

Chapter 5

## The Cultural Environment of International Business

**International Business  
Strategy, Management & the New Realities**

by  
**Cavusgil, Knight and Riesenberger**

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### Learning Objectives

1. The challenge of crossing cultural boundaries
2. The meaning of culture: foundation concepts
3. Why culture matters in international business
4. National, professional, and corporate culture
5. Interpretations of culture
6. Key dimensions of culture
7. Language as a key dimension of culture
8. Culture and contemporary issues
9. Managerial guidelines for cross-cultural success

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### Cross-Cultural Risk

A situation or event where a cultural miscommunication puts some human value at stake

- Cross-cultural risk arises when we step into different environments characterized by unfamiliar languages and unique value systems, beliefs, and behaviors
- It is one of the four major risks in international business

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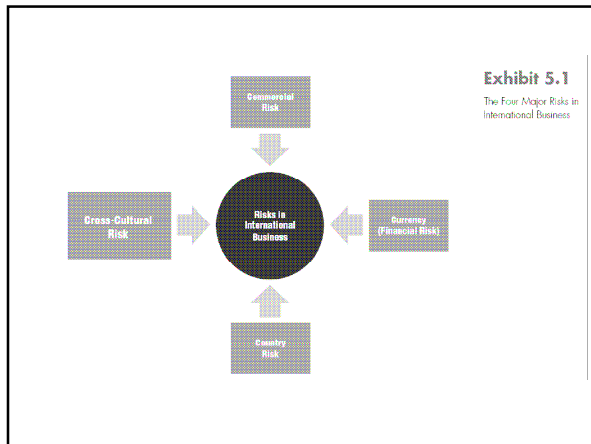
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**Manifestations of Cross-Cultural Risk**

- Ethnocentric orientation: using our own culture as the standard for judging other cultures
- Polycentric orientation: a host country a mindset where the manager develops a greater affinity with the country in which she/he conducts business
- Geocentric orientation: a global mindset where the manager is able to understand a business or market without regard to country boundaries

Managers should strive to adopt a geocentric orientation.

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**Cultural Orientations Influence Everyday Behavior**

- Interpersonal exchanges- greeting and parting rituals.
- How far apart to stand, what to say, and whether to touch or smile.
- Ceremonies may vary as a function of the age, gender, and status of the greeters.
- Value-chain operations, such as product and service design, marketing, and sales, e.g. red may be beautiful to the Russians; it is the symbol of mourning in South Africa.
- Gift-giving rituals- inappropriate items such as knives or scissors imply cutting off the relationship or other negative sentiments; chrysanthemums are typically associated with funerals; and handkerchiefs suggest sadness.

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**Example: How National Culture May Influence Human Resource Management**

The following HR practices vary greatly among cultures:

- Teamwork
- Lifetime employment
- Pay for performance system
- Informal communication
- Organizational structure
- Union-management relationships
- Attitudes toward ambiguity

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**Example: Cultural Differences in Entrepreneurship**

It's been said that when someone in Hong Kong starts a new business venture, the entire family works around the clock to make it a success. In the U.S., friends put up their money for the entrepreneur. In the U.K., everyone tries to discourage the entrepreneur by explaining why it is likely to fail and then scratch his car. In Turkey, friends will ask the entrepreneur to hire their sons, nephews. In India, the administrative system will put up monumental red tape.

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**National Culture**

- Culture relates to a system of shared assumptions, ideas, beliefs, and values that guide human behavior
- Appears in statements, actions, material items
- Culture is acquired and inculcated; acquisition of cultural norms and patterns is a subtle process
- Culture is transmitted from generation to generation; with embellishment and adaptation over time

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**Definitions of Culture**

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- Culture incorporates both objective and subjective elements.
- Objective or tangible aspects of culture include tools, roads, television programming, architecture, and other physical artifacts.
- Subjective or intangible aspects of culture include norms, values, ideas, customs, and other meaningful symbols.
- Hofstede, the well-known Dutch organizational anthropologist, views culture as a 'collective mental programming' of people. The 'software of the mind,' or how we think and reason, differentiates us from other groups.
- Another scholar, Triandis views culture as an interplay of sameness and differences.

