

THE IMPACT OF CULTURE ON MANAGING ORGANIZATIONS

FIRST PERSON

Culture Clash in a Joint Venture

I work for a US company that prides itself on having an informal and consultative culture. We discuss everything and have many informal and important information exchanges that occur during occasional chats when we stop by one another's offices or get together in small groups in the hallways. Our meetings rarely have a formal agenda and may appear confrontational to outsiders. People jump in regardless of their title, interrupt one another, forcefully argue, and disagree irrespective of who is talking. But, we all manage to get heard, make sound decisions, and come together when it is time to implement them. We recently started a joint venture (JV) with a Chinese supplier. The business case for the JV was strong, and there was no question that we could both benefit from our cooperation. Our managers had met face-to-face a number of times and worked out the overall plans, and it was now up to various groups to start the actual work. As we conducted our first meetings through video chats, things did not go as expected. While we made a conscious effort to tone down our usually unruly meetings, we got nothing but silence from our Chinese partners. They soon requested a formal detailed agenda at least twenty-four hours prior to our calls and inquired about an organizational chart that clarified our titles and roles, so that each person could work with their appropriate counterpart. One day after each of our meetings, our manager received a detailed summary of our discussions along with an outline of action plans and timelines. In some cases, we had already moved on the issues or even discarded them; in other cases, the items they listed had been points of discussion with no intention on our part to consider them

Learning Objectives

- 1.1 Explore how the complexity and diversity of today's world impact business and management.
- 1.2 Define the concept of culture and its characteristics.
- 1.3 Present the components and levels of culture.
- 1.4 Compare and contrast culture with other determinants of behavior.
- 1.5 Elaborate on the sources and purpose of culture.
- 1.6 Examine the critical challenges with the concept of culture.
- 1.7 Introduce the cognitive approach to cross-cultural management and explain the themes of culture-as-meta-context (CMC), culture-just-is (CJI), and the Cultural Mindset (CM).

further. It was clear that we simply worked very differently; our lack of structure and formal hierarchy frustrated them, and their need for order and formality annoyed us. Our cultures were clashing!

The *First Person* scenario provides an example of the challenges of managing people when working across cultures, a situation that is increasingly common in today's global world. The goal of this book is to prepare you to be more effective when working across cultures by understanding how culture impacts you and others and provide you with the necessary knowledge and tools to manage cross-cultural situations successfully. This chapter provides the basic building blocks and defines culture and explores its characteristics, components, levels, sources, and functions. It further presents approaches to understanding culture and ends with the introduction of the three key themes of the book: culture-as-meta-context (CMC), culture-just-is (CJI), and the Cultural Mindset (CM).

We like to think that our modern world is uniquely complex, dynamic, and diverse. While the speed of change and increased ease of connecting with others are increasingly affecting how we manage our organizations, our world has always been complex, dynamic, and diverse. Human civilization is characterized by upheaval, complexity, and diversity. The ancient Egyptian, Persian, and Chinese empires underwent major changes and were made up of peoples and tribes with different traditions and languages who lived across vast geographical regions of the Asian, African, and European continents. Ancient African empires were collections of tribes with vastly different backgrounds. The early Greek democracy was a congregation of city states, each with its own unique practices. The Roman Empire imposed its Pax Romana over a third of the world and over an estimated 70 million people. These ancient governments and their leaders waged wars, resolved conflicts, and achieved peace and prosperity to expand their territories that included people with different religions, traditions, cultures, and languages. Throughout history, traders, who were the original global business people, built complicated networks that helped them move and exchange goods along the Ancient Silk Road, across the African continent, through the Roman roads, and sailed unknown oceans to explore new lands. They spoke multiple languages, made difficult managerial decisions under considerable uncertainty, and learned to negotiate and work with trade partners across many cultures. Complexity, dynamism, and diversity are not new; we have always lived and done business in a complicated, ever-changing, and culturally rich world where the ability to understand and to work with people who are different from us is indispensable and critical to success.

According to Nobel Laureate economist Herbert Simon (1979), people can make rational and accurate decisions in a predictable world where they have extensive knowledge of all relevant information, alternatives, and consequences, a situation that

has been called “small world” (Savage, 1954, as cited in Gigerenzer & Gaissmaier, 2011). However, in a “large world” that is unpredictable and where some information is unknown and can only be inferred or guessed, the rules of decision-making change. As noted by another Nobel Laureate economist Joseph Stiglitz (2010), applying small world rules to a large world can have disastrous consequences. When we cross cultural boundaries, when we manage people who are different from us, when we conduct business with other cultures, we unavoidably move from our “small world” to a “large world.” The rules change and we cannot apply the rules from one world and expect them to be effective in another. What works well for managers in one context does not necessarily work in another. *That is the cultural paradox and challenge that we address in this book* as we focus on helping managers be more effective when working across cultures.

1. A COMPLEX AND DIVERSE WORLD

LO 1.1 Explore how the complexity and diversity of today’s world impacts business and management

Before we introduce the concept of culture and its impact on management, it is necessary to consider the complexity and diversity of the world we live in. Today’s business leaders and managers are acutely aware of *globalization*, which is the extent to which cultures, societies, and economies are interconnected and integrated. In any business, your competitors, suppliers, manufacturers, and customers are likely to be global. They come from different parts of the world. If you work in government, education, a nonprofit, or health care, the same globalization impacts you through having to address the needs of people from different cultures, availability of services across the globe, and the constant information exchange. Access to global 24/7 news channels such as CNN, BBC, France 24, and Al Jazeera further reinforces the global interconnectedness which has been intensified by the widespread use of the internet that instantaneously connects people around the world. By some estimates, internet penetration is highest in North America and Europe with above 85% of the population having access to the web, 50% in Asia, and below 40% in Africa.

Globalization and working with diverse people are facts of life for today’s managers. Our world is complex, diverse, and interconnected. Table 1.1 provides some key facts about this complexity and diversity.

1.1 Impact of Globalization on Management

Sophisticated technology, global trade, and migration link people more than ever before. Regardless of your profession, sector, or personal background, and whether

Table 1.1 A Complex and Diverse World

		Interesting Facts
World population	7.8 billion (as of March 2020)	Top five: China, India, United States, Indonesia, Pakistan
Number of languages in the world	Over 7,000	Top five languages: Mandarin, Spanish, English, Hindi, Arabic
Number of countries	195 recognized by the United Nations	Top five by area: Russia, Canada, United States, China, Brazil
Number of cultures	Approximately 10,000	Some countries have a few; some have hundreds, many associated with a distinct language
Number of religions	Estimated at 4,200	Major world religions (alphabetically): Baha'ism, Buddhism, Christianity, Confucianism, Hinduism, Islam, Jainism, Judaism, Shinto, Sikhism, Taoism, and Zoroastrianism Most practiced (in order): Christianity, Islam, nonsecular Hinduism, Buddhism
Growing international trade	World Bank data show the total merchandise export in 2019 at \$19.5 trillion	The total world export was \$122.9 billion in 1960
Top economies	2020 top five world economies based on GDP: US, China, Japan, Germany, UK	1960 top five world economies based on GDP: US, UK, France, China, Japan

you are a business leader, government official, entrepreneur, or a young employee starting out your career, you will be interacting with people from cultures other than your own. As a manager in any organization, it is inevitable that you will manage people who are culturally diverse. More than a third of the revenue of US-based S&P 500 companies is generated overseas (Ro, 2015), requiring managers and employees to work across many cultures. The number of minority students has already increased to over 50% in many schools in the United States (“Digest of Education Statistics,” 2013), making it critical for teachers and school administrators to learn how to work with culturally diverse children. A look at the 100 top-ranked NGOs (nongovernmental organizations) around the world indicates that they operate widely in both their home countries and across the world (NGO Advisor, 2015), necessitating that their

leaders, managers, and volunteers become culturally aware and competent. Scholars and practitioners in all areas recognize that to succeed in such an environment, people must know how to face the challenges of working effectively across cultures (e.g., Nahavandi, 2017; Ng, Van Dyne, & Ang, 2009).

Consider the deliciously ubiquitous Nutella, the hazelnut and cocoa paste originally created by Pietro Ferrero in the Piedmont region of Italy to address post-World War II cocoa shortages through the addition of hazelnuts. Nutella took its current form in 1964 and its supply chain is now global with ingredients from Turkey, Malaysia, Papua New Guinea, Brazil, the Ivory Coast, Nigeria, Ghana, Ecuador, several European countries, and the United States. It is sold in over 150 countries, claiming that over 30 million people worldwide enjoy it on a daily basis. Just think about the number of people a manager in the Luxemburg-based Ferrero Group that owns Nutella and employs 34,000 people across 53 countries with 20 production plants around the world (“About Nutella,” 2019) interacts with. Nutella managers, like others around the world, work across cultures. The company bought Nestle’s US confectionary business in 2018, further expanding its global reach. Nutella is not alone. The US fast food chains such as McDonalds (in over 115 countries) and KFC (118 countries, over 4,500 stores in China alone) reach across the globe. Seattle-based Starbucks coffee is sold in 23,000 locations in close to 80 countries with the now distinctive green Mermaid logo hanging over more than 3,600 stores in 150 Chinese cities alone (MacLellan, 2019). The Tata Group, a privately owned Indian conglomerate made up of 30 companies, employs 700,000 people in 100 countries across six continents with a 2017–2018 revenue of \$110.7 billion. Tata makes, provides services, or sells anything from steel to cars (including Jaguar and Land Rover), chemicals, beverages, hotels, energy and power plants, and insurance, financial, and consulting services just to name a few (Tata Group Business Profile, 2019). The conglomerate prides itself on its culturally diverse workforce that hails from countries all over the world. The Chinese telecom giant Huawei with 180,000 employees reaches one-third of the world’s population in over 170 countries (“#79 Huawei,” 2018). The managers and employees in these companies know first-hand that their world is not small; it is complex and diverse.

