

MK 326
International Marketing
Chapter 5

By Ajarn Suwalya K.

Chapter 5

The Cultural Environment of Global Markets

International Marketing

18th Edition



Philip R. Cateora • R. Bruce Money
Mary C. Gilly • John L. Graham

Learning Objectives

- 5-1 The necessity for adapting to cultural differences
- 5-2 How and why management styles vary around the world
- 5-3 The extent and implications of gender bias in other countries
- 5-4 The importance of cultural differences in business ethics
- 5-5 The differences between relationship-oriented and information-oriented cultures



Culture and Business Systems

Culture profoundly impacts business

- **Management style**
 - Business culture, management values, business methods and behavior
 - Establishes criteria for day-to-day business behavior
 - Forms general patterns of values and motivations
- **Important for marketers to analyze to be successful**
 - Cultural analysis and understanding gives competitive edge
 - Business etiquette a crucial component

Required Adaptation 1 of 5

10 Basic Criteria

1. Open tolerance
2. Flexibility
3. Humility
4. Justice or fairness
5. Ability to adjust to varying tempos
6. Curiosity or interest
7. Knowledge of the country
8. Liking for others
9. Ability to command respect
10. Ability to integrate oneself into the environment



Required Adaptation 2 of 5

Degree of Adaptation

- **Know local customs and accommodate differences**
- Evaluate which foreign customs should be adhered to
 - Be aware of **self-reference criterion (SRC)**
 - Own cultural background impacts understanding of other culture
 - Importance of customs varies by country



Required Adaptation 3 of 5

Cultural Imperatives

- Business customs and expectations that must be met and conformed to or avoided



Required Adaptation 4 of 5

Cultural Electives

- Behavior or customs that cultural aliens may wish to conform to or participate in, but not required



Required Adaptation 5 of 5

Cultural Exclusives

- Customs or behaviors that foreigners are barred from and must not participate in



Cultural Adaptation in Action



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German Chancellor Angela Merkel and Chinese Prime Minister Wen Jiabao toast after the EU–China Business Summit at the Great Hall of the People in Beijing. Drinking half a bottle is a cultural elective, but taking a sip is more of an imperative in this case.

The Impact of American Culture on Management Style 1 of 2

Why focus on American Culture?

1. Important for Americans to be aware of the elements of culture influencing decisions and behaviors.
2. For those new to American culture, it is useful to better understand business associates from the U.S., as the U.S. market is the biggest export market in the world.
3. Since the late 1990s, American business culture has been exported around the world.



The Impact of American Culture on Management Style 2 of 2

Impact of U.S. culture on management style

- “Master of destiny” viewpoint
- Independent enterprise as instrument of social action
- Personnel selection and reward based on merit
- Decisions based on objective analysis
- Wide sharing in decision making
- Never-ending quest for improvement
- Competition produces efficiency



Management Styles around the World 1 of 9

Authority and Decision Making

- Prominence of status and position (Power Distance Index, or PDI) influences approach to authority
 - High-PDI countries: subordinates less likely to contradict bosses
 - Low-PDI countries: subordinates often challenge bosses



Management Styles around the World 2 of 9

Authority and Decision Making continued

- **Three typical authority patterns in decision-making**
 1. Top-level management decisions
 2. Decentralized decisions
 3. Committee or group decisions



Management Styles around the World 3 of 9

Management Objectives and Aspirations

- **Personal security and job mobility**
 - Cultures higher in individualism (Individualism versus Collectivism, or IDV) make riskier R&D investments
- **Personal life**
 - To Japanese, personal life is company life
- **Affiliation and social acceptance**
- **Power and achievement**



Exhibit 5.1 Annual Hours Worked

Country	2000	2010
United Kingdom	1700	1647
Canada	1775	1702
Germany	1473	1419
Netherlands	1435	1377
Japan	1821	1733
Norway	1455	1414
United States	1814	1778
South Korea	2512	2193
Mexico	1888	1866
Italy	1861	1778

Source: OECD, Hours worked (indicator), 2018. <https://data.oecd.org/emp/hours-worked.htm>

Management Styles around the World 4 of 9

Communication Styles

- Communication involves much more than just words
 - Edward T. Hall's **silent languages**
 - Time, space, things, friendships, agreements



The Use of Space in Office Settings



Notice the individualism reflected in the American cubicles and the collectivism demonstrated by the Japanese office organization.