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**Culture Evolves Over Time**

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- Culture evolves within each society to characterize and distinguish its members from others.
- First, it captures how the members of the society live; for instance, how they feed, clothe, and shelter themselves.
- Second, it explains how members behave toward each other and with other groups.
- Third, it defines their beliefs and values, and how they perceive the meaning of life.

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**What Culture Is NOT**

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Culture is:

- **Not right or wrong** – culture is relative. There is no cultural absolute. Different nationalities simply perceive the world differently.
- **Not about individual behavior** – culture is about groups. It refers to a collective phenomenon of shared values and meanings.
- **Not inherited** – culture is derived from the social environment. We are not born with a shared set of values and attitudes; we learn and acquire as we grow up.

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### Culture is Learned

- **Socialization:** The process of learning the rules and behavioral patterns appropriate to one's given society, i.e. cultural learning.
- **Acculturation:** The process of adjusting and adapting to a culture other than one's own, commonly experienced by expatriate workers.
- Culture has been likened to an *iceberg* - above the surface, certain characteristics are visible. Below the surface is a massive base of assumptions, attitudes, and values that strongly influence decision-making, relationships, conflict, and other dimensions of international business.




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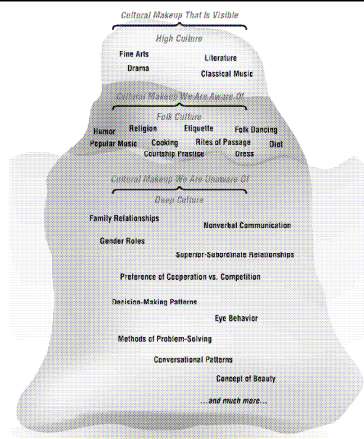
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Exhibit 5.2

Culture as an Iceberg




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### Cross-Cultural Proficiency is Paramount in Managerial Tasks

- Developing products and services
- Communicating and interacting with foreign business partners
- Screening and selecting foreign distributors and other partners
- Negotiating and structuring international business ventures
- Interacting with current and potential customers from abroad
- Preparing for overseas trade fairs and exhibitions
- Preparing advertising and promotional materials




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### Cross-Cultural Differences may Create Challenges

- **Teamwork.** What should managers do if foreign and domestic nationals don't get along with each other?
- **Lifetime employment.** Workers in some Japanese companies expect to work for the same company during their careers; how should a foreign firm handle this?
- **Pay for performance system.** In China and Japan, a person's age is important in promoting workers. Yet how do such workers perform when merit performance-based measures are used?
- **Organizational structure.** Preferences for centralized, bureaucratic structures may deter information sharing.
- **Union-management relationships.** European firms have generally evolved into a business culture in which workers enjoy a more equal status with managers.
- **Attitudes toward ambiguity.** If you are not comfortable working with minimum guidance or taking independent action, then you may have difficulty fitting into some cultures.



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### Culture's Role in International Business

- In the West, "the customer is king," but in Japan, "the customer is God"
- Japan's orientation to customer service derives from its national culture- form, quality, and service are the key success factors in Japan.
- A densely populated and homogenous society has encouraged the development of a cohesive and polite culture that rewards harmony.
- "**Amae**" means "indulgent dependence." In Western cultures, independence is taught, in Japanese culture, an emotion-laden dependence is instilled.
- Filial piety – respect for one's parents and elders – is the foundation of the Confucian ethic. *Amae* and the Confucian parent-child relationship provide the basis for all other relationships.



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### Group's Precedence over the Individual in Japan and other Asian Cultures

- Group meetings intended to build harmony and team spirit.
- Group calisthenics
- Collective firm training and evaluation
- Detailed training- instructions are given on how to greet people, what tone of voice to use, and how to handle complaints.
- Feedback is used by manufacturers and service suppliers to redesign products/services.
- Nevertheless, Japan is changing. Given a choice between attentive personal service and lowest possible prices, Japanese increasingly make the trade-off to a Carrefour, Toy-R-Us, or Wal-Mart.



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### Multiple Layers of Cultural Influence

Employees are socialized into three overlapping cultures; *national culture, professional culture, and corporate culture.*

- The influence of professional and corporate culture tends to grow as people are socialized into a profession and workplace.
- Corporate and professional cultures are embedded in national cultures.
- Note that Britain and the U.S., which share language, political and economic systems, would engender firms with vastly different organizational cultures.
- Even within country differences are striking- Lloyds, a large British insurance firm, has a conservative culture that may be slow to change. Virgin, the British music and travel provider, has an experimental, risk-taking culture.