1.2 Small World Rules in a Large World

As discussed in the introduction to this chapter, working across cultures presents a challenging paradox: the reliable rules that we develop and rely on in our own culture (our small world) do not necessarily apply in other contexts (larger worlds) that are unfamiliar. Consider the following example. A group of German business managers were considering a lucrative offer from an Indian partner. The Indian managers had prepared a presentation that detailed their company’s past achievements around the world. The presentation included many anecdotes that highlighted their successes with

a variety of foreign partners, but little information about the potential future benefits, sales, and profit projections of their deal. The Germans were frustrated by the lack of specific facts and information about the future cooperation. They could not understand the purpose of presenting information about what the Indians had done in other countries and with other partners. Instead, they wanted the details regarding their common future potential and goals.

In this example, both cultural groups are operating based on the rules of their own culture, their “small” world. As we will discuss in detail in later chapters, research has shown that Indians tend to value the past while Germans are more present and future oriented (e.g., Hofstede, Hofstede, & Minkow, 2010; House, Hanges, Javidan, Dorfman, & Gupta, 2004). As a result, the Indian managers are touting the past accomplishments which they consider to be indicators of their capabilities. Conversely, Germans are seeking more specific information about the future performance of their cooperation and are less concerned about past accomplishments. In order for the parties to work together effectively, they need to understand how their culture may frame their perspective and provide them with rules that may not be appropriate for other contexts. Today’s business organizations do not operate in a “small world.” Managers and employees come in regular contact with people, products, and services that are global in one way or another.

Whether in the United States, Malaysia, India, Canada, or Tanzania that are culturally diverse, or in less diverse countries such as Japan and Korea, in order to be effective, today’s managers must take a global and cultural perspective where they are aware of the their “small” world rules while also considering the “large world.” While no one can possibly learn about over 10,000 cultures in the world, managers must be able to work with people who are different from them. They cannot be effective without having an awareness, understanding, and knowledge of culture and how it impacts them, others, and their organizations. They also need the skills and competencies to be able to interact successfully across cultural boundaries; they need to have a *Cultural Mindset*.

2. DEFINITION OF CULTURE

LO 1.2 Define the concept of culture and its characteristics

The *First Person* example at the beginning of the chapter illustrates the challenge of working across cultures. The US organization has a distinct culture that is based on US-American cultural values of informality and egalitarianism where employees are comfortable with casual and direct communication, can disagree with their supervisors, and move fast on implementing decisions. Their Chinese partners, based on their cultural values, expect formality and respect of authority. Both organizations reflect their culture. But what is culture?

The word culture typically evokes art, music, and food; however, the definition is deeper. The origin of the word is the Latin word *cultura* which denotes growth and cultivation, referring to where one grows up. One of the first academic disciplines that studied culture also provides us with an early definition by British anthropologist Edward Tylor (2016). He defined culture as "... a complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society" (p. 1). Others have broadened the definition to include the concepts, summarized in Kroeber and Kluchhohn (1952), of social activity, collective symbols, values, and transmission of culture from one person or group to another. Culture is a social rather than genetic construct, as anthropologist Melville Herskovits (1948) suggests; it is man-made. Sociologist Ann Swidler (1986) considers culture to be a toolkit of strategies that helps people deal with their environment, a definition that is also echoed by international management expert Fons Trompenaars, who sees culture as a way in which people solve problems (Trompenaars & Hampden-Turner, 2012).

Management scholar Geert Hofstede provides another layer to the concept by defining culture as the mental programming or software shared by a group of people (Hofstede et al., 2010), emphasizing the cognitive aspect of culture and its power to shape how we think and act. In that sense, much the same way as a computer's software provides it with instructions on how to perform certain tasks, culture provides individuals with guidance, rules, and instructions regarding how to interpret the world, how to think, and what to do in different situations. Our genetic make-up is our hardware; our culture is part of our software. Hofstede's definition contains elements of anthropologist Clifford Geertz's (1973) definition which also emphasizes the role of culture as providing a set of control mechanisms. Luciana Nardon (2017), professor of international business, similarly considers culture to provide people with a logic of action or a mental model for doing things.

As you can see, there are numerous definitions of culture. For the purposes of this book, and taking into consideration the various definitions of the term, we define culture as:

A complex system of long-lasting and dynamic learned assumptions, beliefs, values, and behaviors shared by members of a group that makes the group unique and that is transmitted from one person to another, allows the group to interpret and make sense of the world, and guides its members' behaviors (see Table 1.2 for a summary of the characteristics of culture).

2.1 Culture as a System

Based on this definition, first and foremost, culture is a *system*. The various parts or components include assumptions, beliefs, values, and behaviors combined in a

Table 1.2 Characteristics of Culture	
Characteristic	Description
An organized system	The various components fit together
Complex and multifaceted	Includes assumptions, beliefs, values, and behaviors
Unique to the group	Helps define a group's identity as separate from other groups
Stable and dynamic	Not only has staying power but also evolves in response to various challenges
Transmitted from one person to another	Formally and informally passed on to new and younger members
A tool to make sense of the world	Provides a framework for interpreting the world, events, and relationships
A guide to behavior	Provides protocol and direction regarding what is considered appropriate and desirable behavior

coherent, logical, and organized system where parts work together to meet the needs of the group. Because it is made up of different parts, levels, and elements that interact and function together, culture is *complex* and multifaceted. One cannot simply explain culture based on just one of its elements. For example, food or music are artifacts that provide a window into culture, but do not fully explain it. Therefore, fully understanding and knowing a culture would require deeper exploration of beliefs, values, and assumptions and their origins. Additionally, every culture is *unique* to a group of people. Several groups may share similar assumptions, values, beliefs, or behaviors, but each combination and its manifestation is unique. As such, this unique and organized system provides each group with a distinctive shared identity and worldview and sets it apart from other groups.

2.2 Culture as Stable and Dynamic

Culture presents an interesting contradiction. It is *stable and long-lasting* while also being adaptable and *dynamic*. In other words, a culture does not change rapidly, but it does shift and adapt over time. Consider how the culture in the United States has evolved since the 1950s as reflected in our business organizations. Even the most forward-looking and innovative organizations of the 1950s and 1960s, dramatically

represented in the TV show *Mad Men*, included almost exclusively white men with few women or minorities. Men wore suits and ties and called their boss by his last name. Women wore dresses and typically worked in support roles and only until they were married and had children. Minorities were often consigned to blue-collar jobs with few in managerial ranks. Contrast those companies with today's organizations. There is considerable diversity at all levels, the dress code is more relaxed, and many of us call our boss or supervisor by his or her first name. The Civil Rights and Women's Liberation movements of the 1950s and 1960s changed some of the deeply held views regarding race and the role of women in society while many other values and beliefs, including culturally based racial and gender stereotypes, continue. Organizations have responded to those changes by implementing a variety of diversity and inclusion programs. All cultures evolve and change over time. While cultural change is often slow and evolutionary, rather than fast and revolutionary, it does take place. Cultures are dynamic while still being stable.

2.3 Transmitting Culture

Another characteristic of culture is that it is *transmitted* from one member to another; older and longer-tenured members teach their culture to younger newcomers, whether they are children or new immigrants. Culture is both actively taught and learned. Through direct teaching and communication or through subtler storytelling or role modeling, younger and newer members learn values and beliefs regarding what are considered desirable and appropriate behaviors. For example, as we will discuss in detail in Chapter 6, there are deeply rooted gender stereotypes that impact women's opportunities in organizations. Specifically, what has been called the "think manager–think male" belief represents automatically associating leadership and management with men rather than women. Children learn such expectations early in life. For example, after reviewing close to 6,000 children's books, Janice McCabe and her colleagues found that males were represented twice as often in their titles, and that almost 60% of the books had male central characters while only 31% depicted female central characters (McCabe, Fairchild, Grauerholz, Perscosolido, & Tope, 2011). They also found that even animal characters were more likely to be male.

Their findings indicate how cultural gender norms that impact our views of management are communicated to children through the literature they read. It is only recently that the media and parents are questioning these messages and the values they reinforce about girls being less important, helpless, and dependent by presenting powerful and independent female lead characters such as in *The Hunger Games*, in animated movies such as *Brave* and *Frozen*, or blockbuster movies such as *Wonder Woman*, *Rogue One*, *Black Panther*, and *Captain Marvel*. Similarly, through diversity and inclusion programs, organizations are attempting to relate and transmit gender egalitarian values to their employees and other stakeholders.

2.4 Culture as a Framework

Culture provides people with a framework and a way to interpret the world and make sense of the environment and events and people's behaviors. Culture is a key part of the software of our mind. Take a deceptively simple and humble head nod, which has many forms and meanings. What does shaking your head up and down or side to side mean? Well, it all depends on your culture. In North America, Australia, and some European countries, it is a sign of approval. But a very similar tilt back that may look like a nod means *no* in Greece and Iran. Go to Bulgaria and the nod clearly means *no*, while the side-to-side shake means *yes*. And then there is the famous Indian head shake or wiggle, wobble, waggle, or bobble, as it has been called, that looks like a smooth and continuous infinity sign (Ramadurai, 2018).