Management Styles around the World 5 of 9

Communication Styles continued

- **Face-to-face communication**
 - Meanings of words differ widely among languages
 - Edward T. Hall's high-context/low-context continuum
 - **High-context: heavy dependence on nonverbal communication**
 - **Low-context: heavy dependence on explicit, verbal communication**



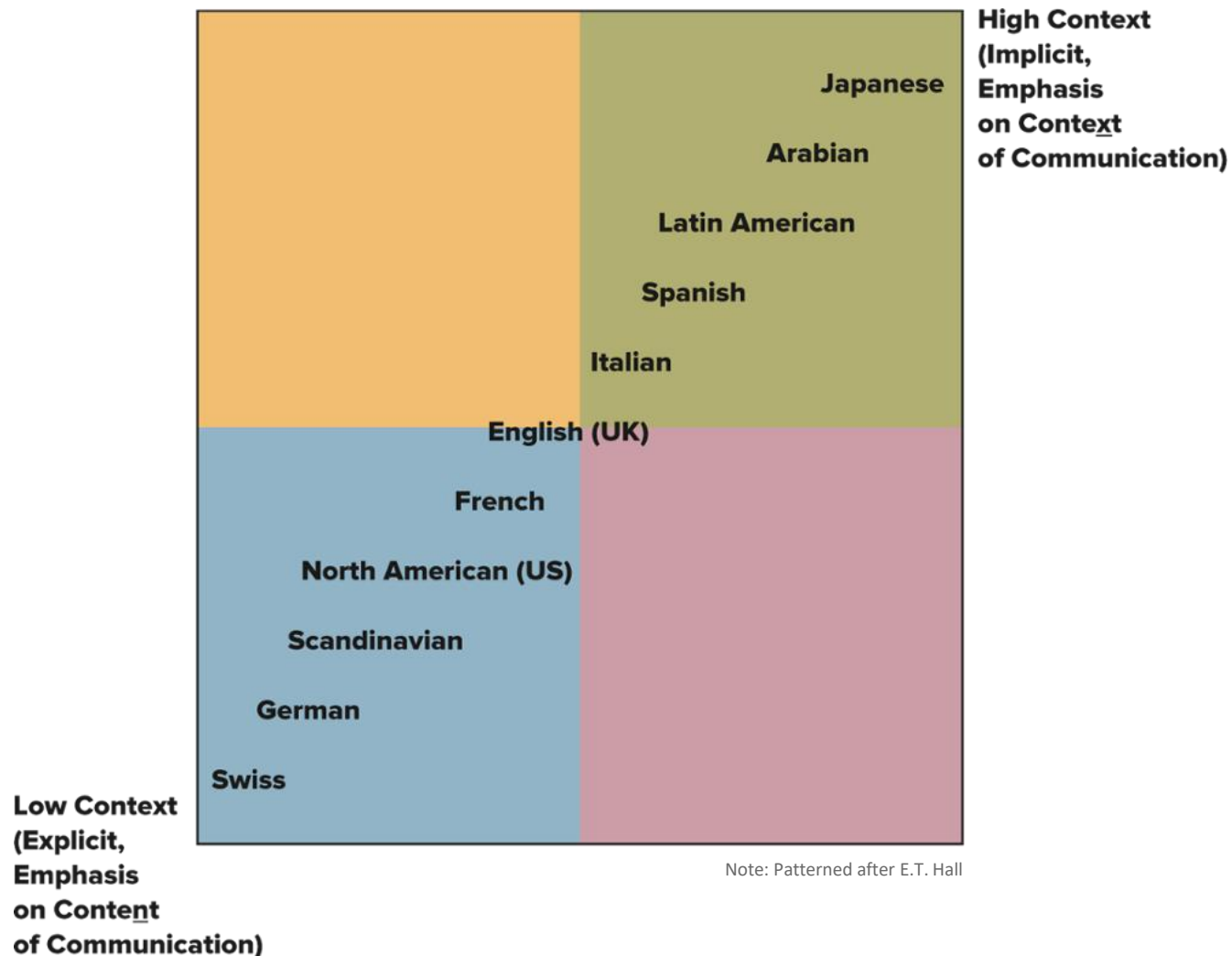
Management Styles around the World 6 of 9

Communication Styles continued

- Internet communications
 - Once message is posted, can be read anywhere at any time
 - High opportunity for miscommunication
 - Loss of contextual information



Exhibit 5.2 Context, Communication, and Cultures: Edward Hall's Scale



[Jump to long description.](#)

Management Styles around the World 7 of 9

Formality and Tempo

- Common mistakes North Americans make in business
 - Too relaxed in formality; addressing clients and co-workers by first name
 - Too hasty and impatient in “getting down to business”



