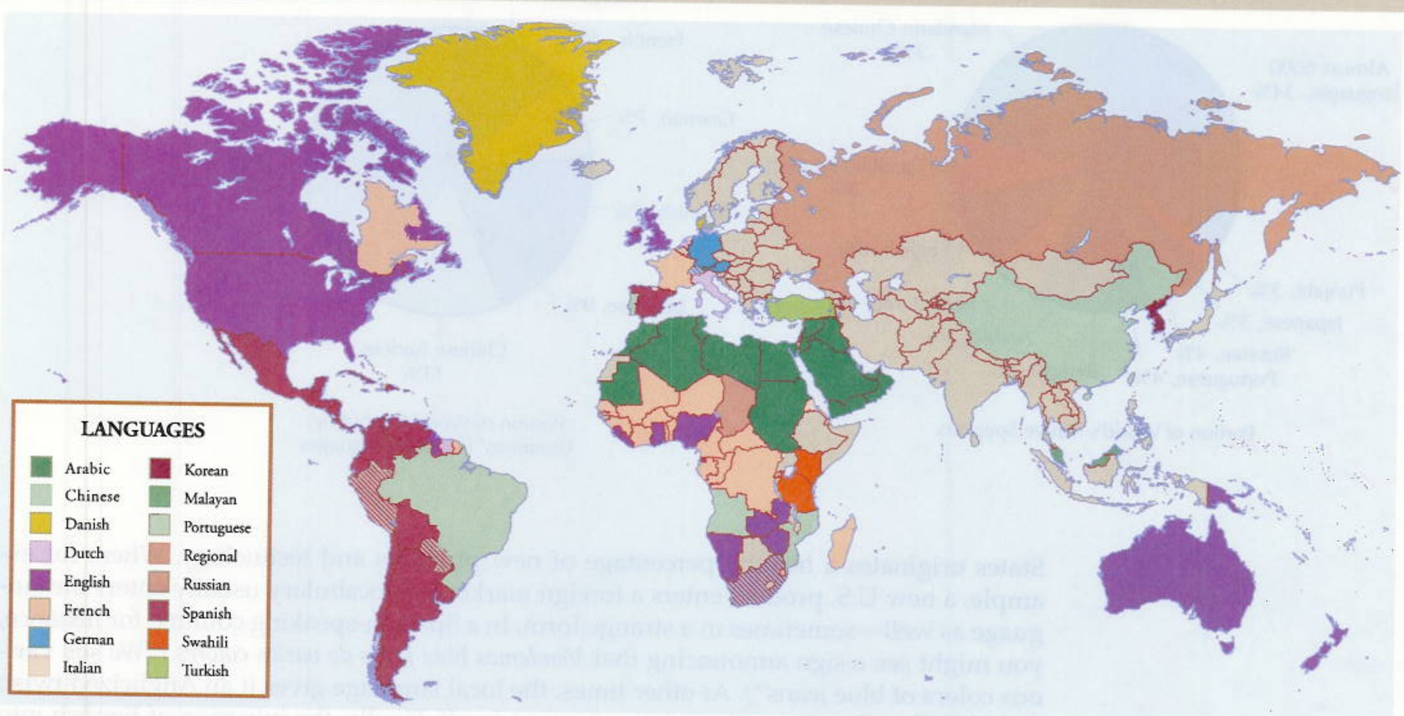
Concept Check

As we observe in Chapter 1, improved communications and transportation are key factors in the increased international interactions that we know as **international business.**

MAP 2.2 Distribution of the World's Major Languages

The people of the world speak thousands of different languages, but only a few of them remain important in the dissemination of culture. A significant portion of the world, for example, speaks English, French, or Spanish. In those countries labeled "Regional," the predominant language is not dominant anywhere else; Japanese, for example, is dominant only in Japan. But take a look at China: It's the only place where people speak Mandarin, but it's important in international business because the population of China comprises a lot of people. The classification "Regional" actually takes in two categories: (1) countries in which the dominant language is not dominant anywhere else (e.g., Japan) and (2) countries in which several different languages are spoken (e.g., India).

Sources: www.udon.de/sprachk.htm. The number of native speakers is taken from World Almanac and Book of Facts (Mahwah, NJ: Primedia Reference, 2002).



WHY ENGLISH TRAVELS SO WELL

In Figure 2.2, the pie chart on the right shows portions of worldwide output by language. As you can see, native English speaking countries account for a third of the world's production, much more than any other language group—a fact that goes a long way toward explaining why English is the world's most important *second* language. Remember, too, that MNEs—which are largely headquartered in English-speaking countries—decide on the language to use for communicating among their employees in different countries. Not surprisingly, it's usually English, because many of their managers either speak only English or have English as a second language, and they need a common means for managers from different countries to communicate with each other. In addition, many MNEs from non-English-speaking countries have adopted English—the "international language of business"—as their operating language.[14]

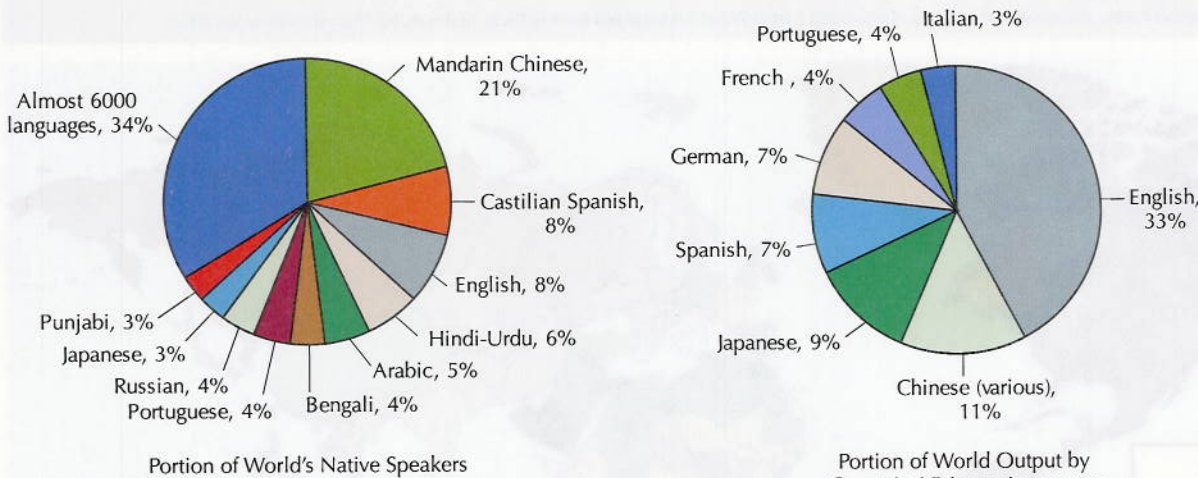
However, at least one prominent linguist predicts that monolingual English speakers will eventually experience more difficulty in communicating worldwide. Why? Because the percentage of those people will decrease, while the languages of such countries as China and India will grow rapidly along with their economies.[15] As is so often the case, history may also have a thing or two to teach us in this matter: Latin and French, once the languages of scholarship and diplomacy, respectively, have long since been supplanted.