A multitude of articles and even videos demonstrate how to do it properly and explain what it actually means (The Indian Nod: Explained, n.d.). The simplest interpretation is that it is a sign of agreement, but most India experts, including Indians themselves, will tell you it really depends on the context. Priya Pathiyan, a Mumbai-based writer, says it usually indicates approval but "There is also an element of being friendly or being respectful, and it is difficult to say exactly which unless you know the situation" (Ramadurai, 2018). The wobble can also be a sign of exasperation, especially if it is done fast, or a polite way to not disagree when one actually disagrees. Pradeep Chakravarthy, a corporate consultant from Chennai, believes that in a country like India where respect for power and authority is high, the head wobble provides a way for an employee to respond politely to a challenging request from a boss or manager and it means: "I know I can't do it, but I can't say no either. So rather than outright refusal, I buy time by being deliberately vague" (Ramadurai, 2018). That is a lot of complexity packed in a simple movement of the head! It is, however, an excellent example of how culture provides the framework for interpreting events and behaviors. Without the framework or context that culture provides, the behavior would be difficult to interpret.

2.5 Culture as Guide to Behavior

Finally, culture guides behavior. How you address your boss and whether you make eye contact while you open doors for others, how often you interrupt your team members when they talk, when and what you eat, and whether you pursue higher education are just some of the many behaviors that have at least some cultural roots. Culture is not the only factor that impacts our beliefs, values, and behaviors; however, it is one of the significant determinants of human behavior.

Let's further unpack the definition of culture by considering some aspects of the US culture and its impact on behaviors. As we will discuss in later chapters (Chapters 7 and 8), there are well-researched and well-established beliefs and values associated

with being a US-American—someone from the United States. Some of the dominant values are focus on the individual, performance orientation, short-term orientation, and relatively egalitarian views of power and gender. As the definition of culture suggests, these values are combined into a system that most, but not all, US-Americans share, and they are related to certain policies and behaviors. For example, the US Constitution and Bill of Rights reflect the focus on the individual and belief in some degree of egalitarianism. The latter also relates to a more relaxed and equal relationship between parents and children and between employees and supervisors. In the United States, children are generally not expected to obey their parents unconditionally and employees can disagree with their supervisors to some extent. As illustrated in the *First Person* example, many US firms demonstrate relatively egalitarian practices with employees calling their bosses by their first name and feeling comfortable expressing their opinion even when they disagree with them.

Additionally, while there are other cultures that tend to be individualistic, for example, Australia, the combination of various beliefs, values, and behaviors make US-Americans different from Australians. In both cases, their culture provides them with a unique character. In the United States, as is the case everywhere else in the world, children are taught cultural values formally and informally. US parents encourage their children to compete, value winning, sometimes over cooperation, and teach them to stand out through their individual achievements. These teachings reflect the cultural values of the importance of both individualism and performance. The value of performance and competition is further emphasized through the educational system and in the workplace where employees are recognized and rewarded for their individual performance through raises, promotions, and various awards.

WINDOW TO THE WORLD

Doing Business in the United States

The United States continues to be a highly attractive market for business opportunities. Stable growth, reliable legal and political systems, extensive resources, relatively few regulations along with leadership in many business and educational fields all make the country an appealing prospect. The US-Americans are proud of their country's achievement and power on the world stage. Their position as a top world power, the country's size and

distance from other countries, along with the English language having become the universal language, allows many US-Americans to be relatively less knowledgeable regarding other countries and cultures. Here are some tips for doing business in the United States:

- Individual success and competition are highly valued and rewarded with the “American Dream” represented by people

(Continued)

succeeding based on their efforts, ingenuity, and performance.

- US-Americans are typically direct and short-term oriented. It is appropriate to get to the point and speak your mind and move quickly regarding business decisions.
- Business interactions tend to be informal. However, there are industry-specific expectations with younger and high-tech firms being less formal than older and more traditional businesses.
- There are specific ways of addressing race, gender, and diversity. Do your research regarding what is appropriate language and approach regarding these topics, which can be highly sensitive.
- US-Americans often talk about their family and personal life with ease. They share,

sometimes overshare, personal information and form and disband relationships quickly.

- Women have been part of business organizations for many years, and they constitute at least half of mid-level managers in many organizations. While still less prevalent in the top leadership positions, there are no formal gender barriers and gender equality is considered an ideal, if not always a reality.

Because English is the international business language and because of the frequent presence and dominance of US films and other media around the world, it is easy for people from other countries to assume that they know the United States and its culture. However, the United States is diverse and complex, so while you may speak English and know the pop culture, you still need to do research to prepare yourself to do business in the United States.

3. COMPONENTS AND LEVELS OF CULTURE

LO 1.3 Present the components and levels of culture

Earlier in the chapter, we mentioned the various components that make up culture. Let's define and explain each in more detail. Culture is made up of four components (see Table 1.3 for summary descriptions):

- deep assumptions
- beliefs
- values
- behaviors

3.1 Deep Assumptions

The *deep assumptions* of culture are ingrained elements that are taken for granted and not questioned. For example, religious beliefs regarding the existence of a divine power are accepted by believers; they are a matter of faith and not questioned.

Table 1.3 Components of Culture

Component of Culture	Description and Example
Deep assumptions	Deeply ingrained assumptions that are accepted and taken for granted without the need for proof.
Beliefs	Convictions and ideas about what is true; <i>the way things are</i> .
Values	Long-lasting beliefs about what is important and what is right and wrong; <i>the way things should be</i> .
Behaviors and artifacts	Visible components; things we do; how we act and interact with others; visible elements of culture including art, music, food, and so forth.

Similarly, the assumptions regarding whether human beings are inherently good, bad, or somewhere in between vary across cultures. As we will describe in later chapters, cultures have different basic assumptions about such things as the nature of people, the relationship to nature and to time, and gender. These basic assumptions are the foundation of culture, and they are invisible to outsiders and sometimes even imperceptible to members of a cultural group. However, these deep assumptions are the source of many of our behaviors and practices in daily life and in organizations.

3.2 Values and Beliefs

Values and beliefs are the next components and are defined as convictions about what is true or false and right or wrong. *Beliefs* are convictions or ideas about what is true; they represent *the way things are*. Closely related to beliefs, *values* are stable, long-lasting beliefs and preferences about what is worthwhile and desirable; they reflect the way people think *things should be*. Beliefs often develop into values as people act on them and deepen their commitment to those beliefs. People hold two types of values. *Instrumental values* indicate *how* we believe we should go about doing things; *terminal values* indicate *what* we should be doing, meaning the goal (Anderson, 1997; Rokeach, 1973). So, believing that honesty, hard work, and self-sufficiency are important is an expression of instrumental values, whereas individual dignity, spiritual salvation, freedom, and happiness are terminal values or end states one believes are worth achieving. Beliefs and values are strongly influenced by culture, although many are based on other factors, such as experiences, family lore, education, and so forth; in other words, they can be both cultural and idiosyncratic. For example, you may believe that luck plays a big role in success and performance in your job. This belief may stem from your cultural background (we will explore this

in later chapters), but may also be the result of personal experiences at work where your success or that of others appeared to be random, or it may stem from certain personality traits such as proactivity. How much one values financial achievement over spiritual salvation is to some extent a product of culture; these values then drive behavior and social policy. For example, while Western countries and many other industrialized nations value material wealth and measure their Gross National Product (GNP), the Bhutanese, people of a small South Asian country, calculate their Gross National Happiness (GNH), which they value as a holistic measure of the success of their culture (Bhutan's Gross National Happiness Index). The GNH measures factors such as psychological well-being, time use, community vitality, and ecological diversity and resilience—cultural values that have relatively less primary importance in many industrialized countries. In this case, what is valued drives economic and social policy.

3.3 Behaviors and Artifacts

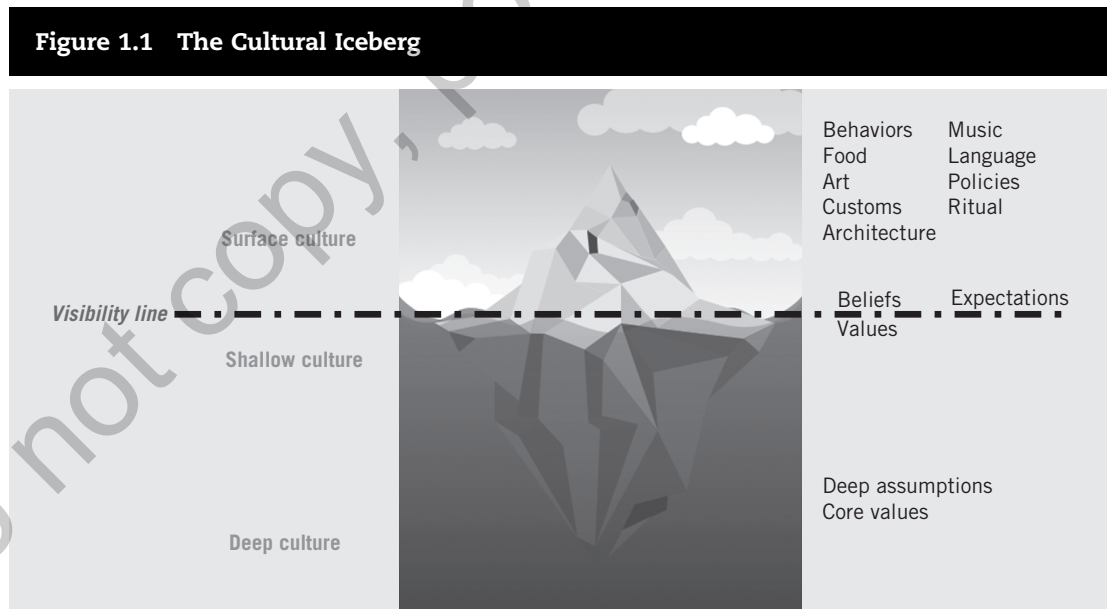
The last component of culture includes *behaviors and artifacts*, which are how we interact with others, and other visible aspects of the environment, such as art, music, food, architecture, and social policy. For example, depending on your culture, you may greet people by shaking hands, hugging them, bowing to them, or any number of other forms of greetings. The Japanese and Indians bow, but not the same way; the Belgians and many other Europeans shake hands and often kiss each other on the cheek; South Americans may also kiss, but start on a different cheek, or they may offer a half hug; young Indians traditionally will briefly touch their elders' feet as a sign of respect and subservience; the variations are endless.