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### Exhibit 5.3

National, Professional, and Corporate Culture  
SOURCE: Adapted from The Cultural Environment of International Business, Van Tassell and Kenneth David (1991), Third edition, Cincinnati: Southwestern Publishing Company



Progressive Socializations that Occur During a Person's Life

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### Can all Differences be Attributed to National Culture?

- In companies with a strong organizational culture, it is hard to determine where the corporate influence begins and the national influence ends.
- Example - L'Oreal is staffed by global managers, whose influence, combined with management's receptiveness to world culture, has shaped L'Oreal into a unique organization that is distinctive within French culture
- The tendency to attribute all differences to national culture is simplistic.




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### Three Approaches to Interpreting Culture

- **Metaphors** refer to a distinctive tradition or institution strongly associated with a society- a guide to deciphering attitudes, values, and behaviors.
- **Stereotypes** are generalizations about a group of people that may or may not be factual, often overlooking real, deeper differences.
- An **idiom** is an expression whose symbolic meaning is different from its literal meaning- a phrase that cannot be understood by simply knowing what the individual words mean.



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### Examples of Metaphors

- American football is a metaphor for distinctive traditions in the U.S.
- The Swedish *stuga* (a cottage or summer home) is a cultural metaphor for Swedes' love of nature and a desire for individualism through self development.
- The Japanese garden (tranquility)
- The Turkish coffeehouse (social interaction)
- The Israeli kibbutz (community)
- The Spanish bullfight (ritual)



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### The Nature of Stereotypes

- Stereotypes are often erroneous and lead to unjustified conclusions about others.
- Still, most people employ stereotypes, either consciously or unconsciously, because they are an easy means to judge situations and people.
- There are real differences among groups and societies- we should examine descriptive behaviors rather than evaluative stereotypes.
- An example: Latin Americans tend to procrastinate with the so-called *mañana syndrome* (tomorrow syndrome). To a Latin American, *mañana* means an indefinite future with many uncontrollable events, thus why fret over a promise?



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### Examples of Stereotypes

Some stereotypes about people from the U.S. relative to others:

- Argumentative and aggressive, compared to Japanese who tend to be reserved and humble.
- Individualistic lovers of personal freedom, compared to Chinese who tend to be group oriented.
- Informal and nonhierarchical, compared to Indians who believe titles should be respected.
- Entrepreneurial and risk-seeking, compared to Saudi Arabians who tend to be conservative, employing time-honored methods for getting things done.
- Direct and interested in immediate returns, compared to Latin Americans who usually take time to be social and get to know their business partners.



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### Cultural Stereotyping: What It Takes to Be a Global Manager (!)

- The *Humility* of the FRENCH
- The *Generosity* of the DUTCH
- The *Candor* of the JAPANESE
- The *Charm* of the GERMAN
- The *Punctuality* of the SPANIARD
- The *Compassion* of the ENGLISH
- The *Team Spirit* of the ARAB
- The *Gentle Tact* of the AUSTRALIAN
- The *Efficiency* of the RUSSIAN
- The *Discipline* of the ITALIAN
- The *Patience and Language Ability* of the AMERICAN



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### Idioms

Idioms exist in virtually every culture and are used as a short way of saying something else. Examples:

- "To roll out the red carpet" is to extravagantly welcome a guest; no red carpet is actually used.
- In Spanish, the idiom "*no está el horno para bolos*" literally means "the oven isn't ready for bread rolls," yet really means "the time isn't right."
- In Japanese, the phrase "*uma ga au*" literally means "our horses meet," yet really means "we get along with each other."



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Country	Expression	Underlying Value
Japan	"The nail that sticks out gets hammered down."	Group conformity
Australia and New Zealand	"The tall poppy gets cut down." (Criticism of a person who is perceived as presumptuous, attention-seeking, or without merit.)	Egalitarianism
Sweden and other Scandinavian countries	"Janteloven" or "Jante Law." "Don't think you're anyone special or that you're better than us."	Modesty
Korea	"A tiger dies leaving its leather, a man dies leaving his name."	Honor
Turkey	"Steel that works, does not rust."	Hard work
United States	"Necessity is the mother of invention."	Resourcefulness
Thailand	"If you follow older people, dogs won't bite you."	Wisdom

**Exhibit 5.4** Idioms that Symbolize Cultural Values

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### E. T. Hall's High- and Low-Context Cultures

- **Low-context cultures** rely on elaborate verbal explanations, putting much emphasis on spoken words.
- They tend to be in northern Europe and North America, which place central importance on the efficient delivery of verbal messages; speech should express one's ideas and thoughts as clearly, logically, and convincingly as possible.
- Communication is direct and explicit, meaning is straightforward, i.e. no "beating around the bush," and agreements are concluded with specific, legal contracts.