Nevertheless, for some time now, English words—especially American English—have been entering other languages, such as an estimated 20,000 into Japanese. English travels so well partly because the U.S. media are so influential and because the United

FIGURE 2.2 Major Language Groups: Population and Output

Native speakers for just a few languages—notably English—account for much more of the world's economic output than their population would indicate. Only 8 percent of the world's people speak English as their native (first) language, but the countries and territories where English is the most spoken native language account for 33 percent of global economic output, which helps to explain the prevalence of English as a second language when conducting international business.

Sources: The data for constructing the pie chart on the left came from by List of Languages by Number of Native Speakers," http://en.wikipedia.org/wiki/List_of_languages_by_number_of_native_speakers (accessed February 26, 2011); For constructing the pie chart on the right, the primary language by country came from "Languages Spoken in Each Country of the World," http://www.infoplease.com/ipa/A0855611.html (accessed February 26, 2011). The output per country and territory came from Central Intelligence Agency, The World Factbook, at www.cia.gov.



States originates a healthy percentage of new products and technology. When, for example, a new U.S. product enters a foreign market, its vocabulary usually enters the language as well—sometimes in a strange form. In a Spanish-speaking country, for instance, you might see a sign announcing that *Vendemos blue jeans de varios colores* ("We sell various colors of blue jeans"). At other times, the local language gives it an Anglicized twist; thus, the French call a self-service restaurant *le self.* Finally, the intrusion of English into another language may result in the development of a hybrid tongue, such as "Spanglish" (Spanish and English) or "Chinglish" (Mandarin Chinese and English), which may ultimately become a distinct language.[16]

Note that some countries, such as Finland, prefer to coin their own new words rather than accept Anglicized items into their vocabularies. Because many countries see language as an integral part of culture, they regulate linguistic changes. In the business arena, for example, they may require that all public signs be in the local language.

Religion as a Cultural Stabilizer

Many strong values are the result of a dominant religion.

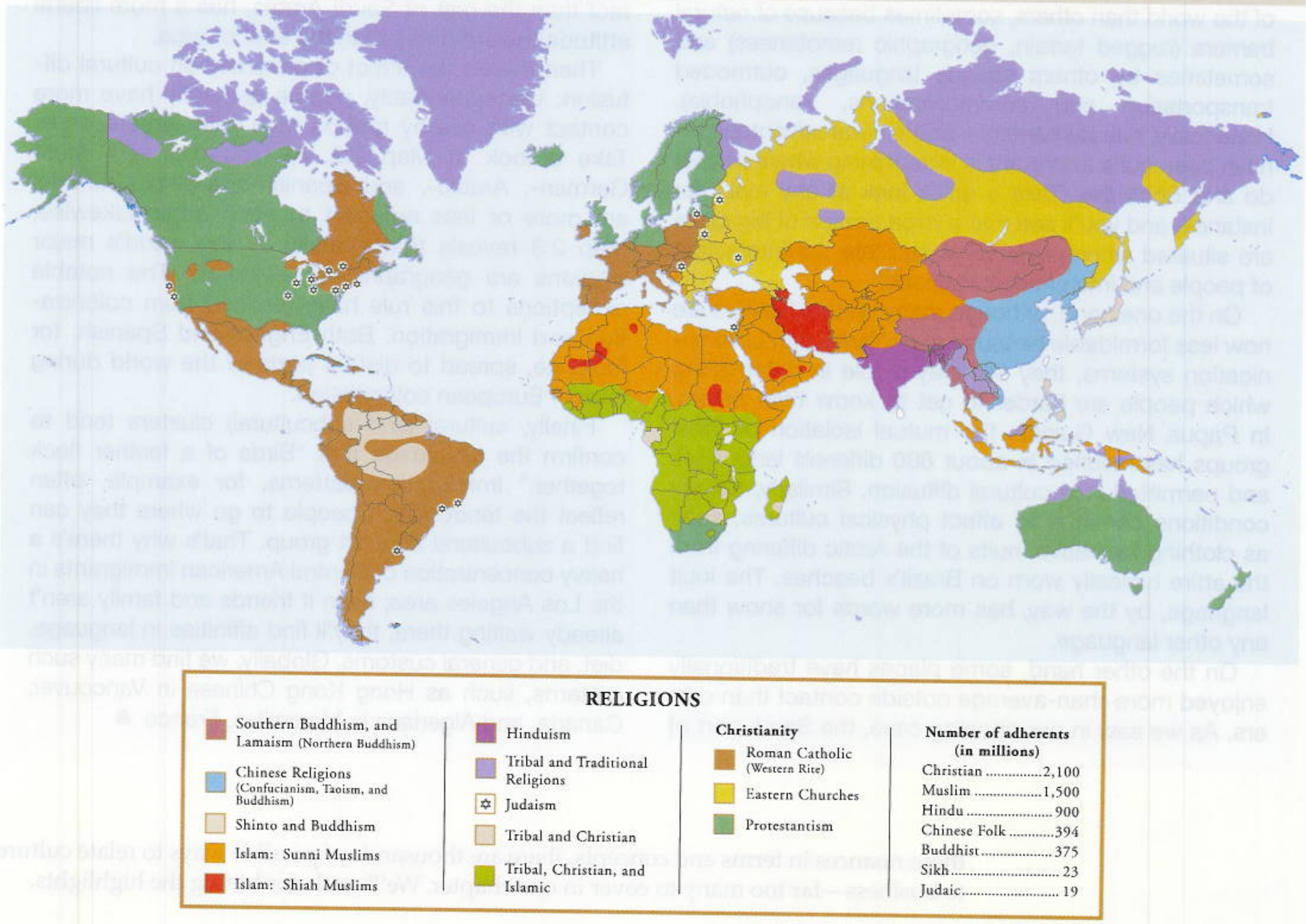
Map 2.3 shows the approximate distribution of the world's major religions. In many countries, the practice of religion has declined significantly; indeed, a few nations in northern Europe are sometimes called "post-Christian" societies. At the same time, religion has been a cultural stabilizer because centuries of profound religious influence continue to shape cultural values even in these societies.[17] Among people with strong religious convictions, the role of religion in shaping behavior is even stronger.