Another example of culturally influenced behavior is the extent to which your speech is direct and to the point. A German manager is likely to provide negative feedback to her employees directly and bluntly, whereas a Thai manager would be much less direct and may even convey the negative information through a trusted third party. In our *First Person* example, the US-Americans were direct and confrontational, while their Chinese partners communicated through email and were not engaging in discussions. In other examples, the terminal value of wealth and material goods impacts beliefs about working hard, which leads to a positive view of work and contributes to actually working hard. The example of the United States fits well here. Material achievement, a terminal value, is generally considered worthwhile; there is shared belief that working hard is desirable and that belief translates into a positive view of long work hours, taking few vacations, and some suggest, resulting in a productive and entrepreneurial economy (see the case at the end of this chapter). These are visible actions that flow from assumptions, beliefs, and values. Clothing, art, architecture, food, music, and the many other artifacts that we typically associate with culture are part of this visible component of culture.

3.4 The Cultural Iceberg

The components of culture are represented through what is known as the *cultural iceberg* originally proposed by Edward Hall (1976). Just like a large part of an iceberg is hidden below the waterline, deep cultural assumptions and some values and beliefs are not visible to outsiders who can only see what people do (see Figure 1.1). The assumptions may even be invisible to members of the culture; they can be so deeply ingrained and taken for granted that people are not aware of them. Values and beliefs float just above or below the waterline. Some are visible to insiders and outsiders; some are invisible to both, and some are in between. As the iceberg analogy suggests, the aspects of culture that are hidden and invisible are much larger, and more fundamental and powerful than those that are easily accessible. Furthermore, just as an iceberg may present danger, culture and cultural interactions may be rife with conflict when the submerged and less visible layers are ignored.

Using the cultural iceberg as a visual representation of culture explains why tourists and visitors focus on the food, art, and architecture of a country they visit; these are the elements they can see and to which they have access. Many will prepare for their trip by learning some of the language and studying the customs and rituals. All of these are the visible and accessible aspects of culture. Through a visit or interaction with members of another culture, we can access the surface culture. While



these visible behaviors are interesting and a window into deeper values and assumptions, they are also superficial. For example, visitors to France marvel at the architecture, enjoy the food and art, and may complain about the curt and sometimes rude servers who refuse to bring salt or accommodate dietary restrictions. They can, but often do not, explore the cultural values, beliefs, and assumptions that drive those behaviors. They are likely therefore to attribute the refusal to change ingredients in a meal to accommodate dietary restrictions to rudeness, to the French people's sense of superiority, or to their dislike of tourists. However, these behaviors have deeper roots related to views of authority. The French believe that one does not question a Chef, who is an authority figure in the kitchen, and therefore one does not change his recipe. Interestingly, even the French themselves may not be aware that this belief stems from deeper assumptions about the importance of hierarchy and power which are deep-rooted in French history. Similarly, a Swede knows that cooperation is valuable, but that she can also question her boss's decisions—the Swedish culture values equal power. A Japanese expatriate working in Sweden also values cooperation, but may not be aware of Swedish values of egalitarianism. He therefore may hesitate to interrupt and challenge the boss as his Swedish coworkers do and may be frustrated by what he perceives to be their rudeness as they openly question their boss.

Knowing and understanding a culture, whether your own or the culture of others, means knowing behaviors and artifact and having access to the components that are below the visibility line. Members of a culture have access to their own beliefs and values. Although they may not be aware of the deep assumptions, they can access them and understand them when pressed and needed. However, outsiders to the culture do not have immediate access to the assumptions that are below the visibility line. They may like or dislike what is visible without fully knowing their roots. They will only understand them with more meaningful, sustained, and intentional interaction because without knowing the deep values and assumptions, cultural contact remains superficial.

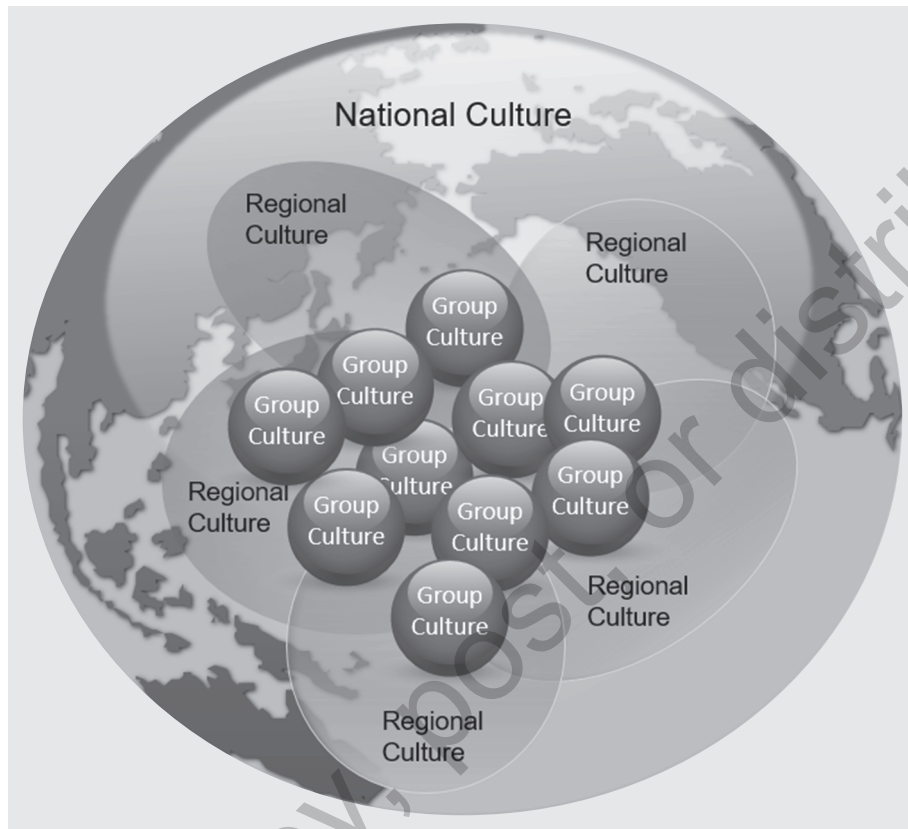
3.5 Levels of Culture

Culture can be divided into three levels that often interact together (Figure 1.2):

1. National
2. Regional
3. Group

The first level is national culture, defined as the system of beliefs and values shared by people within a nation. Second, in addition to an overall national culture, many countries have regional differences that have geographic or historical origins.

Figure 1.2 Levels of Culture



For example, in the United States, people refer to the South, which is located in the Southeastern (but not Southwestern) part of the country. The South is further defined by the Civil War and the history of slavery which fit into the third level of culture that relates to different groups, beyond regional differences. So, being a Southerner in the United States not only refers to a region of the country, it also refers to a cultural group. Race, gender, ethnicity, sexual orientation, religion, or socioeconomic factors are other cultural groups that fit into this third level of culture (we explore this level of culture in more detail in Chapters 5 and 6). Although these groups may share national cultural values, they have their own unique cultural traits based on membership in separate groups. Some countries, such as the United States, Tanzania, Canada, and Indonesia among others, include many regional and group cultures. Different cultural, ethnic, and religious groups are part of the

overall culture of these countries and are spread out regionally. The third level of culture forms what is referred to as cultural diversity. *Diversity*, then, refers to the variety of human structures, beliefs systems, and strategies for adapting to situations that exist within different groups. The levels do not represent all possible levels which may also include organizational culture, which we discuss separately in Chapter 11.

3.5.1 Impact of Levels of Culture. Because national culture addresses many different aspects of life, it is likely to exert a strong and pervasive influence on people's behavior in everyday activities and in organizations. Whether regional or group cultures exert a stronger influence than national culture depends on the individual. For example, a person may believe that being a US-American is a key cultural identity factor or that being a Midwesterner in the United States is her primary culture, while someone else may believe that his gender or sexual orientation or religion is primary. From an organizational point of view, as you will see in later chapters, our cultural background impacts our views and expectations of leadership and management (House et al., 2004) and even the culture of an organization. Some researchers (e.g., Bartlett & Ghoshal, 1987) have suggested that a country's culture can have a significant influence on what they call its administrative heritage (further discussed in Chapter 11). Although differences distinguish one organization from another and one manager from another, national heritage can be noticeable and distinct so that, for example, French organizations are more hierarchical and status-oriented overall than their Swedish counterparts.

Now that we have defined culture and its components, let's explore the sources and purpose of culture.