Management Styles around the World 8 of 9

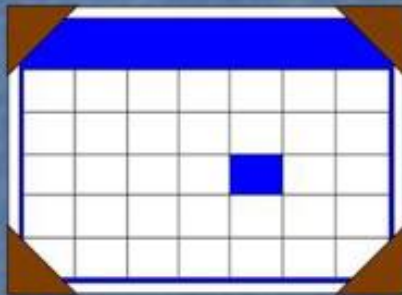
Formality and Tempo

- Tempo impacted by cultural view of time
 - Monochromatic: linear view, time is important, promptness
 - Polychronic: multi-tasking, involvement with individuals



Monochronic vs Polychronic Time

Monochronic



Time as a ribbon or road
Attend to one thing
Time almost tangible
Interruptions unwelcome
Scheduling
Clock-Promptness
Privacy valued

Polychronic



Time as a point
Multi-level simultaneous involvement
Time intangible
No problem with interruptions
No scheduling
Relational-promptness
Privacy not valued

CROSS-CULTURE



Cross-Cultural Management

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Management Styles around the World 9 of 9

Negotiations Emphasis

- **Business negotiation is a fundamental commercial ritual**
 - Process is complicated, high possibility of misunderstanding
 - Attitudes brought to negotiation table are impacted by culture
 - Need to avoid SRC when assessing a situation



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Management Styles around the World cont

Market Orientation

- **Relates positively to profits**
 - Increasingly embraced by American companies
 - Other countries still prefer traditional orientations
 - Production, product, and selling