Many of these religions—Buddhism, Christianity, Hinduism, Islam, and Judaism—influence specific beliefs that may affect business, such as inhibiting the sale of certain products or the performance of work at certain times. McDonald's, for example, serves neither beef nor pork in India to offend neither its Hindu nor Muslim populations. El Al, the Israeli national airline, does not fly on Saturday, the Jewish Sabbath. In fact, religion impacts almost every business function. If companies do not take these into account, they may not be viewed legitimately by people where they are operating.[18]

MAP 2.3 Distribution of the World's Major Religions

Most countries are home to people of various religious beliefs, but a nation's culture is typically influenced most heavily by a dominant religion. The practices of the dominant religion, for instance, often shape customary practices in legal and business affairs.

Source: The numbers for adherents are taken from "List of Religious Populations," http://en.wikipedia.org/wiki/list_of_religious_populations **



Of course, not all nations that practice the same religion impose the same constraints on business. In predominantly Muslim countries, for example, Friday is a day of worship, whereas in Turkey (a secular Muslim country that adheres to the Christian work calendar to keep in step with European business activity) it is a workday. In places where rival religions or factions are vying for political control, the resulting strife can cause so much upheaval that business activity suffers, whether from property damage, broken supply chains, or breaches in customer connections. Unfortunately, the problem is substantial. In recent years, religious violence has erupted in such countries as India, Iraq, Sudan, and Northern Ireland.

Concept Check

In Chapter 1, we emphasize the importance of studying the behavioral factors that affect business conditions to help managers decide why and how they may need to alter operations in different countries.

Behavioral Practices Affecting Business

We have indicated that culture affects every business function. Attitudes and values constitute *cultural variables,* which both researchers and businesspeople define differently, attaching various names to slightly different and sometimes overlapping concepts. Because of all

Does Geography Matter? Birds of a Feather Flock Together

Some groups of people are more isolated from the rest of the world than others, sometimes because of natural barriers (rugged terrain, geographic remoteness) and sometimes by others (unique languages, outmoded transportation and communications, xenophobia). Historically, natural barriers—and natural advantages—have been quite important in determining where people do and don't live. Take a quick look at any map, for instance, and you'll see that a large portion of big cities are situated where waterways facilitate the interaction of people and interchange of goods.

On the one hand, although many natural barriers are now less formidable because of airplanes and communication systems, they still play a role in determining which people are harder to get to know than others. In Papua New Guinea, the mutual isolation of tribal groups has resulted in about 800 different languages and permitted little cultural diffusion. Similarly, natural conditions continue to affect physical cultures, such as clothing for native Inuits of the Arctic differing from the attire typically worn on Brazil's beaches. The Inuit language, by the way, has more words for snow than any other language.

On the other hand, some places have traditionally enjoyed more-than-average outside contact than others. As we saw in our opening case, the Saudi port of Jeddah, having long experienced more external contact than the rest of Saudi Arabia, has a more liberal attitude toward dress than the interior area.

Then there's the effect of proximity on cultural diffusion: Understandably, people generally have more contact with nearby groups than with remote ones. Take a look at Map 2.2. As you can see, most German-, Arabic-, and Spanish-speaking countries are more or less adjacent to each other. Likewise, Map 2.3 reveals that virtually all the world's major religions are geographically clustered. The notable exceptions to this rule have resulted from colonization and immigration. Both English and Spanish, for instance, spread to distant parts of the world during eras of European colonization.

Finally, cultural (and subcultural) clusters tend to confirm the old adage that "Birds of a feather flock together." Immigration patterns, for example, often reflect the tendency of people to go where they can find a subcultural support group. That's why there's a heavy concentration of Central American immigrants in the Los Angeles area; even if friends and family aren't already waiting there, they'll find affinities in language, diet, and general customs. Globally, we find many such patterns, such as Hong Kong Chinese in Vancouver, Canada, and Algerians in Marseilles, France. ●

these nuances in terms and concepts, there are thousands of possible ways to relate culture to business—far too many to cover in one chapter. We'll settle for hitting the highlights.

ISSUES IN SOCIAL STRATIFICATION

Every culture ranks some people more highly than others. Such *social stratification* dictates a person's class, status, and financial rewards within that culture. In business, this practice may entail ranking members of managerial groups more highly than production group members. Social stratification is determined by (1) individual's achievements and qualifications and (2) individual's affiliation with or membership in certain groups. These two factors interact, but the importance of one versus the other varies by business function and by culture.

Concept Check

In the opening case of Chapter 1, we discussed that many top sports players are effectively global brands as companies pay them to use and endorse their products.

Individual Qualifications and Their Limitations In most societies, individual achievement is important, such as in choosing a successful athlete as a spokesperson to advertise sportswear. Similarly, in some nations, such as the United States, companies tend to base a person's eligibility for employment and promotion largely on individual achievements and qualification. However, we shall see that this is not always the case even in the United States.

Businesses reward competence highly in some societies.