4. CULTURE AND OTHER DETERMINANTS OF BEHAVIOR

LO 1.4 Compare and contrast culture with other determinants of behavior

Culture, nationality, ethnicity, and race are sometimes used interchangeably. Although they share some common elements and they all impact how people think and behave, they are not the same. Figure 1.3 differentiates among these concepts based on two dimensions of individual (idiosyncratic) versus group, and genetic or biological versus learned or acquired. On the left side of Figure 1.3 are drivers of behavior that are genetic or biological.

4.1 Race

Race, which refers to geographic, genetic, and biological groupings within a species (Gezen & Kottak, 2014), is a group-related concept. Because of human

migration and extensive interbreeding, humans are highly similar to one another genetically. While race is widely used to classify people into various groups, there is no such thing as a White, Black, Asian, or any typically used racial categories. Research indicates that there is more genetic diversity within groups than between them and that race is generally not a biologically useful way to classify people (Feldman, Lewontin, & King, 2003). Instead, race is a socially constructed concept that is developed and used to describe differences in the physical appearance of people. The visible differences are superficial physical characteristics that manifest themselves in various groups (“AAA Statement on Race,” 1998) and are genetically transmitted. These include, for example, skin color, height, eye color, and so forth. However, these do not reflect other genetic differences in the human race.

4.2 Personality and Ability

Two other key determinants of behavior are personality and ability or aptitude. *Personality* refers to a stable and consistent set of characteristics that make a person unique. While there is considerable debate regarding the extent to which personality is genetic and biologically based or something that develops early in life, there is agreement that personality is stable and consistent across time and situations. Additionally, research in brain and cognitive science is finding that some of what we consider willful individual actions is driven, at least to some extent, by biological factors. For example, some research suggests that broad personality dimensions such as extraversion or novelty seeking may relate to biological systems (Cloninger, Svrakic, & Prysbeck, 1993). *Ability*, or aptitude, is a natural talent for doing something mental or physical. Like personality, ability is somewhat stable over time and situations. While race is a group-related characteristic, personality and talent are individual-based.

4.3 Culture and Ethnicity

On the right side of Figure 1.3 are learned and acquired drivers of behavior, which include culture. Culture, ethnicity, and nationality are all group-based and learned or acquired. *Ethnicity* refers to the culture of a group within a particular geographic region. Like race, it is group-based, but it is learned. Individuals belong to a certain group with whom they share ancestral and cultural roots (Isajiw, 1993). Some ethnic groups are based on nationality and are therefore referred to as ethno-nationals (e.g., Turks or Japanese), while others are based on a common purpose or identity, for example, Asian Americans or Kurds, and are classified as pan-ethnic (Jiang, 2019). Also based on the group and an acquired characteristic, *nationality* is the simplest concept to define. It refers to the country of citizenship. Although several groups have a nationality without having a country (e.g., Palestinians and Kurds), nationality relates to being a citizen of a certain country and is often used as an approximation of culture.

Although race, ethnicity, and culture may overlap, they are not equivalent. For example, an Indian-American may be classified as a South Asian (a race or ethnicity), but not practice or share any of the values, beliefs, and customs of that group, instead considering himself to be culturally US-American. Similarly, Iranians come from many different ethnic and racial groups, but many would describe themselves as culturally Iranian. For some people, the question of “where are you from?” is simple. Their nationality, ethnicity, culture, and race all match. For example, a Japanese citizen whose ancestors have long lived in Japan, who was born in Japan, speaks Japanese, practices the Shinto religion, and is ethnically and culturally Japanese may simply say “I am Japanese.” Her identity is Japanese. The answer may not be as simple for a first-generation Korean-Japanese born in the United States to a Japanese mother and a Korean father, who speaks only English and is an Evangelical Christian. What should his answer be to “where are you from?” Is he Japanese-Korean-Asian-American, or just American? The answer regarding his cultural and ethnic identity is primarily up to him. However, how he sees himself may not match how others see him. If he says “I’m Korean, or Japanese,” more traditional Koreans or Japanese may not accept that description. If he says “I’m American,” some may want to add the hyphenated “Asian” to his identity. Culture is not simple!

5. SOURCES AND PURPOSE OF CULTURE

LO 1.5 Elaborate on the sources and purpose of culture

Where does culture come from? Why do we have culture? What function does it serve? Why do we need culture? These may be questions you have asked yourself wondering if culture really matters and whether people can function without having culture. The answers are not simple, but they point to the essential role culture plays in our lives. All groups, communities, and societies have culture. It is an integral part of the human experience and therefore serves a clear and necessary purpose.

5.1 Sources of Culture: Environment and History

All groups and societies develop a pattern of assumptions, values, beliefs, and behaviors when solving environmental and social challenges it encounters. Those patterns become engrained and are the foundation of culture. One of the aspects of Icelandic culture presents a vivid example. Anna Möller, a German manager who was in Iceland to finalize a business deal, was getting increasingly nervous. Her host Margret had taken her on a tour of the popular Blue Lagoon in Grindavi when their car had broken down. They should have had plenty of time to be back for an important dinner but it had taken a

while to find a tow truck that would come their way and they were still waiting. It was getting late, but Margret was cool as a cucumber. How could she be this relaxed when they were risking the whole deal? Seeing her guest's anxiety, Margret laughed and said "Well, 'Petta reddast'—it will all turn out OK in the end. It's pronounced 'thet-ta red-ust' and it's like our national motto." She went on to explain that with such hostile and harsh climate and nature, unpredictable weather, with so many active volcanoes, and constant earthquakes, the island seems to be a living entity set on destroying its inhabitants. "We Icelanders have learned to go with the flow. We have seen many disasters that almost wiped us out. We know we'll figure out a way to make it right, we have always managed to do it." No matter how hard she tried, Anna did not feel "Petta reddast" at all!

As exemplified in this example, the physical environment and history are closely intertwined with culture. Environmental factors such as geography and weather influence the creation of culture and the development of cultural values. Some research suggests that climate is a factor in economic development with colder climates being linked to higher productivity (Ingelhart & Welzel, 2005). Others (e.g., Berry et al., 1992) suggest that as people adapt to their particular environment, each group specializes or develops a certain culture based on the challenges that it faces. It is reasonable to assume that environment impacts culture as well. The Icelandic cultural trait of easy-going attitude and sense of humor in the face of challenges developed because of their environment. Similarly, Japan's small land mass, limited arable land, and its scarce natural resources may be factors in the value placed on long-term and careful planning. The Japanese saving rate is almost twice as much as that of the United States (Koll, 2018; Miller, 2018b). The relatively harsh environment with limited natural resources has taught the Japanese to be cautious. Additionally, without great expanses of space, the Japanese have developed very strict cultural codes in managing their privacy, ranging from discreet demeanor to flexible use of space in architecture.

Likewise, the relatively short history of the United States as a country is marked by key events including its beginning as a British colony, the American revolution, slavery, seemingly endless abundance of resources, and the expansion toward the Pacific Ocean undertaken by settlers. These events have marked the government, social policies, and culture of the country. The US Constitution and Bill of Rights focus on the individual and individual rights with an emphasis on balance of power and a healthy dose of skepticism toward government and centralized power. The apparent endless optimism that many perceive to be part of the American character (Keller, 2015) was mentioned by Alexis de Tocqueville in his 19th-century treatise *Democracy in America* (2000) and can be partly attributed to the ever-expanding opportunities that a rich continent offered the immigrants. The frontier appeared endless; resources were limitless; and opportunities boundless for those who took risks, set out on their own, and worked under harsh conditions. History and environment combine to impact the development of cultural assumptions, values, and beliefs.

5.2 Purpose of Culture

Given the pervasive presence of culture in every society and group, it is clear that it serves a necessary purpose. The definition of culture points to its purpose. Culture provides the basic assumptions, beliefs, and values that *allow us to understand and interpret* our environment and provides us with *guidelines to behavior*. For example, a US-American manager is likely to interpret an employee not showing up for work without a notice either as a sign that an emergency has occurred or that the employee has quit. In either case, after a few days of absence, the employee will be terminated. The same behavior in Mexico or the Philippines will be tolerated and treated more leniently because in both cultures, sudden absences due to family obligations are expected and understood.

Our culture guides our interpretation of events and our actions. In Turkey or Russia, the typical smile and chitchat with strangers that is so prevalent in the United States is likely to get you labeled as imbalanced. In those countries, you simply do not talk to or smile at people you do not know. If you are interviewing for a job in Spain, you would be wrong to interpret detailed questions into your family background as inappropriate and overly personal inquiries; they are normal for Spaniards who value family connections. What is appropriate depends on the culture. Without having some knowledge of the cultural context, it is hard to establish what is right or wrong, and what is appropriate or not.

5.3 Consequences of Absence of Culture

It is not every day that we find a group without culture. However, throughout history, we have witnessed instances of the devastating consequences on individuals and communities of the destruction of their culture. Particularly salient and vivid examples are the relatively recent treatment of native children and native communities in the United States, Canada, and Australia. The native cultures in these three countries were systematically destroyed and members were forced to give up their language, traditions, and beliefs while also being excluded from the culture of the dominant Europeans. These processes labeled *deculturation* or *marginalization* by scholars of culture (e.g., Berry, 1997; discussed in detail in Chapter 4) have harmful and destructive effects on individuals and their communities. Not having a culture leaves people without the context to interpret the world; they lose their basic assumptions, beliefs, and values and are left without a mechanism to fulfill the various functions of culture which we discussed earlier in this chapter. The absence of cultural norms, labeled *anomie* or *anomy* (Durkheim, 1893), engenders many social ills such as delinquency, crime and lawlessness, and personal distress and despair (Ritzer, 2007).

