

**MK 333/326**  
**International Marketing**  
**Chapter 5**

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# Chapter 5

## The Cultural Environment of Global Markets

# International Marketing

18th Edition



# 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



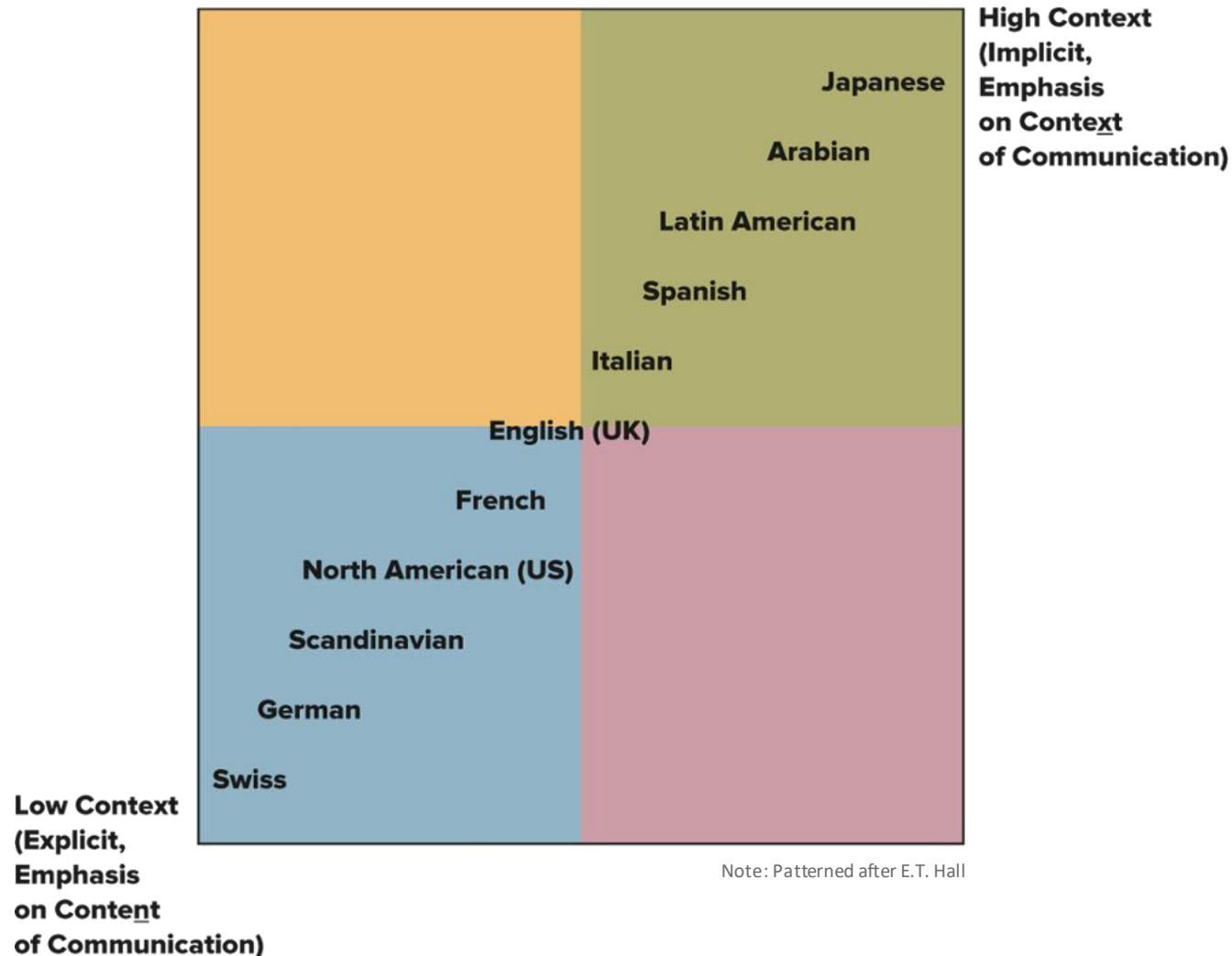
# Management Styles around the World 6 of 9