Just as companies look for individual qualifications for choosing spokespersons for advertising, they also match spokespersons with the audience (group membership) they wish to reach, such as using older models for products aimed at the group of older consumers. In addition, societies look at these group affiliations differently, thus causing certain business functions to be carried out differently. Companies in Japan, for instance, generally place more weight on seniority for employee promotion than companies in the United States (thus favoring older employees) because Japan stresses cooperation over competition in the workplace.[19] Similarly, a study of hiring, promotion, compensation, and staff-reduction practices at a number of banks showed that employers differed by nationality on all four functions. When needing to make staff reductions, for example, British banks were most prone to save costs by discharging on a performance-to-salary basis (targeting, say, a middle-aged manager with a high salary and average performance), whereas German banks were more concerned with minimizing personal hardship (targeting younger managers, regardless of performance, because they could find new jobs more easily).[20]

Group affiliations can be

- Ascribed or acquired.
- A reflection of class and status.

The above examples dealt with group memberships based largely on age affiliations, but there are many more as well. Those determined by birth are known as **ascribed group memberships** and include those based on gender, family, age, caste, and ethnic, racial, or national origin. **Acquired group memberships** include those based on religion, political affiliation, and professional and other associations.

Egalitarian societies place more importance on acquired group memberships.

The more egalitarian, or "open," a society, the less the importance of group membership in determining rewards. In less open societies, however, laws may be designed to reinforce or undermine rigid stratification based on group membership. In other cases, group memberships deny large numbers of people equal access to the preparation needed to qualify for jobs, such as to education that results in a much lower literacy rate for women than for men in much of sub-Saharan Africa. The Nobel economist, Amartya Sen, referred to this type exclusion of people from the workforce as *unfreedom* and pointed out its negative effect on economic advancement.[21]

Even when individuals qualify for given positions and no legal barriers exist to hold them back, certain social obstacles—say, public opposition to the use of child labor in the company's home country—can make it wary of adopting certain practices in host countries. In addition, opposition to certain groups may come from other workers, customers, local shareholders, or government officials.

The following sections focus on some of the group memberships that influence a person's social ranking from country to country. Two additional factors are often important: *education* (especially how much and where) and *social connections* (who you know and in what places).[22] This latter point corresponds to the old adage that "It's *who* you know, not *what* you know." (This is a point we pursue in our chapter-ending case, which details a U.S. company's adventures in Uganda. Here, we'll see not only that effective opposition can come from small ad hoc groups, but also that the people you need to know can sometimes be found in unexpected places.)

CRN Case Review Note

Ethnic and Racial Groups In less open societies, laws may be designed to reinforce or undermine rigid stratification. Racial or ethnic quotas to counter discrimination are a good example. Malaysia, for example, has long maintained employment quotas for three ethnic groups—Malays, Chinese, and Indians—primarily to upgrade the economic position of Malays because, at the time of the country's independence, the Chinese and Indian minorities dominated business ownership and the professions, respectively.[23] The Malaysian system requires companies to maintain expensive record-keeping systems of their hiring practices; in fact, it has recently come under increasing criticism from within the country.[24] Likewise, Brazil, which has more than 300 terms to designate skin color, has proposed racial quotas in universities, government jobs, and even television soap operas.[25] (It plans no quotas for the national football team, where only competence counts.)

Country-by-country attitudes vary toward

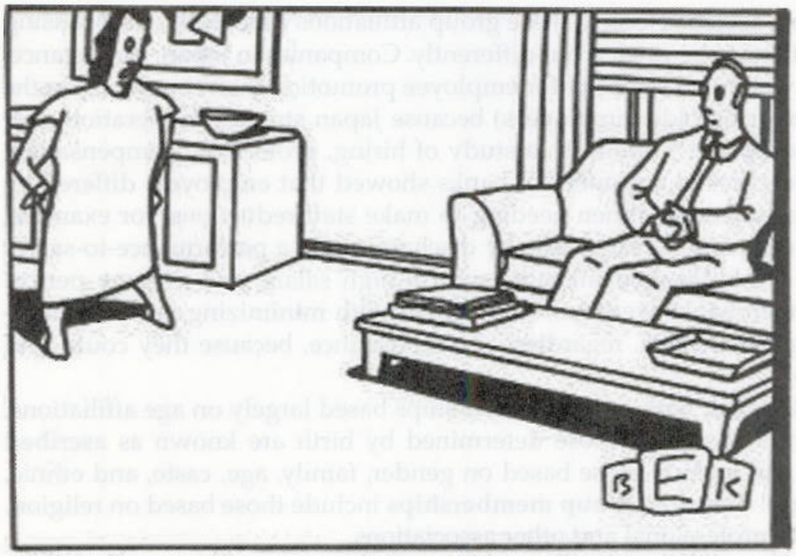
- Male and female roles.
- Respect for age.
- Family ties.

Gender-Based Groups Country-specific differences in attitudes toward gender are sometimes quite pronounced. (Figure 2.3 looks at the difference humorously.) Some of these probably seem paradoxical, at least to the outsider. As you'll recall from our opening case, there are more than 13 employed men for every employed woman in Saudi Arabia.

CRN Case Review Note

FIGURE 2.3 Gender roles vary substantially among national cultures

Source: Bruce Eric Kaplan/Cartoon Bank



"You know, in some cultures the male does things."

Compare that figure with the United States, where only 1.2 men are employed for every woman.[26] In Lithuania, more than 50 percent of both males and females agreed with the following statement: "When jobs are scarce, men have a better right to a job than women"; in Sweden and Iceland, the number was under 10 percent.[27]

In many parts of the world, however, barriers to gender-based employment practices are coming down, due to changes in both attitudes and work requirements. In the United States, one noticeable change is reflected in the number of people of one gender employed in occupations previously dominated by the other, such as more male nurses.[28] The cause of this change may be as much economic as cultural. The decrease in production jobs requiring brawn and increase in jobs for people with specialized education, such as X-ray technology and psychiatric casework, has caused shifts in the relative demand for female employees and the type of jobs for both genders.