5.4 The Purpose of Culture in Organizations

The impact of culture on organizations and management is also pervasive. Organizational processes and managerial practices are widely different around the

world. Extensive research shows that organizational policies are impacted by cultural values. For example, overall policies regarding employment, hiring and firing, as well as the number and frequency of vacations and sick days, vary across the world and reflect cultural norms. In countries that are more performance-oriented, such as Japan or the United States, organizations offer fewer vacation days, and employees take less time off. Similarly, what we expect of our leaders and what we consider to be effective leadership are different from one country and culture to another (House, Dorfman, Javidan, Hanges, & Sully de Luque, 2014).

Nonetheless, it is true that business has become global and many of the practices and values are shared across many countries. For example, research done with MBA students from the United States and several Central and South American countries has found that they share several key business values, championed by business education, related to social responsibility regardless of their country of origin (Roche, 2016). In some regard, their US-based education impacts them as much as their nationality. Even with globalization, and because of it, understanding culture continues to be an important factor in the success of today's managers. In spite of its importance, the concept of culture also presents some challenges.

6. CRITICAL CHALLENGES WITH THE CONCEPT OF CULTURE

LO 1.6 Examine the critical challenges with the concept of culture

The concept of culture is not without its shortcomings and serious critics. Many of the academic critiques come from the field of economics (e.g., Jones, 2006), where researchers suggest that because culture has so many different definitions, it is hard to measure and difficult to pinpoint, making it all but impossible to conduct serious research to establish its impact. They also point to many noncultural factors that drive human behavior.

6.1 Essentialism and Overgeneralization

We have been using broad generalizations of cultural differences based on nationality or other groupings throughout this chapter. For example, we have been discussing what US-Americans do and value, what the Japanese practice, what Turks prefer, and so forth. All of these examples are based on broad generalizations that group people based on one attribute, their nationality or culture, into the same category. We have, in effect, stereotyped them, using one characteristic and building groupings around it, as if it is the most important and unchanging part of who they are. This type of grouping also assumes that we can make predictions based on the one characteristic, the cultural group they belong to. This process *essentializes* cultural

characteristics, assuming that we can narrow people or cultures down to their essence and use that essence to predict everything else. *Essentialism* assumes that the same characteristics are shared by all members of a group and that their essence can be captured by that characteristic. Such an approach has been strongly criticized when applied to ethnic groups and women in particular (Grosz, 1995).

The critique is legitimate. When you rely on one or a few characteristics to define a group of people, you will inevitably overgeneralize. Reducing a whole complex culture, group, or individuals to a few characteristics is clearly overly simplistic. Individuals who have been grouped together may not share the same characteristics because of many factors including their personality, personal preferences, or even inaccurate classification into the group. Osland and Bird (2000) suggest that our current approach to teaching and understanding culture relies on *sophisticated stereotypes* of various cultures which they define as generalizations based on research and theoretically sound concepts rather than limited personal experiences. While helpful and less inaccurate than the personal versions, the researchers indicate that these sophisticated stereotypes do not fully address the complexity of culture. Behavior is driven by many factors; not all Chinese, Italians, Vietnamese, or members of any cultural group or nation are alike, have the same assumptions and values, and act the same way. There is a danger in overgeneralization and oversimplification inevitably leading to mistakes.

6.2 Equating Country and Culture

A related challenge to the concept of culture is our tendency to equate country or nationality with culture. By the latest count, there are 195 countries in the world and an estimated 10,000 cultures; therefore, most countries host more than one culture. In examples throughout this chapter, we have mentioned how US-Americans, Germans, or Indians act. Clearly, not everyone in these countries share a culture or the same assumptions, values, and beliefs. While US-Americans are generally considered individualistic and present short-term oriented, many come from cultures, such as Mexico or the Philippines, where the collective is highly valued and the past considered important. Germany and India similarly include many cultural groups who may or may not share the same values. Not all German managers are direct; not all Indian employees value past accomplishments.

At the beginning of this chapter, we identified several countries that are some of the most culturally and linguistically diverse in the world, while others like Japan and the Korea include more homogeneous populations. For countries with more diversity, equating country and culture is even more problematic. For those with less diversity, some generalizations may appear more accurate. However, even then culture occurs at several levels (e.g., national, regional, and group) and each of these groups, not to mention each individual within the groups, is likely to have different assumptions, beliefs, and values. Equating country and culture is therefore problematic.

6.3 Reconciling the Challenges: Cultural Prototypes

International management expert Nancy Adler (Adler & Gundersen, 2008, p. 77) suggests that stereotypes can be helpful when

- They are applied to the group rather than the individual
- They are descriptive rather than evaluative
- They are accurate and based on research and data, i.e., sophisticated
- They are used as a first best guess
- They are flexible enough to be modified based on experience

It is imperative that, while we oversimplify cultures and essentialize them to a great extent in order to gain a basic understanding, such approach be just a first step. The research on various cultures allows us to rely on cultural *prototypes* that illustrate the typical qualities a group of people share. They provide general models and estimates that can be used for preparation and planning to ease initial interactions across cultures. A deeper understanding of culture and gaining access to the deep assumptions that underlie any culture require more than the use of such prototypes, but they can be a starting point. Culture is one of many factors that impact the behavior of individuals and groups in particular settings. Appreciating and considering the complexity of culture, groups, individuals, and organizations are essential.

The last section of this chapter will introduce three key concepts that are used throughout the book to help you become more effective at managing cross-cultural interactions.

7. A COGNITIVE APPROACH TO CROSS-CULTURAL MANAGEMENT: THE CULTURAL MINDSET

LO 1.7 Introduce the cognitive approach to cross-cultural management and explain the themes of culture-as-meta-context (CMC), culture-just-is (CJI), and the Cultural Mindset (CM)

Culture as a learned group-based characteristic can impact an individual's assumptions, beliefs, values, and behaviors. One of the most significant effects of culture is that it acts as a meta-context that provides the individual with a unique lens or perspective (Nahavandi, 2017). Each of us sees the world through our own cultural lens and acts accordingly. A person's culture provides the background, field, or context that helps construct various situations and presents a framework that integrates information logically.

7.1 The Cognitive Approach to Cross-Cultural Management

Cross-cultural management scholars and practitioners focus on the impact of culture on organizational practices and management. The goal is to understand, for example, how people from different cultures may have different leadership styles or be motivated by distinctive incentives. There is further interest in how a country or region's culture impacts business regulations, organizational systems, or human resources practices. Typically, detailed descriptions of the content of culture are not of interest unless they are applicable to business interactions, organizational settings, or managerial decision-making.

The *cognitive perspective* to cross-cultural management that is used in this book focuses on people as thinkers who seek to consistently make sense of their world. Culture, as presented in our definition, is the *software* and one of the key factors that impact how people think and behave. This approach to culture is distinctive in that it seeks first to understand how individuals' cultural backgrounds may shape their worldview and perspectives. In helping managers become more successful across cultures, one key goal of this book is to develop awareness of your own cultural assumptions, beliefs, and values and their role in how you think and how you can use that knowledge to be more effective when interacting across cultures.

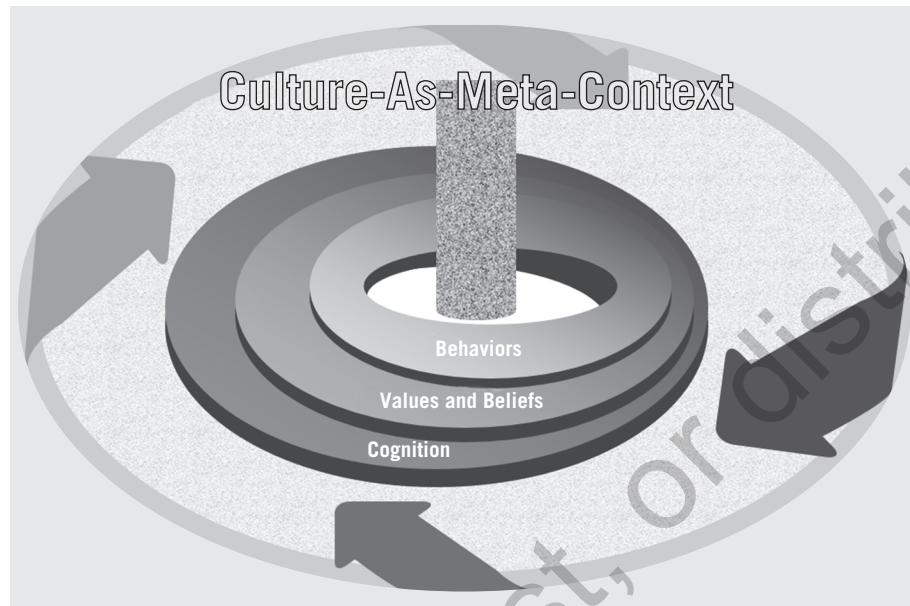
7.2 Culture-as-Meta-Context

The word *context* comes from Latin meaning knit together or make a connection. The context allows us to link our observations, perspectives, and events into a coherent whole (Rousseau & Fried, 2001). Having context, thus being able to contextualize, is essential to an accurate understanding of what goes on around us. This is the idea behind *culture-as-meta-context* (CMC), which can be explained in two ways (see Figure 1.4):

- First, *meta* as an adjective indicates a higher-level context. As such, as meta-context, culture provides the background, the setting, and the situation in which events happen and help understand and interpret them.
- Second, *meta* as a noun refers to a post or column that framed a racetrack to mark the turning point and guide competitors in ancient Rome. Therefore, culture provides the guideline to actions and behaviors.