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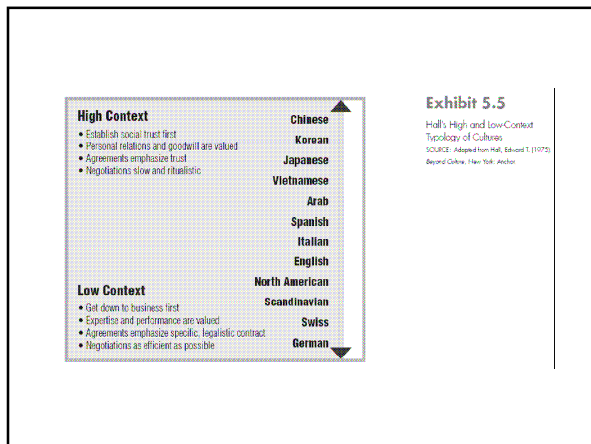
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### High Context Cultures

- A **high-context culture** emphasizes nonverbal messages and use communication as a means to promote smooth, harmonious relationships.
- Prefer an indirect, polite, "face-saving" style that emphasizes a mutual sense of care and respect for others; careful not to embarrass or offend others.
- It is difficult for Japanese people to say "no" when expressing disagreement. Much more likely to say "it is different" -- an ambiguous response.
- In East Asian cultures, showing impatience, frustration, irritation, or anger disrupts harmony and is considered rude and offensive.
- In Japan, superiors are given favored seating as a show of respect, i.e., farthest away from the entrance to the room.
- To succeed in Asian cultures, it is critical to notice nonverbal signs and body language.



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### Hofstede's Classifications of National Culture

1. **Individualism versus collectivism** refers to whether a person primarily functions as an individual or within a group.
2. **Power distance** describes how a society deals with inequalities in power that exist among people.
3. **Uncertainty avoidance** refers to the extent to which people can tolerate risk and uncertainty in their lives.
4. **Masculinity versus femininity** refers to a society's orientation based on traditional male and female values.



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### Individualistic vs. Collective Societies

- **Individualistic societies:** ties among people are relatively loose; each person tends to focus on his or her own self-interest; competition for resources is the norm; those who compete best are rewarded financially.
  - **Examples-** Australia, Canada, the UK, and the U.S. tend to be strongly individualistic societies.
- **Collectivist societies:** ties among individuals are more important than individualism; business is conducted in the context of a group where everyone's views are strongly considered; group is all-important, as life is fundamentally a cooperative experience; conformity and compromise help maintain group harmony.
  - **Examples-** China, Panama, and South Korea tend to be strongly collectivist societies.



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### High vs. Low Power Distance

- **High power distance** societies have substantial gaps between the powerful and the weak; are relatively indifferent to inequalities and allow them to grow.
  - **Examples-** Guatemala, Malaysia, the Philippines and several Middle East countries
- **Low-power distance** societies have minimal gaps between the powerful and weak.
  - **Examples-** Denmark and Sweden, governments instituted tax and social welfare systems that ensure their nationals are relatively equal in terms of income and power. The United States scores relatively low on power distance.
- Social stratification affects power distance- in Japan almost everybody belongs to the middle class, while in India the upper stratum controls decision-making and buying power.
- In high-distance firms, autocratic management styles focus power at the top and grant little autonomy to lower-level employees.



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### High vs. Low Uncertainty Avoidance Societies

- **High uncertainty avoidance** societies create institutions that minimize risk and ensure financial security; companies emphasize stable careers and produce many rules to regulate worker actions and minimize ambiguity; decisions are made slowly because alternatives are examined for potential outcomes.
  - Belgium, France, and Japan
- **Low uncertainty avoidance** societies socialize their members to accept and become accustomed to uncertainty; managers are entrepreneurial and comfortable with taking risks; decisions are made quickly; people accept each day as it comes and take their jobs in stride; they tend to tolerate behavior and opinions different from their own because they do not feel threatened by them.
  - India, Ireland, Jamaica, and the U.S.