Age-Based Groups Countries treat age groups differently, and each country expresses its attitudes toward age in different ways. All enforce age-related laws such as statutes applying to employment, driving privileges, rights to obtain products and services (alcohol, cigarettes, certain pharmaceuticals, bank accounts), and civic duty (voting, serving in the military or on juries). Sometimes the logic of these laws seems contradictory. In the United States, for example, people can vote, marry, drive, and die for their country before they can legally buy alcohol at age 21. In parts of Switzerland, you can legally buy alcohol at age 14.[29] U.S. firms bombard children with TV advertising, but Sweden prohibits ads targeted to children.

National differences toward age of employment practices are substantial. Both Finland and the Netherlands, for example, enforce mandatory retirement ages, but with few exceptions (say, airline pilots), U.S. law (in response to lobbying by senior citizens) specifically prohibits the practice. In contrast, the photo shows French protests against raising the retirement age. In Britain, age discrimination laws apply to everyone, regardless of age, whereas U.S. law is designed to protect only people over age 40.[30] When the proposition "When jobs are scarce, people should be forced to retire early" was put to people in different countries, almost three-quarters of Bulgarians agreed, but only 10 percent of Japanese.[31] Why this latter difference? For one thing, Japanese hold strongly to the assumption that there's a significant correlation between age and wisdom.

In 2010, French marchers protested against proposals to raise the retirement age.
Source: Olga Besnard/Shutterstock.com

Family-Based Groups In some cultures, such as in much of Latin America, the most important group membership is the family. A person's position in society depends heavily on the family's social status or "respectability" rather than on individual achievement. Because family ties are so strong, there may also be a tendency to cooperate more closely within the family unit than in other relationships. In such cultures, not surprisingly, small family-run companies are quite successful; conversely, however, they often encounter difficulties in growing because owners are reluctant to share responsibility with professional managers hired from outside the family. When its business culture is hampered by this state of affairs, a country (or region) may lack the indigenously owned *large-scale* operations that are usually necessary for long-term economic development.[32]

WORK MOTIVATION

Not surprisingly, motivated employees are normally more productive than those who aren't. On an aggregate basis, of course, this influences companies' efficiency and countries' economic development. The following discussion summarizes studies showing major differences in how and why people in different nations are motivated to work.

The desire for material wealth is

- A prime motivation to work.
- Positive for economic development.

Materialism and Motivation When developing his *Protestant ethic* theory, Max Weber observed that predominantly Protestant countries were the most economically developed. He attributed this "ethic" to an outgrowth of the Protestant Reformation in sixteenth-century Europe, which reflects the belief that work is a pathway to salvation and that material success does not impede salvation. Although we no longer accept a strict distinction between Protestant and non-Protestant attitudes toward work and material gain, we do tend to adhere to the underlying values of Weber's concept: namely, that self-discipline, hard work, honesty, and a belief in a just world foster work motivation and, thus, economic growth.[33] As a matter of fact, on one hand there is evidence indicating a positive correlation between the intensity of religious belief per se (regardless of specific belief systems) and adherence to some attributes that lead to economic growth (say, confidence in the rule of law and belief in the virtue of thrift).[34] Moreover, there's strong evidence that the individual desire for material wealth is a prime incentive to perform the kind of work that leads to community-wide economic development.[35] On the other hand, there are societies such as Myanmar and Bhutan where a large portion of the population vanish from the economic work force temporarily or permanently in order to live in monasteries and nunneries while being supported by others.

The Productivity/Leisure Trade-Off Some cultures place less value on leisure time than others. Their people work longer hours, take fewer holidays and vacations, and generally spend less time and money on leisure activities. In a study of OECD (fairly high-income) countries, France and the United States offered an example of contrast. The French had 30 days mandated vacation, spent on average 135 minutes per day eating and drinking and 530 minutes sleeping, whereas Americans had no mandated vacation and spent only an average of 74 minutes per day eating and drinking and 518 minutes sleeping.[36] In the United States, there is still some disdain for people who fall on either end of the work/leisure spectrum: people of privilege who appear to contribute nothing to society and people who appear to be satisfied with a lifestyle that can be maintained by unemployment benefits. Americans who give up work (primarily retirees) often complain that they're no longer allowed to contribute anything useful to society, one of the reasons for laws prohibiting mandatory retirement.

In parts of some poor countries, meanwhile, such as rural India, living "the simple life"—that is, without benefit of much material comfort—seems to be a desirable end in itself. When productivity gains afford them the choice, people may choose to take at least part of the gains in leisure rather than all of it in earnings to buy more.[37] By and large, however, in most countries, most people today, whether rich or poor, regard personal economic advancement as a worthwhile goal in life.

People are more eager to work if

- Rewards for success are high.
- There is some uncertainty of success.

Expectation of Success and Reward Motivation toward work is influenced by the perceived likelihood of success and its rewards versus failure. Generally, people have little enthusiasm for effort when the likelihood of success seems too easy or too difficult. Few of us would care to run a race against either a snail or a racehorse; in either case, the outcome is too predictable. Our enthusiasm peaks when uncertainty of success is high, such as the challenge of racing another human of roughly equal ability. Likewise, the reward for a successfully completed task—say, winning a fair footrace—may be high or low, and most of us usually work harder the more we expect success to lead to a higher reward.

Success and Reward across Borders Performed in different countries, the same tasks come with different probabilities of success, different rewards for success, and different consequences for failure. In cultures in which the probability of economic failure is almost certain and the perceived rewards of success are low, people tend—not surprisingly—to view work as necessary but unsatisfying, mainly because they foresee little benefit to themselves. This attitude may prevail in harsh climates, in very poor areas, or in subcultures subject to discrimination. Likewise, if there is little difference in reward between working hard or not, there is less motivation to work hard. In Cuba, for instance, where public policy allocates output from productive to unproductive workers, there is not much enthusiasm for work. When high uncertainty of outcome is combined with the likelihood of a positive reward for success and little or no reward for failure, we find the greatest work enthusiasm.[38]

Performance and Achievement

The Masculinity–Femininity Index One study found significant differences around the world by using a so-called **masculinity–femininity index** to compare the attitudes of employees in 50 countries toward work and achievement. Employees with a high "masculinity score" admired successful work achievers, harbored little sympathy for the unfortunate, and preferred to be better than others rather than on a par with them. They shared a money-and-things orientation rather than a people orientation, a belief that it's better "to live to work" than "to work to live," and a preference for performance and growth over quality of life and the environment.[39]

Similarly, the degree to which people are assertive, confrontational, and aggressive in their relationships with others varies across borders. Such differences help explain why an international company may encounter managers abroad who behave differently than expected, or preferred. Let's say a company in a high-masculinity country, such as Austria, sets up operations in a high-femininity country such as Sweden. Typical purchasing managers in Sweden probably prefer smooth social relationships and amiable, ongoing dealings with suppliers to, say, lower costs or faster delivery. They may also place such organizational goals as employee and social welfare ahead of a typical Austrian firm's goals of growth and efficiency.

