



## Learning Topic

# International Cultural Differences

Communications, teamwork, organizational hierarchy, and positive attitudes toward management roles are essential in any organization. These are crucial in international business, as problems are often exacerbated by subtle cross-cultural differences. When defining roles in multinational teams whose members have diverse attitudes and expectations about organizational hierarchy, these cultural differences can present a challenge.

Culture is a system of values and norms that is shared among a group of people. The ways people interact socially, their mutual expectations, and the values they share all have consequences for doing business and managing across cross-cultural boundaries.

How a country's cultural differences relate to international business can be seen in the following examples:

- In Japan, social hierarchy and respect for seniority are highly valued and are reflected at the workplace. Those in senior management positions command respect and expect a formality and deference from junior team members.

- In Scandinavian countries, societal equality is emphasized. Workplaces therefore tend to have a comparatively flat organizational hierarchy. In turn, this organization can result in relatively informal communication and an emphasis on cooperation across the organization.
- The way to address colleagues and business partners varies in different countries. While Americans and Canadians tend to use first names, in Asian countries such as South Korea, China, and Singapore, colleagues tend to use the formal address, Mr. or Ms. So do Germans and many Europeans.
- The concept of punctuality also differs between cultures. Where an American may arrive at a meeting a few minutes early, an Indian or Mexican colleague may arrive well after the scheduled start time and still be considered on time.
- Attitudes to work also differ. While some may consider working long hours a sign of commitment, others may view it as an encroachment on their personal time and a sacrifice of essential family time.
- Greeting customs are highly culture- and situation-specific. In the United States and Canada, a simple handshake while looking a person in the eye is the norm. In Japan, bowing is the traditional greeting—the deeper the bow, the greater the respect shown. In India, you put hands together as in prayer and say "namaste." In Arab countries, men might hug and kiss each other (but not a woman) on the cheek.
- In Latin America and the Middle East, the acceptable physical distance needed to respect someone's personal space is much shorter than what most Europeans and Americans feel comfortable with.
- Different cultures have different meaning for identical words. The Swedish vacuum cleaner manufacturer Electrolux introduced a print advertisement with the tagline "Nothing sucks like an Electrolux." While the ad was successful in Britain, it was a disaster in the US market.

Several scholar-practitioners have studied cultural differences and their influence on international business. At the end of the 1970s, the Dutch social psychologist Dr. Geert Hofstede published an internationally recognized standard for understanding cultural differences. Hofstede studied IBM employees in more than

50 countries. Initially, he identified four dimensions that could distinguish one culture from another. Later, he added fifth and sixth dimensions, in cooperation with Dr. Michael H. Bond and Dr. Michael Minkov.

The six dimensions of national culture are as follows:

- power distance index (high vs. low)
- individualism vs. collectivism
- masculinity vs. femininity
- uncertainty avoidance index (high vs. low)
- long- vs. short-term orientation (also known as pragmatic vs. normative)
- indulgence vs. restraint

Hofstede demonstrated that there are national and regional cultural groups that influence the behavior of societies and organizations. The table below describes these dimensions of country cultures and their implications for international business.

### Dimensions of National Culture and Implications on International Business

**Country  
cultural  
dimension**

**Characteristics**

**Implications**

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Country cultural dimension	Characteristics	Implications
Power distance index—High	Degree of inequality between people with and without power	Centralized organizations  More complex hierarchies  Large gaps in compensation, authority, and respect
Power distance index—Low	Power is shared and widely dispersed in organizations	Decentralized authority  Fewer layers of management  Supervisors and employees are considered almost as equals
Individualism vs. collectivism—High	Preference for a loosely knit social framework in which individuals are expected to take care of only themselves and their immediate family	High value on people's time, need for privacy and freedom  Expectation of individual rewards for hard work

Country cultural dimension	Characteristics	Implications
Individualism vs. collectivism— Low	Loyalty to the group to which they belong  People take responsibility for one another's well-being	Work for intrinsic rewards  Maintaining harmony among group members overrides other moral issues  Saying no can cause loss of face, unless it's intended to be polite
Masculinity vs. femininity— High	Preference for achievement, heroism, assertiveness, and material rewards for success.	Organizations are more competitive and hierarchical  Strong egos— feelings of pride and importance are attributed to status
Masculinity vs. femininity—Low	Preference for cooperation, modesty, caring for the weak, and quality of life	Organizations are more consensus-oriented  Workplace flexibility and work- life balance important

Country cultural dimension	Characteristics	Implications
Uncertainty avoidance index –High	Rigid codes of belief and behavior, intolerant of unorthodox behavior and ideas  Attempt to make life as predictable and controllable as possible	Many societal conventions  Allowed to show anger or emotions  High-energy society  People feel that they are in control of their lives
Uncertainty avoidance index –Low	Relaxed attitude in which practice counts more than principles  More open or inclusive	Less sense of urgency  Titles are less important  Respect those who can cope under all circumstances

Country cultural dimension	Characteristics	Implications
Long- vs. short- term orientation –High	Value persistence, perseverance, and being able to adapt. More thrifty	Thrift and education seen as positive values  More willing to compromise  Virtues and obligations are emphasized
Long- vs. short- term orientation –Low	Value tradition, current social hierarchy, and fulfilling social obligations  Care more about immediate gratification than long-term fulfillment	Strong convictions  Values and rights are emphasized  Less willing to compromise, as this would be viewed as weakness

Country cultural dimension	Characteristics	Implications
Indulgence vs. restraint—High	Encourage relatively free gratification of people's own drives and emotions	Optimistic  Importance of freedom of speech  Debate and dialogue in meetings or decision making  Emphasize flexible working and work-life balance
Indulgence vs. restraint—Low	More emphasis on suppressing gratification and more regulation of people's conduct and behavior  Stricter social norms	Pessimistic  Controlled and rigid behavior  Express negativity about the world only during informal meetings

Clearly, every country culture distinguishes itself by the way it conducts its interpersonal relationships and its attitudes toward time and environment. Hofstede's framework, outlined above, is widely used. However, there are others. Parson (1951) views five orientations covering the ways human beings deal with each other:



- universalism vs. particularism
- individualism vs. communitarianism
- neutral vs. emotional
- specific vs. diffuse
- achievement vs. ascription

Gannon (2004) describes country cultures through the use of a cultural metaphor. A cultural metaphor is "any major phenomenon, activity, or institution with which its members closely identify cognitively and/or emotionally." This framework uses a four-stage model of cross-cultural understanding using process and goal orientation and degree of emotional expressiveness. The cultural metaphors from 30 countries studied by Gannon include the following:

- American football
- German symphony
- French wine
- the Brazilian samba
- the Japanese garden
- the Indian Dance of Shiva
- the Mexican fiesta
- Russian ballet

The differences in country cultures imply that for managers in international business there is a need to develop cross-cultural literacy and an understanding that there is a connection between culture and national competitive advantage. There is also a connection between culture and ethics in decision making.

An awareness of the cultural background of your customers and business partners in a new country is an important aspect of international business, as it will help you clearly convey your message and adapt to new business settings.

## References

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