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### Masculine vs. Feminine Cultures

- **Masculine cultures** value competitiveness, assertiveness, ambition, and the accumulation of wealth; both men and women are assertive, focused on career and earning money, and may care little for others.
- **Examples-** Australia, Japan. The U.S. is a moderately masculine society; as are Hispanic cultures that display a zest for action, daring, and competitiveness.
- In business, the masculinity dimension manifests as self-confidence, proactiveness and leadership.
- **Feminine cultures** emphasize nurturing roles, interdependence among people, and caring for less fortunate people- for both men and women.
- **Examples-**Scandinavian countries- welfare systems are highly developed, and education is subsidized.



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**The Fifth Dimension:  
Long-Term versus Short-Term Orientation**

Hofstede added a fifth dimension -- **long-term vs. short-term orientation** -- which was not identified in his earlier study. This dimension describes the degree to which people and organizations defer gratification to achieve long-term success.

- **Long-term orientation** tends to take the long view to planning and living, focusing on years and decades.
- **Examples**- traditional Asian cultures-China, Japan, and Singapore, which partly base these values on the teachings of the Chinese philosopher Confucius (K'ung-fu-tzu) (500 B.C.), who espoused: long-term orientation, discipline, loyalty, hard work, regard for education, esteem for the family, focus on group harmony, and control over one's desires.
- **Short-term orientation** - the U.S. and most other Western countries.



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**Objective and Subjective Dimensions of Culture**

**Objective dimensions**- e.g., the tools, roads, and architecture unique to a society. Symbolic Productions:

- A **symbol** can be letters, figures, colors, and other characters that communicate a meaning.
- **Examples**- the cross is the main symbol of Christianity; the red star was the symbol of the former Soviet Union; flags, anthems, seals, monuments, and historical myths.
- Business has many types of symbols, in the form of trademarks, logos, and brands.

Material Productions and Creative Expressions of Culture:

- **Material productions** are artifacts, objects, and technological systems that people construct to cope with their environments.
- The most important technology-based material productions are the infrastructure related to energy, transportation, and communications systems.
- **Creative expressions of culture** include arts, folklore, music, dance, theater, and high cuisine.



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**Subjective Dimensions of Culture**

**Subjective dimensions**- values and attitudes, manners and customs, deal versus relationship orientation, perceptions of time, perceptions of space, and religion.

- **Values** represent a person's judgments about what is good or bad, acceptable or unacceptable, important or unimportant, and normal or abnormal.
- **Attitudes** and preferences are developed based on values, and are similar to opinions, except that attitudes are often unconsciously held and may not have a rational basis.
- **Prejudices** are rigidly held attitudes, usually unfavorable and aimed at particular groups of people.
- **Examples**- values in North America, Northern Europe, and Japan - hard work, punctuality, and the acquisition of wealth.



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### Deal vs. Relationship Orientation

- **Deal-oriented cultures**- managers focus on the task at hand, are impersonal, typically use contracts, and want to just “get down to business.”
  - **Examples**- Australia, Northern Europe, and North America
- **Relationship-oriented cultures**- managers value affiliations with people, rapport, and get to know the other party in business interactions; relationships are more important than the deal- trust is highly valued in business agreements.
  - **Examples**- China, Japan, Latin American countries- it took nine years for Volkswagen to negotiate an automobile factory in China.



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### 'Guanxi' Exemplifies Relationship Orientation

- **Guanxi** refers to social connections in Chinese society -- relationships based on mutual benefits.
- Reciprocal exchange of favors as well as mutual obligations.
- Guanxi is rooted in ancient Confucian philosophy, which values social hierarchy and reciprocity.
- Guanxi engenders trust and thereby serves as a form of insurance in an otherwise risky business environment.