The ranking of needs may differ among countries.

Hierarchies of Needs According to the **hierarchy-of-needs theory** of motivation, people try to fulfill lower-level needs before moving on to higher-level ones.[40] As you can see from Figure 2.4, the most basic needs are *physiological*: food, water, and sex. We have to satisfy (or nearly satisfy) those before *security* needs—safe physical and emotional environments—become a sufficiently powerful set of motivators. Then we must satisfy our security needs before triggering the motivational effect of *affiliation* or social needs, such as peer acceptance. Once we have those, we're motivated to satisfy our *esteem* needs—bolstering our self-image through recognition, attention, and appreciation. The highest-order need calls for *self-actualization*—self-fulfillment, or (to quote Robert Lewis Stevenson) "becom[ing] all that we are capable of becoming." Finally, the theory also implies that we'll typically work to satisfy a need, but once satisfied, its value as a motivator diminishes.

What can the hierarchy-of-needs theory tell us about doing business in foreign countries? For one thing, research has shown that different cultures not only attach different degrees of importance to various needs, they also rank higher-order needs differently. Thus, the theory can help in distinguishing among the reward preferences of employees in different parts of the world. This is important because of differences in workforce composition.[41] In very poor countries, for example, a larger portion of workers are likely engaged in manual jobs, thus a company can motivate a larger portion of them simply by providing enough compensation to satisfy their needs for food and shelter. Elsewhere, a larger portion of workers are motivated by other needs.

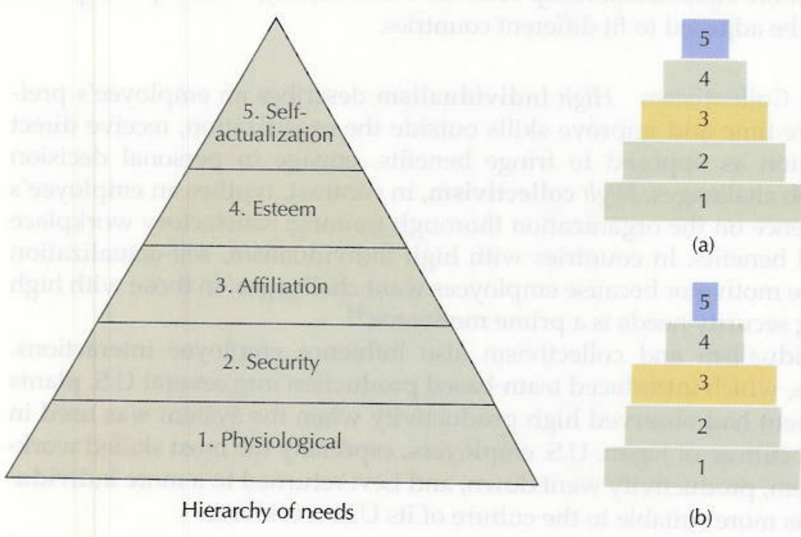


FIGURE 2.4 The Hierarchy of Needs and Need-Hierarchy Comparisons

The pyramid on the left represents the five-level hierarchy of needs formulated by Maslow. The two block pyramids on the right (a, b) represent two different groups of people—say, the populations of two different countries. Note that the block representing affiliation needs (level 3) is wider in (b) than in (a); conversely, the block representing self-actualization needs (level 5) is wider in (a) than in (b). In other words, even if we rank various needs in the same order (or hierarchy), the people in one country may regard a given higher-order need as more important (wider) than do people in another country.

However, compensation (even at low levels of income) cannot fully explain differences in work motivation. For example, a long-term ethnographic study among a U.S. airline's back-office employees in three countries found that those in the United States and the Dominican Republic saw the job as a stepping-stone to higher-level positions. However, few in Barbados wanted a promotion because it would change their relationships with friends. U.S. workers usually dressed very casually because they would not be seen by outsiders in the back office, but Barbadians dressed up to be seen going to what was considered a prestige job. In fact, the company offered Barbadian employees free company-owned bus transport, but the employees preferred to pay for slower public transportation where others could see them. The largely female staff in Barbados had low absenteeism and turnover rates because Barbados has a history of working women. In the Dominican Republic, however, most female employees stayed on only until they married.[42]

RELATIONSHIP PREFERENCES

So far, we've discussed two categories of behavioral practices affecting business: social stratification systems and work motivation. Next, we discuss some of the values underlying interpersonal differences in behavior.

There are national variations in the preference for autocratic or consultative management.

Power Distance

From country to country, employee preferences tend to differ in terms of interacting with bosses, subordinates, and peers. Considerable evidence suggests that people perform better when the nature of their interactions fits their preferences. That's why companies are well advised to align management styles with superior-subordinate interaction preferences, which are know in general as **power distance**.

With *high* power distance, people prefer little consultation between the two tiers and one of two management styles: *autocratic* (ruling with unlimited authority) or *paternalistic* (regulating conduct by supplying needs). With *low* power distance, they prefer "consultative" styles.[43] What might happen, therefore, if a Dutch company assigned domestic managers, who typically prefer low power distance, to improve productivity at a facility in Morocco, where workers typically prefer high power distance? The Dutch managers might consult with Moroccan subordinates in an attempt to improve employee productivity. Unfortunately, subordinates may lose confidence in their superiors (e.g., Why don't they know what to do?), so that performance deteriorates rather than improves.