7.2.1 Culture-as-Meta-Context as Background. As we have presented in many examples throughout this chapter, without knowing the context, it is difficult to understand and explain events and behaviors correctly; culture provides that context. Managers rely on their own culture and the organization where they work to provide such a context and decide, for example, what goals and behaviors are appropriate and desirable and how

Figure 1.4 Culture-as-Meta-Context



they should react to their employees' actions. Culture as a meta-context provides the background and shapes our cultural lens or perspective. We see the world through our CMC and we apply our CMC to various situations to make sense of them.

There are many contextual factors that we use in organizations to help explain events. For example, we consider the structure of an organization or the competitive environment. Culture-as-meta-context stands in the background behind the others and can be used to complement them or further refine them. Consider the situation where a supervisor sits down with an employee to provide guidance and coaching about a poorly handled customer experience. The organizational policies and procedures, the tenure and experience of both the manager and the employee, the customer's behavior, and many other organizational factors are part of the context the manager must consider. When they sit down to chat, the employee does not maintain eye contact with her supervisor and keeps her gaze to the floor. In the United States and some other countries, lack of eye contact is interpreted as cageyness and dishonesty, so a manager from one of these cultures may suspect that something is amiss and that the employee may be lying. However, the lack of eye contact may have a completely different meaning when contextualized. If the employee is a Navajo Native American or originally from India, their lack of eye contact may have a different explanation. In both of those

cultures, a person who has less status shows respect to a supervisor, a person with higher status, by not making direct eye contact. The culture provides the meta-context, the higher-level context, that supplements organizational factors to understand the event.

7.2.2 Culture-as-Meta-Context as Guide. Culture-as-meta-context not only is the lens through which we see the world but also serves as a guide for our perceptions, cognition, perspectives, values, behaviors, and even emotions. In the example relating to meaning of eye contact, the manager is likely to be guided by culture for deciding on a course of action. Will the manager address the situation directly and provide the negative feedback to employee bluntly or gently remind the employee about the importance of treating customers well? Will the manager involve a third party to provide the feedback to avoid direct confrontation and loss of face? The selection of these options is guided by CMC.

Consider a Swedish manager in charge of organizing the international sales meeting for her company for the first time who was experiencing considerable frustration as many of the meetings and events were not going according to her plans. Some international participants were arriving late or skipping the key events altogether. Some wandered in and out of various talks, sometimes accompanied by spouses and children, talked loudly in small groups in the back of the rooms, or interrupted the presentations. Many complained about the high number of meetings and lack of time to socialize. The organizer was feeling considerable frustration at what she perceived to be some participants' rudeness and lack of civility. Before launching into her next event, she got advice from a seasoned conference organizer who reminded her about how people from different countries have different expectations when it comes to attendance and participation in sales meetings. Some see it as an opportunity for a mini-vacation or as a reward for hard work; others see it as an opportunity to network or learn new skills. With that advice in mind, the second time around, the manager sent out a program that started with the company mission and statement about its culture, including detailed goals for the meetings along with carefully worded expectations regarding attendance and professional conduct during sessions. She also built in frequent breaks, opportunities for informal gathering, as well as formal networking hours and provided planned activities for family members. Through these actions, she was able to address the different cultural expectations regarding professional and social interaction and make her sales meeting a resounding success.

In this example, the manager's CMC provides the context for her perceptions and reactions. Considering how others may have a different view and different CMC allows her to modify her program, still achieve her goals, and satisfy other participants' expectations. In summary, our culture as *CMC provides the background and context for our interactions and acts as a guide to our thinking and behavior.*

7.2.3 Omnipresent Culture-as-Meta-Context. CMC is always present (Nahavandi, 2017). Similar to other environmental and structural contextual variables, culture may

not always be relevant and important; not every interaction has a cultural side, but culture is always in the background. Not being aware of the ever-present context or not understanding its potential role and impact hamper our abilities to work effectively. We need to know our own CMC and the lens and perspective it creates and understand that others have their own unique and equally powerful and relevant lens. Consequently, the term CMC will be used in the book when referring to an individual's culture, while the word culture will be used in more generic references such as Indian or Chinese culture.

7.3 Culture-Just-Is

At the core of understanding CMC is understanding and accepting the idea that culture is ever-present and exists for everyone. Humans are social and belong to various groups with whom they share basic assumptions, beliefs, and values; we all have culture. Culture is not just about ethnic minorities, a certain gender, or others; people are all cultural beings. One of the key goals of this book is to help you become aware of your own CMC and its potential impact on your thinking and behavior. Additionally, just as we are impacted by our CMC, others are equally impacted by theirs. While we have the tendency to value our own and often see it as superior to others, a topic we will explore in-depth in Chapter 4, all cultures simply exist to provide groups with assumptions, beliefs, and values and allow them to survive and thrive in their environment.

We call this idea that all cultures have equal value in their own context, *culture-just-is* (CJI; Nahavandi, 2017). One culture is not objectively better than another; they all exist and they all provide their members a meta-context that allows them to function. CJI is a descriptive rather than evaluative statement. The idea of considering all cultures as equal because they all form a meta-context for their group members may be uncomfortable and controversial. We can all think about cultural values or practices that we find personally objectional or even unethical or immoral. However, it is important to keep the following in mind:

- CJI does not suggest that an individual should be equally comfortable in all cultures or like all cultural values and practices equally.
- CJI does not deny or critique the importance and the role of having pride in one's culture.
- CJI does not deny that some cultures may have experienced more success than others at various times and therefore some cultures may have been better at addressing the environmental challenges the members faced.
- CJI does not negate the fact that everyone is likely to agree with some cultural assumptions, beliefs, and values and disagree, sometimes vehemently, with others.

- CJI does not reject or disallow individual preferences.

CJI merely implies that all groups, whether at the national, regional, group, or any other level, have a culture that provides them with a meta-context and impacts how they think and behave. In that regard, all cultures are equivalent; they all simply *are*. They all provide their members with a system of basic assumptions about the world. They all teach beliefs and values that lead to certain acceptable and unacceptable behaviors. They all evolve and change. The content of cultures is infinitely rich and varied; the fact that they all serve the same purpose and function to help explain the world and help individuals cope with it is universal. All cultures exist and have a critical function for their members. Understanding how your own culture-just-is and how others' cultures are also simply present is an important step in effective cultural interactions and successful cross-cultural management.

7.4 The Cultural Mindset

CMC and CJI, which are based on cognitive approach to cross-cultural management, are foundations to the key theme of this book, the *Cultural Mindset*. In order to be able to interact successfully and effectively across cultural boundaries we need to have a *Cultural Mindset* (CM; Nahavandi, 2017). CM is defined as:

A way of thinking and a frame of mind or reference that considers culture as a factor when assessing yourself and other people and situations, and when making decisions and acting on them. Having a CM means that you are aware of your own cultural backgrounds and the fact that culture-just-is and that it provides a meta-context.

Having a CM involves the three following:

- Awareness of one's own CMC
- Knowing when to shift one's frame of reference because of crossing cultural boundaries
- Having the cultural knowledge, competencies, and skills to act accordingly

Understanding CMC and CJI allows you to have a CM as a way of thinking that goes beyond competencies and skills (Nahavandi, 2017).

7.4.1 CM and the Small World Paradox. Let's revisit the paradox we introduced at the beginning of this chapter: What works in one context does not necessarily work in another. Our worldview and our rules are generally effective for us within our own CMC. They allow us to function well in our "small" world for which they were developed and where we know and understand the rules. That same rules and

perspective are not likely to work or be useful in another world (whether large or small) where the context is different (the culture is different) and the assumptions, values, beliefs, and rules for behavior are unfamiliar. The rules of one world do not apply to another. Having a CM is a way to solve this paradox and be able to be effective across cultures. The next chapter will examine in detail the roadmap to a CM, and the Think—Know—Do model and the tools you need to interact effectively across cultures.

FIRST PERSON REVISITED

As you have read in this chapter, culture plays a role in providing people with a framework and guide to behavior. Culture similarly impacts organizational cultures. Our assumptions about work and how we interact with others and how we make decisions are impacted by the cultures in which we grew up. In this case, the US-American companies reflect the values of informality and egalitarianism that are part of the US culture. People interact freely and

informally, decisions are quick, and employees are not limited by their title. The Chinese company also reflects the country's culture with more emphasis on hierarchy and formality and more careful processes to reach decisions. Neither approach is better than the other. However, the differences can create challenges when people from two cultures interact and have to work together.

APPLYING WHAT YOU LEARNED: GETTING STARTED WITH THE IDEA OF CULTURE

You have learned the definition of culture and its potential impact on how people think and act. You have also read about the potential dangers of overgeneralizing. Here are some pointers as you start to apply the concept of culture in your personal and work life.

1. *Be prepared for mistakes and missteps*—Don't expect to get things right the first or second time, or even after many attempts. Mistakes are opportunities to learn and grow.
2. *Everyone has culture*—Culture is not something that applies just to minorities, women, or "other" people; everyone is part of one or more cultures. So, if you ask about it, ask everyone, not just the minorities or women in the group.
3. *Culture may be one, but not the only factor* that plays a role in any given situation. Think about the role it may play, but don't get obsessive about it. Culture impacts many things, but it does not explain everything.
4. *Culture is more than nationality and ethnicity*—there are many different levels and layers that play a role. Consider all the possible levels of culture.
5. *Practice asking questions* to find a respectful way to inquire about culture.
6. *Maintain a sense of humor*—laugh at your mistakes, forgive yourself for making them and keep going!