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### Manners and Customs

- **Manners and customs** are ways of behaving and conducting oneself in public and business situations.
- **Informal cultures** -egalitarian, in which people are equal and work together cooperatively.
- **Formal cultures**- status, hierarchy, power, and respect are very important.
- Varying customs: eating habits, mealtimes, work hours and holidays, drinking and toasting, appropriate behavior at social gatherings (handshaking, bowing, kissing), gift-giving (complex), and the role of women



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### Perceptions of Time

- Time dictates expectations about planning, scheduling, profit streams, and what constitutes tardiness in arriving for work and meetings.
  - **Longer planning horizon-** Japan- prepare strategic plans for the decade.
  - **Shorter planning horizon-** Western companies- strategic plans-several years.
- **Orientation-** past, present and future- past-oriented cultures believe that plans should be evaluated in terms of their fit with established traditions, thus innovation and change are infrequent.
  - **Examples-** Europeans tend to be past-oriented; Australia, Canada, and the U.S. are more focused on the present.



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### Monochronic vs. Polychronic Orientation

- **Monochronic** - rigid orientation to time in which the individual is focused on schedules, punctuality, time as a resource, time is linear, "time is money."
  - Investors are impatient, and want quick returns. Managers have a relatively short-term perspective; performance is measured on a quarterly basis.
  - **Example-** the U.S. has acquired a reputation for being hurried and impatient; the word "business" was originally spelled "*busyness*."
- **Polychronic-** A flexible, non-linear orientation to time in which the individual takes a long-term perspective and is capable of multi-tasking; time is elastic, long delays are tolerated before taking action.
  - Punctuality *per se* is relatively unimportant, time commitments are flexible, relationships are valued, future-oriented performance targets- 10 years, lifetime employment.
  - **Examples-** Africa, Asia, Latin America, China, Japan and the Middle East- in the Middle East, strict Muslims view destiny as the will of God ('Inshallah' or 'God willing') and perceive appointments as relatively vague future obligations.



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### Perceptions of (Physical) Space

- Conversational distance is closer in Latin America than in Northern Europe or the U.S.
- Those who live in crowded Japan and Belgium have smaller personal space requirements than those who live in Russia or the U.S.
- In Japan, it is common for employee workspaces to be crowded together in the same room- one large office space might be used for 50 employees.
- North American firms partition individual workspaces and provide private offices for more important employees.
- In Islamic countries, close proximity may be discouraged between a man and a woman who are not married.



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## Religion

- **Religion** is a system of common beliefs or attitudes concerning a being or system of thought people consider to be sacred, divine, or highest truth, as well as the moral codes, values, institutions, traditions, and rituals associated with this system.
- Religion influences culture, and therefore business and consumer behavior.
- **Example: Protestant work ethic** emphasizes hard work, individual achievement, and a sense that people can control their environment- the underpinnings for the development of capitalism.



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## Role of Religion in Islamic Societies

- Islam is the basis for government, legal and social systems- people perceive God's will at the source of all outcomes, Muslims are more fatalistic and reactive.
- Islam's holy book, the Qur'an, prohibits drinking alcohol, gambling, usury, and 'immodest' exposure. These prohibitions affect firms that deal in alcoholic beverages, resorts, entertainment, and women's clothing, as well as ad agencies, and banks and other institutions that lend money.
- **Islamic market-** Nokia launched a mobile phone that shows Muslims the direction towards Mecca, Islam's holiest site. Heineken, the Dutch brewing giant, rolled out the non-alcoholic malt drink Fayrouz.



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## Language as a Key Dimension of Culture

- The "mirror" or expression of culture, language is essential for communications, it also provides insights into culture.
- Linguistic proficiency is a great asset in international business because it facilitates cross-cultural understanding.
- Language has both **verbal** and **nonverbal** (unspoken, facial expressions and gestures).
- At present the world has nearly 7,000 active languages, including over 2,000 in Africa and Asia, respectively.



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**Exhibit 5.9**

Examples of Differences in Meaning between U.S. and British English

Word	Meaning in U.S. English	Meaning in British English
Scheme	A somewhat devious plan	A plan
Redundant	Repetitive	Fired or laid off
Sharp	Smart	Conniving, unethical
To table	To put an issue on hold	To take up an issue
To bomb	To fail miserably	To succeed grandly
Windscreen	A screen that protects against wind	Automobile windshield

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**Culture and Contemporary Issues**

Culture is so powerful and pervasive that it exerts a strong impact on emergent issues: globalization of markets, transnational media, technological advances, and government regulations- and commensurately these forces influence culture.