Interestingly, managers who prefer an autocratic style of superior–subordinate relationship are also quite willing to delegate and accept decision making by a majority of subordinates. What they don't accept well is consultative interaction between the two tiers, which implies a more equal relationship between them. Clearly, worker-participation methods may need to be adjusted to fit different countries.

"Safe" work environments motivate collectivists. Challenges motivate individualists.

Individualism versus Collectivism

High **individualism** describes an employee's preference to fulfill leisure time and improve skills outside the organization, receive direct monetary compensation as opposed to fringe benefits, engage in personal decision making and on-the-job challenges. *High* **collectivism,** in contrast, typifies an employee's penchant for dependence on the organization thorough training, satisfactory workplace conditions, and good benefits. In countries with high individualism, self-actualization opportunity is a prime motivator because employees want challenges. In those with high collectivism, fulfilling security needs is a prime motivator.[44]

Degrees of individualism and collectivism also influence employee interactions. Consider Levi Strauss, which introduced team-based production into several U.S. plants because its management had observed high productivity when the system was used in the highly collectivist culture of Japan. U.S. employees, especially the most skilled workers, detested the system, productivity went down, and Levi returned to a more individualistic system that was more suitable to the culture of its U.S. workforce.

Situational Differences: The Family Applying any measure of *individualism versus collectivism* is complex and imprecise because preferences may vary by situation.[45] Although Japan and Mexico are both characterized as collectivist cultures, Mexico's collectivist preference is based more on kinship relations that do not carry over easily into the workplace.[46] Moreover, the Mexican concept of family sometimes includes not only the *nuclear family* (husband, wife, and minor children) but also the *vertically extended family* (members of several generations) and the *horizontally extended family* (aunts, uncles, and cousins).

Such differences can affect business in a variety of ways:

- Individualists may be less motivated to receive material rewards from their work because of dividing the rewards among more family members.
- Because relocation means that family members must also find new jobs, a worker's geographic mobility is limited. Even when extended families don't live together, mobility may be reduced because people prefer to remain near relatives.
- Interrelated familial roles may complicate purchasing decisions.
- Security and social needs may be met more effectively at home than in the workplace.

RISK-TAKING BEHAVIOR

Cultures differ in people's willingness to accept things the way they are and their belief about control over their destiny. The following discussion examines four types of *risk-taking behavior* that reflect these attitudes: *uncertainty avoidance, trust, future orientation,* and *fatalism.*

Nationalities differ in
- Ease of handling uncertainties.
- Degree of trust among people.
- Future orientation.
- Attitudes of self-determination and fatalism.

Uncertainty Avoidance In countries where **uncertainty avoidance** is high, most employees prefer to follow set rules even if breaking them may be in the company's best interests. They also tend to stay with current employers for a long time, preferring the certainty of present positions over the uncertainty of their future elsewhere.[47] When uncertainty avoidance is high, superiors may need to be more precise in their directions to subordinates, who typically don't want to be responsible for actions that counter the company's interests.

Moreover, fewer consumers are prepared to risk being early product adopters. Gillette, for example, depends heavily on introducing new products, so it is likely better off to enter markets like Denmark and the United Kingdom, which rate low on uncertainty avoidance, before venturing into Belgium and Portugal, which rate high.

Trust Surveys measure *trust* and find country differences by asking respondents to evaluate such statements as "Most people can be trusted" and "You can't be too careful in dealing with people." Many more Norwegians than Brazilians, for example, regard most people as trustworthy.[48] Where trust is high, the cost of doing business tends to be lower because managers don't spend much time fussing over every possible contingency and monitoring every action for compliance with certain business principles. Instead, they can spend time producing, selling, and innovating.[49]

Future Orientation Cultures differ in their perceptions of the risks from delaying gratification. For example, **future orientation** (living for the future) is more pronounced in Switzerland, the Netherlands, and Canada than in Russia, Poland, and Italy.[50] In the former cultures, companies may find it easier to motivate workers through such delayed-compensation programs as retirement plans.

Fatalism If people believe strongly in self-determination, they may be willing to work hard to achieve goals and take responsibility for performance. But if they're *fatalistic*—if they believe every event in life is inevitable—they're less likely to accept the basic cause-and-effect relationship between work and reward. In countries that rate high on fatalism, people do less planning for contingencies, such as buying insurance. Religious differences play a significant role in this regard. Conservative or fundamentalist groups, for instance, are more likely to view occurrences as "the will of God." Thus, managers are less apt to sway them with cause-and-effect logic than by making personal appeals or offering them rewards for complying with requests.[51]

INFORMATION AND TASK PROCESSING

"Beauty," we're often told, "is in the eye of the beholder." So, apparently, are perceptions and judgments on cultural and personal levels. Both are based on what people perceive as accurate *information,* and different cultures handle information in different ways. The following discussion examines some of the ways in which different cultures perceive, obtain, and process information.

Perception of Cues As a rule, we're selective in perceiving *cues*—features that inform us about the nature of something. We may identify things through any of our senses, and each sense can provide information in various ways; through vision, for example, we sense color, depth, and shape. The cues that people rely on are partly physiological, and there is growing evidence that evolution and genetics play a role in how different groups perceive.[52] Genetic differences in eye pigmentation, for instance, allow some people to differentiate colors more precisely than others.

Cultural differences, especially language, also reflect differences in perception of cues. The richness of a descriptive vocabulary allows its speakers to note and express very subtle differences that exist from place to place. Thus different cultures perceive certain subjects more precisely than others. For instance, the Arabic language has more than 6,000 different words for camels, their body parts, and the equipment associated with them,[53] and Arabic speakers can express nuances about camels that just about everybody else will probably overlook.

It helps managers to know whether cultures favor

- Focused or broad information.
- Sequential or simultaneous handling of situations.
- Handling principles or small issues first.

Obtaining Information: Low-Context versus High-Context Cultures Researchers classify some countries (including the United States and most of northern Europe) as **low-context cultures,** in which people generally regard as relevant only firsthand information that bears directly on the subject at hand. Businesspeople spend little time on small talk and tend to get to the point. In **high-context cultures** (such as most countries in southern Europe), people tend to regard seemingly peripheral information as pertinent and to infer meanings from things said either indirectly or casually.