Characteristics of Market Orientation

1. Satisfactory Products

Products meet the expectations of customers



2. Consumer Trust

The company delivers as promised on goods and loyalties



3. Realistic Prices

Prices are realistic for the market and not too high



4. Product Information

The company provides all information needed to use the product



5. Consumer Voice

Consumers can provide feedback on products



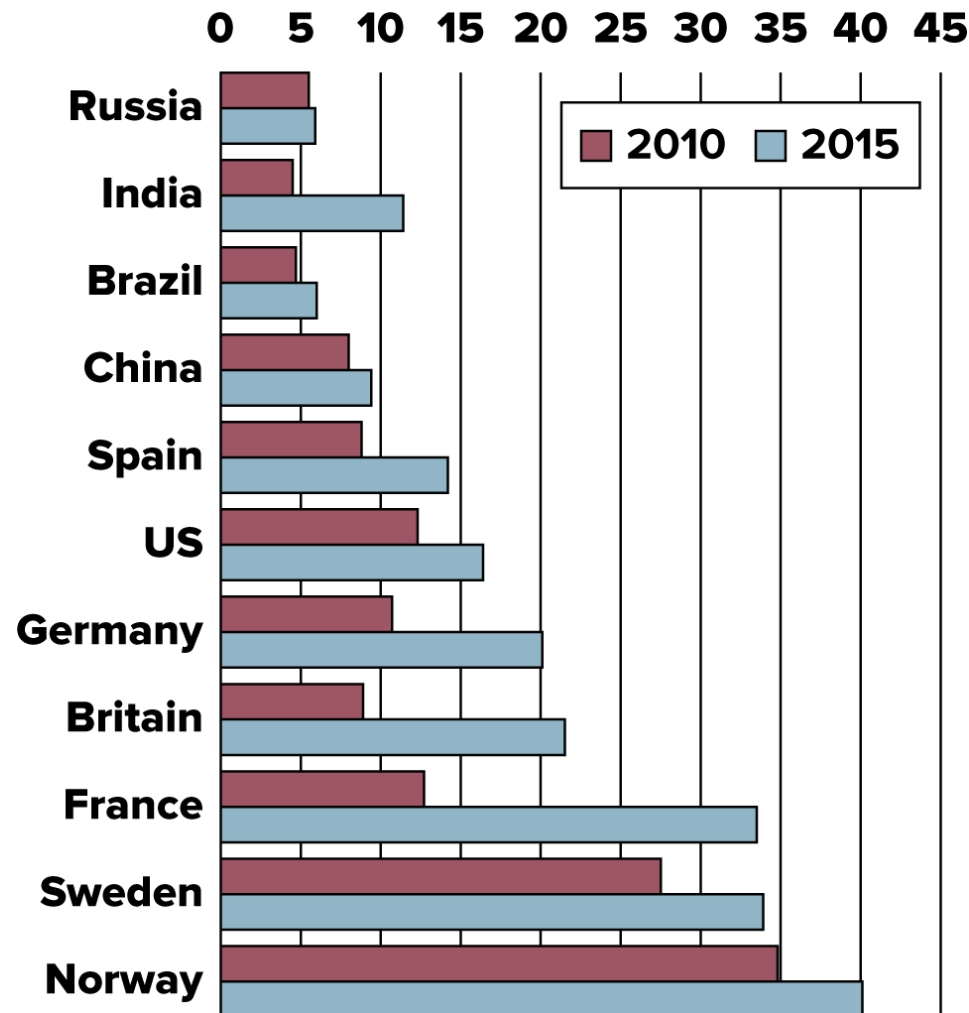
Gender Bias in International Business

Women in Managerial Roles

- Some countries are biased against female managers
 - Asia, Middle East, and Latin America
- Poses significant challenge in cross-cultural negotiations
- Should female managers in U.S. do business in these countries?
 - If her organization is supportive of her, resistance either does not materialize or is less troublesome than expected
 - International experience needed to break glass ceiling



Exhibit 5.4 Few and Far Between



Female directors on corporate boards as a percentage of total

[Jump to long description.](#)

Business Ethics 1 of 7

Corruption Defined

- Meaning of 'corruption' differs around world
 - Profits seen as corrupt in formerly communist countries
 - Individualism seen as corrupt in collectivist cultures
 - Missionaries and religious movements seen as corrupt in China
 - Intellectual property seen as exploitive in sub-Saharan Africa



International Reception of American Movies



Pope Benedict XVI wrote that the Harry Potter books and movies can “deeply distort Christianity in the soul, before it can grow properly.” Meanwhile, Antonio Banderas perhaps helped improve European acceptability for *Shrek 2* when he showed up for the Madrid premiere. In any case, products and services directed at kids get special attention from parents and regulators around the world.

Business Ethics 2 of 7



The Western Focus on Bribery

- Many countries don't restrict bribery
 - "If you don't pay bribes, you don't do business"
 - Conflict between ethics and profitability
- United States views bribery as a serious form of corruption
 - Democracy depends on public's trust in integrity of government
- Transparency International (TI)
 - Encourages governments to curb corruption

Business Ethics 3 of 7

Bribery: Variations on a Theme

- **Bribery**
 - Legal issue with cultural context
- **Extortion**
 - Payments extracted under duress
- **Lubrication**
 - Small sums, not prohibited by law
- **Subornation**
 - Large sums for an illegal act
- **Agent's fees**
 - Legal as long as not a conduit for illegal payments
 - Foreign Corrupt Practices Act

Business Ethics 4 of 7

Ethical and Socially Responsible Decisions

- Difficulties often arise in five broad areas
 1. Employment practices and policies
 2. Consumer protection
 3. Environmental protection
 4. Political payments and involvement in political affairs of the country
 5. Basic human rights and fundamental freedoms



Business Ethics 5 of 7

Ethical Principles

1. Utilitarian ethics

- Does the action optimize the “common good” or benefits of all constituencies? Who are the pertinent constituencies?

2. Rights of the parties

- Does the action respect the rights of the individuals involved?