**Culture and the Services Sector**

- In the most advanced economies, firms that offer services account for a greater share of FDI than manufacturing firms.
- The greater the cultural distance between the service producer and its customers, the more likely there will be cognitive and communication gaps.
- Differences in language and national character have the same effect as trade barriers, and FDI is particularly vulnerable.

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**Technology, the Internet, and Culture**

- Technological advances are a key determinant of culture and cultural change- more leisure time, and computers, multimedia, and communications systems that encourage convergence in global culture.
- The "death of distance" refers to the demise of the boundaries that once separated people, due to integrating effects of modern communications, information, and transportation technologies- more homogenized cultures are developing.
- The Internet also promotes the diffusion of culture, with rapidly growing number of Internet users.

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### Are Cultures Converging?

- Little consensus about globalization's effects on culture, however, it is a major influence in the emergence of common worldwide culture.
- Critics charge that globalization is harmful to local cultures, their artistic expressions and sensibilities, and their replacement by a homogeneous, often 'Americanized', culture.
- Others argue that increased global communications is positive because it permits the flow of cultural ideas, beliefs, and values.
- The homogenization (or the 'banalization') of culture is demonstrated by the growing tendency of people in much of the world to consume the same Big Macs and Coca-Colas, watch the same movies, listen to the same music, drive the same cars, and stay in the same hotels.



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### Convergence of Cultures

- Cultural homogeneity and heterogeneity are not mutually exclusive alternatives or substitutes; they may exist simultaneously. Cross-cultural exchange promotes innovation and creativity.
- Cultural flows originate in many places; just as McDonald's hamburgers have become popular in Japan, so has Vietnamese food in the United States and Japanese sushi in Europe.
- While some past ways of life will be eclipsed in globalization, the process is also liberating people culturally by undermining the ideological conformity of nationalism.



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### Managerial Guidelines for Cross-Cultural Success

- Guideline 1: Acquire factual and interpretive knowledge** about the other culture; and try to speak their language.
- Guideline 2: Avoid cultural bias.**
- **Self-reference criterion:** The tendency to view other cultures through the lens of one's own culture—understanding this is the first step.
  - **Critical incident analysis** -a method for analyzing awkward situations in cross cultural interactions by developing empathy for other points of view.
- Guideline 3: Develop cross-cultural skills.** Cross-cultural proficiency is characterized by several personality traits.



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### Personality Traits Necessary for Cross-Cultural Proficiency

- *Tolerance for ambiguity* – the ability to tolerate uncertainty and apparent lack of clarity in the thinking and actions of others.
- *Perceptiveness* – the ability to closely observe and appreciate subtle information in the speech and behavior of others.
- *Valuing personal relationships* – the ability to recognize the importance of interpersonal relationships, which are often much more important than achieving one-time goals or “winning” arguments.
- *Flexibility and adaptability* – the ability to be creative in devising innovative solutions; open-minded about outcomes; and show grace under pressure.



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### Geocentric Mindset

- Similarities and differences among cultures can best be accommodated by instilling a **geocentric** cultural mindset in employees and using a geocentric staffing policy to hire the best people for each position, regardless of their national origin.
- **Cultural intelligence (CQ)** measures a person’s capability to function effectively in situations characterized by cultural diversity- this is helpful in selecting optimal human resources.



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### Critical Incident Analysis

- One way to minimize cross-cultural bias and the self-reference criterion is to engage in *critical incident analysis*, a method that helps managers develop empathy for other points of view.
- An illustration: Engineers from Ford (United States) and Mazda (Japan) are collaborating on a joint project. The counterparts from the Ford team are baffled by the Japanese team’s silence and in different reactions which me, in fact, be a function of :
  - (1) the Japanese engineers could not explain themselves easily or understand the Ford team’s briefings, which all took place in English;
  - (2) Japanese usually refrain from speaking out before the entire team meets in private and reaches consensus.



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### Steps in the Critical Incident Analysis

- **Step One:** Identify the situations where you need to be culturally aware to interact effectively with people from another culture.
- **Step Two:** When confronted with a “strange” or awkward behavior, discipline yourself not to make value judgments. Learn to suspend judgment.
- **Step Three:** Learn to make a variety of interpretations of the foreigner’s behavior, to select the most likely interpretation, and then formulate your own response.
- **Step Four:** Learn from this process and continuously improve.



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