When people from the two types of cultures have to deal with each other, low-context people may perceive high-context people as inefficient in their use of time, while the latter may perceive the former as overly aggressive.

Information Processing Insofar as all cultures categorize, plan, and quantify, information processing is a universal activity. However, every culture has its own systems for ordering and classifying information. In U.S. telephone directories, entries appear in alphabetical order by last (family) name; in Iceland, they're organized by first (given) names. (Icelandic last names are derived from the father's first name: Jon, son of Thor, is Jon *Thorsson,* and his sister's last name is *Thorsdottir,* "daughter of Thor"). To perform efficiently and work amicably in a foreign environment, you need to understand such differences in processing systems. Perhaps more important, different processing systems create challenges in sharing global data. Even the use of global personnel directories is problematic because of different alphabets and alphabetizing systems.

Monochronic versus Polychronic Cultures Cultural differences also affect the degree of multitasking with which people are comfortable. For example, northern European cultures are often seen as **monochronic:** People prefer to work sequentially, such as finishing transactions with one customer before dealing with another. Conversely, **polychronic** southern Europeans are more comfortable when working simultaneously on a variety of tasks, such as dealing immediately with multiple customers who need service.[54] Imagine the potential misconceptions when businesspeople from northern Europe see their southern European counterparts as uninterested in doing business with them because they don't bother to give them their undivided attention.

Idealism versus Pragmatism Whereas some cultures tend to focus first on the whole and then on the parts, others do the opposite. When asked to describe an underwater scene in which one large fish was swimming among some smaller fish and other aquatic life, most Japanese first described the overall picture, whereas most Americans first described the large fish.[55] Similarly, some cultures prefer to establish overall principles before they try to resolve small issues—an approach sometimes labeled **idealism.** Cultures in which people focus more on details than on abstract principles are said to be **pragmatic.**

These different approaches can affect business in a number of ways. In a culture of pragmatists (as in the United States), labor negotiations tend to focus on well-defined issues—say, hourly pay increases for a specific bargaining unit. In an idealist culture (as in Argentina), labor disputes tend to blur the focus on specific demands as workers tend to rely first on mass action, such as general strikes or political activities, to publicize basic principles.

Communications

We now look at problems in *communications*—especially translating spoken and written language. Problems occur not only when you shift from one language to another, but also when you communicate with someone from another country with the same official language. Finally, we discuss communications that occur by means other than spoken and written language—a so-called "silent language."

Cross-border communications do not always translate as intended.

SPOKEN AND WRITTEN LANGUAGE

Translating one language directly into another is not as straightforward as it may seem. Some words simply don't have direct translations. In English, for example, *children* may mean either "young people" or "offspring." In Spanish, *niños* and *hijos* distinguish between the two.

In addition, language, including common word meanings, is constantly evolving. When Microsoft purchased a thesaurus code for its Spanish version of Word, the connotations of many synonyms had shifted by the time it implemented the software; some, in fact, were transformed into outright insults that alienated potential customers.[56] Of course, in any language words mean different things in different contexts. A U.S. company once described itself as an "old friend" of China; unfortunately, the Chinese word it chose for *old* meant "former" instead of "long-standing."[57]

Finally, remember that grammar is complex and the seemingly slight misuse (or even placement) of a word can substantially change the meaning. All of the following, each originally composed to assist English-speaking guests, have appeared on signs in hotels around the world:

FRANCE: "Please leave your values at the desk."

MEXICO (to assure guests about the safety of drinking water): "The manager has personally passed all the water served here."

JAPAN: "You are invited to take advantage of the chambermaid."

NORWAY: "Ladies are requested not to have children in the bar."

SWITZERLAND: "Because of the impropriety of entertaining guests of the opposite sex in the bedroom, it is suggested that the lobby be used for this purpose."

GREECE (at check-in line): "We will execute customers in strict rotation."

These examples offer a comical look at language barriers that usually result in only a little embarrassment. Poor translations, however, can have much graver consequences, such as structural collapses of buildings and airplane crashes.[58] So choose your words carefully. Although there's no foolproof way of ensuring translations, experienced international businesspeople rely on such following suggestions:

- Get references for the people who will do your translating.
- Make sure your translator knows the technical vocabulary of your business.
- For written work, do *back translations:* Have one person go from, say, English to French and a second from French back to English. If your final message says what you said originally, it's probably satisfactory.
- For written work, make sure that the tone, not just the words, fit both your own intentions and the expectations of recipients.
- Use simple words whenever possible (such as *ban* instead of *interdiction*).
- Avoid slang. American slang, especially words or phrases originating from sports—*off base, out in left field, threw me a curve, ballpark figure*— are probably meaningless to most businesspeople outside the United States.
- When either you or your counterpart is dealing in a language other than your first language, clarify communications in several ways (repeat things in different words and ask questions) to ensure that all parties have the same interpretation.
- Recognize the need and budget from the start for the extra time needed for translation and clarification.

Be careful with humor because some lacks a universal appeal. A Microsoft executive quipped to Indian executives that he really didn't have the qualifications to speak because he did not complete his MBA. The comment was badly received because Indians place high importance on education and on persevering rather than dropping out.[59]

Finally, even when all parties to a communication come from countries that share an official language, don't assume that understanding will go smoothly. Table 2.1, for instance, lists just some of the approximately 4,000 words that have different meanings in British and American English. What could go wrong? When Hershey's launched its Elegancita candy bar in Latin America, its expensive advertising campaign boasted about the *cajeta* in the product. Unfortunately, although *cajeta* means "goat's-milk caramel" in Mexico, in much of South America it's vulgar slang for a part of the female anatomy.[60]

TABLE 2.1 Dangers of Misspeaking the Language(s) of Business

Below are a couple of short lists containing words whose meanings are different in the United States and the United Kingdom—"two countries separated by a common language," as the British playwright G.B. Shaw once quipped. There are approximately 4,000 words with the potential to cause problems for people who—in theory—speak the same language.

United States	United Kingdom
turnover	*redundancy*
sales	*turnover*
inventory	*stock*
stock	*shares*
president	*managing director*
paperback	*limp cover*