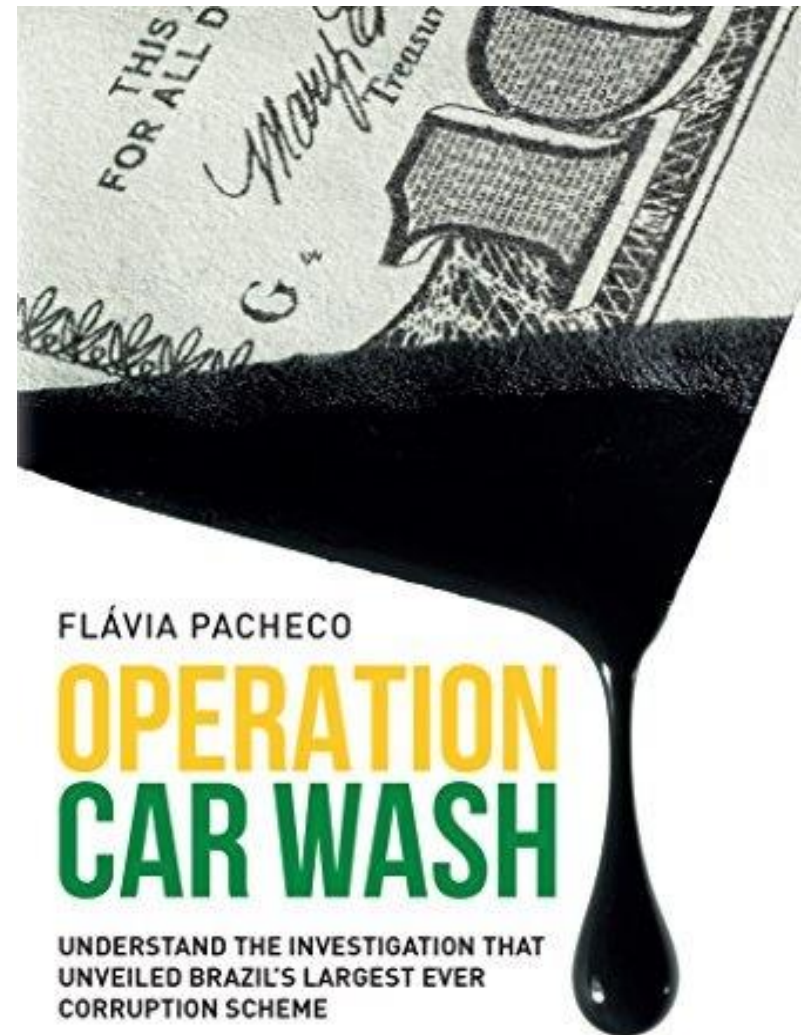
3. Justice or fairness

- Does the action respect the canons of justice or fairness to all parties involved?

Business Ethics 6 of 7

Initiatives

- Strategic philanthropy
 - Providing expertise or products to sponsorship projects
 - Targeted at local communities or specific segments of population
- Brazil – Operation Carwash is organized to target rampant government corruption
- Norway invests in ethical companies



Business Ethics 7 of 7

Culture's Influence on Strategic Thinking

- Impacts manager's thinking about business strategy
- “Individualistic capitalism”
 - British-American strategy
 - Competition between labor, management, and government
- “Communitarian capitalism”
 - German-Japanese strategy
 - Cooperation between labor, management, and government

Job Growth in China



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WORK WANTED: Chinese migrant workers advertise their skills while waiting for employers in the Sichuan city of Chengdu. The government expects the total number of migrants looking for jobs this year to reach at least 25 million. Maintaining steady growth is the country's foremost priority and also its most challenging task.

Synthesis: Relationship-Oriented versus Information-Oriented Cultures

Correlation between Hall's high/low context and Hofstede's Individualism/Collective and Power Distance indices

- Relationship orientation
- Information orientation
- General pattern international marketers can use
 - Not every culture fits every dimension precisely
 - Still important to learn about culture individually

Exhibit 5.8 Dimensions of Culture: A Synthesis

Information-Oriented (IO)

- Low context
- Individualism
- Low power distance
- Bribery less common
- Low distance from English
- Linguistic directness
- Monochronic time
- Internet
- Focus on the foreground
- Competition

Relationship-Oriented (RO)

- High context
- Collectivism
- High power distance (including gender)
- Bribery more common*
- High distance from English
- Linguistic indirectness
- Polychronic time
- Face-to-face
- Background
- Reduce transaction costs

**We note that Singapore, Hong Kong, Japan, and Chile do not fit all the rules here. Most would agree that all four are relationship-oriented cultures.*

Appendix of Image Long Descriptions

Appendix 1 Exhibit 5.2 Context, Communication, and Cultures: Edward Hall's Scale

Low-context cultures are explicit, with the content of the communication most emphasized.

The lowest-context cultures, in order, are Swiss, German, Scandinavian, North American U S, and French.

High-context cultures are implicit, with the context of the communication most emphasized.

The highest context cultures, in order, are Japanese, Arabian, Latin American, Spanish, and Italian.

The English U K culture falls in the middle of the continuum.

Appendix 2 Exhibit 5.4 Few and Far Between

Russia: 5.5 percent in 2010; 5.9 percent in 2015.

India: 4.5 percent in 2010; 11.4 percent in 2015.

Brazil: 4.7 percent in 2010; 6 percent in 2015.

China: 8 percent in 2010; 9.4 percent in 2015.

Spain: 8.8 percent in 2010; 14.2 percent in 2015.

U S: 12.3 percent in 2010; 16.4 percent in 2015.

Germany: 10.7 percent in 2010; 20.1 percent in 2015.

Britain: 8.9 percent in 2010; 21.5 percent in 2015.

France: 12.7 percent in 2010; 33.5 percent in 2015.

Sweden: 27.5 percent in 2010; 33.9 percent in 2015.

Norway: 34.8 percent in 2010; 40.1 percent in 2015.

The words "The End" are written in a large, white, sans-serif font. The text is centered and appears to be floating above a horizontal band of vibrant, multi-colored paint splashes. The splashes are in shades of red, yellow, blue, and green, with some white splatters interspersed. The overall effect is dynamic and celebratory, suggesting a final, energetic conclusion.

The End