## 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

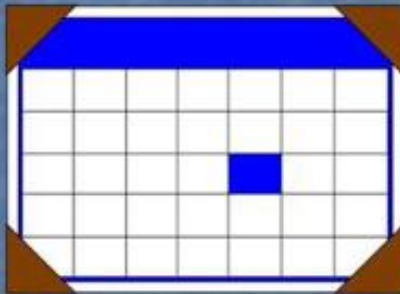
## Formality and Tempo

- 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

# 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



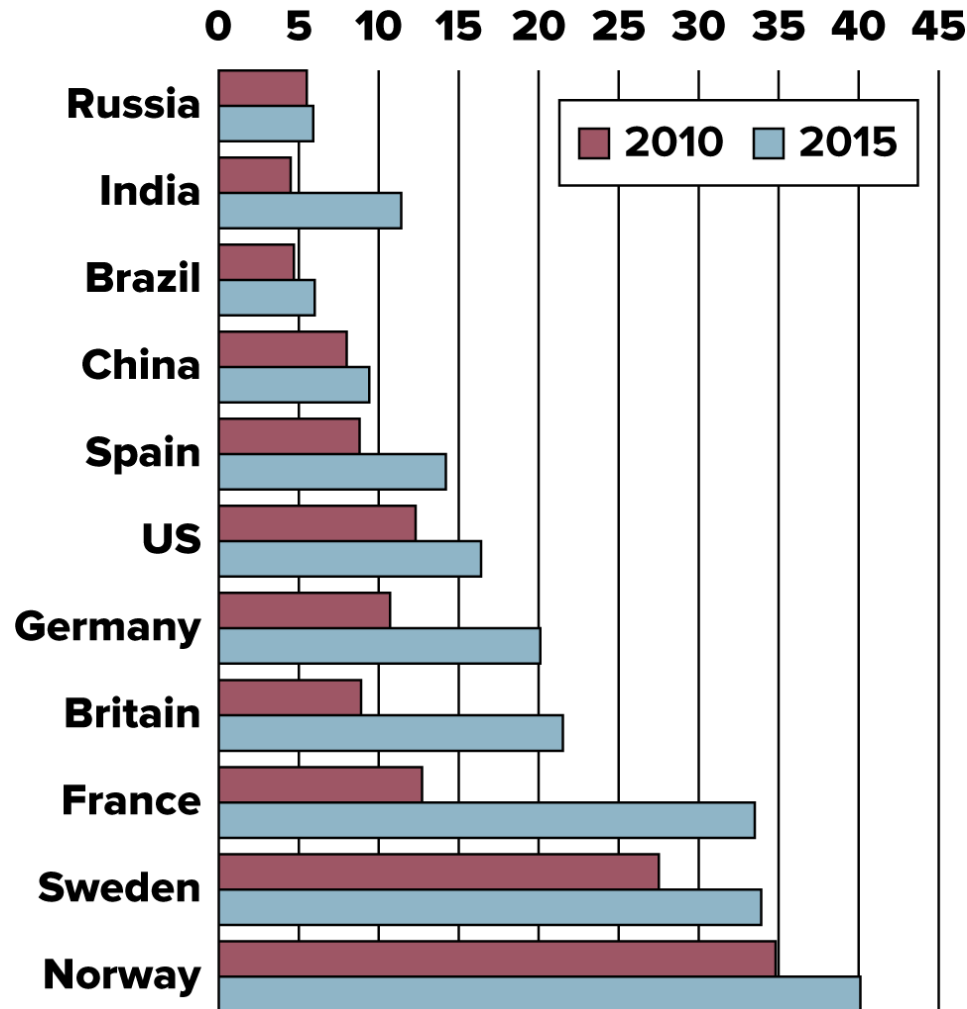
# Gender Bias in International Business

## 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



© John Graham

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?

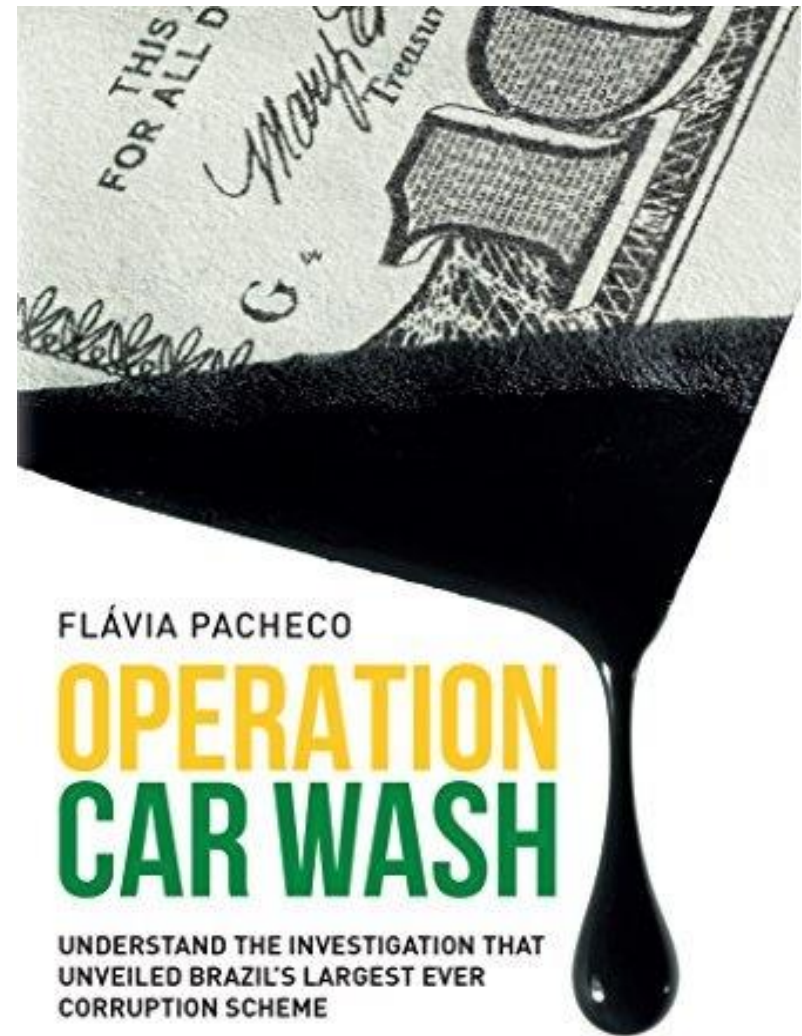
### 3. Justice or fairness

- 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.