MANAGERIAL CHALLENGE: THE UNRESPONSIVE TEAM MEMBERS

You have been assigned as the formal team leader of a multicultural team of seven people. Two of the team members are Chinese, connecting with you mostly through video and email. Two are from your Middle East operation also connecting through video and email, and three are US-Americans on-site with you. You are the newest member but you come with extensive experience. Your team has a short deadline to resolve a critical supply chain challenge caused by a couple of your suppliers who are no longer able to deliver the key components for one of your products. Your first team meeting is set for early morning your time, to accommodate the time difference. The Chinese members happen to be in the Middle East and on the video chat together with your Middle Eastern colleagues; it's too early for you and too late for them, but you're all there. After spending what appears to be a long 20 minutes on introductions and social niceties, you present your ideas and possible solutions and then ask each member to give you their take and their ideas about how to address the challenge. You emphasize that time is of the essence and that you need a quick turnaround on this. The three US-American members jump right in and propose several alternatives. The others on video vigorously agree, but propose nothing different. You press them for their opinions, but they just repeat that what you suggest is great. You ask that they send you their thoughts within 24 hours, after they have a chance to think about other possible solutions and alternatives; you insist that you need their input because you don't know the region as well as they do. They enthusiastically agree to do as you have asked. Twenty-four hours pass with nothing from the overseas group. They respond as a group to your email reminding them to send their ideas with "What you proposed in the meeting was a great solution; we will continue working to see if we can add to that." Another day passes, and still nothing from the group.

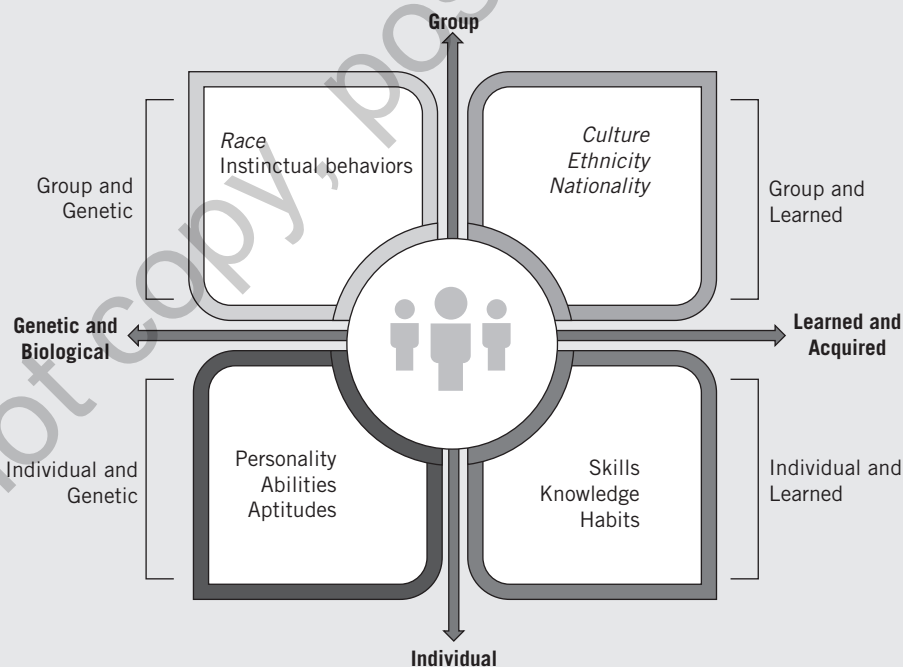
1. What is your assessment of this situation?
2. What are some cultural factors that you may want to consider?
3. What should you do?

SELF-ASSESSMENT 1.1: CULTURE, ETHNICITY, RACE, AND NATIONALITY

You have now learned the differences between culture, ethnicity, race, and nationality. Using Figure 1.3 as a framework, identify your culture(s), ethnicity(ies), race(s), and nationality(ies), keeping in mind that many of us have more than one of each. As you work through the graph, include any key personalities, competencies, and skills.

1. How many factors could you identify in each quadrant?
2. Which ones are easier or harder to identify? Why?
3. How many cultures, ethnicities, races, and nationalities did you list?
4. How easy or hard was it to identify each?
5. How well do they all match?
6. Which one defines you best? Consider the other factors such as personality as well.

Figure 1.3 Culture and Other Determinants of Behavior



SELF-ASSESSMENT 1.2: YOUR VALUES

First, review the values listed below. Then rank each of the values in each category from 1 being most important to you to 5 being least important.

Rank	Instrumental Values	Rank	Terminal Values
___	Ambition and hard work	___	Contribution and a sense of accomplishment
___	Honesty and integrity	___	Happiness
___	Love and affection	___	Leisurely life
___	Obedience and duty	___	Wisdom and maturity
___	Independence and self-sufficiency	___	Individual dignity
___	Humility	___	Justice
___	Doing good to others (Golden rule)	___	Spiritual salvation
___	Treating people fairly	___	Financial success

Scoring:

The values that you rank highest in each group are the ones that are most important to you.

Interpretation:

Address the following questions.

1. Are there values that you consider to be universal?
2. Where and when do you think you acquired these values?
3. What role do you think culture plays in the development of these values?

EXERCISE 1.1: MAP OF THE WORLD

Objective: This exercise demonstrates how our culture shapes how we view the world. It addresses the cognitive factors in CM.

Directions:

Individual Work

From memory, draw a simple map of the world that includes the seven continents. You do not have to provide details; you can use rough geometric shapes if needed.

Group Work

Get together with at least one other student and compare your maps. Discuss the following:

- Where did you start (which continent and where on the paper)?
- What are the relative sizes of the continents?
- How does your map reflect your culture and the country you are from?

Review in Class

Your instructor will provide a map of the world to guide discussion of how your culture impacts your view of the world.

EXERCISE 1.2: THE WASHING MACHINE AD

Objective: This exercise demonstrates how culture shapes our interpretation of events. It addresses the cognitive factors in CM.

Directions: The image below is reproduction of an ad used by a US appliance manufacturer to market its washing machine in several Arab countries. The company's marketing director was aware of religious sensitivities about portraying women, who were their primary target market. She also did not want to simply translate their US ads into Arabic, worrying about confusing possible translation errors or missteps. After much research, she and her team decided that using simple images would be the best way to convey their message. So, they came up with the ad that is reproduced below (Figure 1.5).

Figure 1.5 Washing Machine Ad



Sources: istockphoto.com / omersukrugoksu; istockphoto.com / s-cphoto; istockphoto.com / Aslan Alphan.

Take a minute to review the image.

1. Describe what you see.
2. Would you consider this to be an effective ad?
3. Can you think of any cultural differences that may impact the ad's effectiveness and impact?

After deploying the ad, the company found out that it was not only ineffective, but also it seemed to be causing sales to drop.

1. What do you think went wrong?

CASE STUDY: TRUE AMERICAN VALUES?

“Why do we work so hard? For what?” is the starting question of a 2014 one-minute commercial, called *Poolside*, for the Cadillac ELR Coupe which first aired during the 2014 Winter Olympics and again during the Academy Awards that year (Poolside, 2014). The ad features actor Neal McDonough walking around, or some might say strutting, in an obviously expensive house, casually interacting with his family and touting the value of material goods, working hard and not taking too much time off. He then rattles off the names of famous US-American successful entrepreneurs and mentions the unique US achievement of landing on the moon as proof of the outcome of the work-hard-no-play approach. The commercial ends with McDonough getting into the Cadillac and saying: “...that’s the upside of only taking two weeks off in August. N’est-ce-pas?”

The commercial oozes stereotypical US-American values, male bravado, and symbols of wealth. Craig Bierly, Cadillac’s advertising director at that time, said the commercial intended to be “brand provocation,” rather than a statement about American values (Voelcker, 2014). Uwe Ellinghaus, then Cadillac’s global chief marketing officer, added that the company wanted to generate a buzz about the car (Colias, 2014). It certainly provoked a buzz! Some saw it as a representation of the “ugly American.” One person who saw the ad thought it was insulting and embarrassing because of the way it portrays Americans (Voelcker, 2014). Others celebrated it as a representation of true American values and capitalism (Colias, 2014) and others as a shameless celebration of a work-hard-buy-more culture (Gregoire, 2014).

The *Poolside* commercial made it to the 2017 “Hall of Shame” of commercials that commit multicultural blunders for insulting just about everyone in the world, alienating its potential international markets, and demeaning a good segment of the US population by suggesting that those who can’t afford the car are perhaps too lazy (Fromowitz, 2017). Meanwhile, some simply wondered whether such an ad can actually spur sales (Woodyard, 2014). Not to let a good crisis go to waste, Cadillac’s competitor Ford used a parody of the *Poolside* commercial to tout another set of American values to sell one of its own cars. That commercial, featuring an African American woman, plugs being entrepreneurial, being green, caring about the environment, and wanting to make the world better as the key values of a new generation (Ford’s Response, 2014). While seemingly presenting two opposing views of the US-American values and ideals and targeting two different markets, the two commercials tapped into an interesting representation of cultural values and maybe unintentionally presented the richness of a culture.

Watch the two commercials on YouTube:

Cadillac's Poolside: https://www.youtube.com/watch?time_continue=27&v=xNzXze5Yza8

Ford's commercial: <https://www.youtube.com/watch?v=24VerifhVJk&feature=youtu.be&t=67>

Questions

1. What are the values that are presented in each of the commercials?
2. To what extent are the values uniquely US-American?
3. Which commercial more accurately represents being US-American?
4. Can you think of some countries where the Cadillac ad may not play well? Why?
5. What is your reaction to the two companies using cultural values to sell their product?

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