PART TWO

THE ROLE OF CULTURE

Chapter 4

THE MEANINGS AND DIMENSIONS OF CULTURE

OBJECTIVES OF THE CHAPTER

A major challenge of doing business internationally is to adapt effectively to different cultures. Such adaptation requires an understanding of cultural diversity, perceptions, stereotypes, and values. In recent years, a great deal of research has been conducted on cultural dimensions and attitudes, and the findings have proved useful in providing integrative profiles of international cultures. However, a word of caution must be given when discussing these country profiles. It must be remembered that stereotypes and overgeneralizations should be avoided; there are always individual differences and even subcultures within every country.

This chapter examines the meaning of culture as it applies to international management, reviews some of the value differences and similarities of various national groups, studies important dimensions of culture and their impact on behavior, and examines attitudinal dimensions and country clusters. The specific objectives of this chapter are:

1. **DEFINE** the term *culture,* and discuss some of the comparative ways of differentiating cultures.
2. **DESCRIBE** the concept of cultural values, and relate some of the international differences, similarities, and changes occurring in terms of both work and managerial values.
3. **IDENTIFY** the major dimensions of culture relevant to work settings, and discuss their effect on behavior in an international environment.
4. **DISCUSS** the value of country cluster analysis and relational orientations in developing effective international management practices.

The World of *BusinessWeek*

BusinessWeek

Will Coke's Water Meet Its Waterloo?

Dasani's European Invasion Faces Resistance from Nestlé and Danone Brands

Talk about carrying coals to Newcastle. Coca-Cola Co. is heading into Europe, where finicky consumers choose from the world's best-known spring waters, with Dasani, the bottled water Coke successfully launched in its home market five years ago. While Dasani now ranks No. 2 in the U.S. behind PepsiCo Inc.'s Aquafina, challenging honored brands on their home turf could prove a far tougher battle. Dasani hit the British market in February and promptly suffered a major public-relations disaster. And Continental rivals are gearing up to fight Coke off when Dasani arrives on their side of the Channel later this spring.

You can't blame Coke for trying. Bottled water is a growing part of the company's product mix, and the British market is exploding as health-conscious consumers shift away from carbonated beverages. Water sales in Britain have nearly tripled since 1998, to an estimated $1.9 billion last year, according to Mintel International Group Ltd., a London market research firm.

But Dasani has had a rocky start among Britons. Days after Coke introduced it, the company was forced to defend Dasani's source: It's purified tap water. Pricing Dasani near the top of the market made matters worse: Only Perrier and Vittel cost more. Critics had a field day. "Tap water," ran one headline in *The Guardian,* "it's the real thing."

So far, Coke executives are taking the negative publicity in stride. Vinay Kapoor, Coke's director of new beverages

Water Wars

Coke's Dasani costs more than bottled mineral water

Highland Spring	Evian	Dasani
$5.07* Mineral water from Scotland	$5.79* French mineral water	$6.25* Purified tap water

*Price of a pack of six 1.5-liter bottles in Britain

Data: Tesco.com

Source: www.businessweek.com/magazine/content/04_13/b3876089_mz054.htm

for Europe, blames the backlash on confusion about Dasani, which undergoes complex purification processes, including a filtering technique called reverse osmosis that NASA uses to make water for the space station. Dasani also contains added minerals such as magnesium sulfate, which give it a distinctive flavor. Kapoor is counting on a marketing blitz to reverse Dasani's image. In late March, Coke will spend $14 million on TV, print, and radio ads in Britain. "We're going to face a degree of clarification," Kapoor concedes.

French Challenge

That's for sure. But as Coke goes into France and Germany, it faces more than a PR glitch. Coke will supply these markets from springs in Belgium and Germany, and it will spend $9 million on a print and TV campaign in France. But the challenges are many—especially in France.

For one thing, France's per-capita consumption of bottled water already tops 140 liters a year, according to Mintel. For another, growth is at the lower end of the market, while Dasani will be in the middle. Finally, there are two European giants to contend with: Nestlé, which produces Perrier and Aquarel, and Groupe Danone, which brings Evian and Volvic forth from the ground. Between them the two companies control half the French market. "In France, the market is completely saturated," says Cedric Boehm, an analyst at Morgan Stanley in London. "It has been very difficult to establish new brands."

Nestlé seems especially intent on keeping things that way. It even has a strategy-planning task force code-named Nicola—which translates loosely as "no cola." Nestlé executives are particularly confident about Aquarel, a mid-range water that is likely to be Dasani's closest competitor.

Coke remains unfazed. Its worldwide bottled water sales have grown more than 50% in each of the last three years. In 2003, that growth helped Coke's total revenues rise 8%, to $21 billion. Coke is counting on aggressive marketing and its distribution network to put Dasani on Europe's map. But the water wars won't be won easily.

By Laura Cohn in London, with Carol Matlack in Paris and Dean Foust in Atlanta

The opening news article provides an illustration of how important it is for MNCs to be responsive to differences in culture if they are to be successful. In their introduction of Dasani water in Europe, Coke executives did not take into consideration the cultural preferences of European consumers of bottled water. Although Coke clarified its product and message, it will have a difficult time recovering and expanding the Dasani brand in Europe after such a miscalculation. Through a better understanding of the importance of cultural norms on buying behavior, Coke might have realized that its U.S. bottled water product could not succeed in Europe without some modifications. MNCs that understand the cultures in which they do business will be better equipped to meet the needs of local consumers and to successfully manage their global operations.

The Nature of Culture

The word *culture* comes from the Latin *cultura,* which is related to cult or worship. In its broadest sense, the term refers to the result of human interaction.[1] For the purposes of the study of international management, **culture** is acquired knowledge that people use to

culture
Acquired knowledge that people use to interpret experience and generate social behavior. This knowledge forms values, creates attitudes, and influences behavior.

interpret experience and generate social behavior.[2] This knowledge forms values, creates attitudes, and influences behavior. Most scholars of culture would agree on the following characteristics of culture:

1. *Learned.* Culture is not inherited or biologically based; it is acquired by learning and experience.
2. *Shared.* People as members of a group, organization, or society share culture; it is not specific to single individuals.
3. *Transgenerational.* Culture is cumulative, passed down from one generation to the next.
4. *Symbolic.* Culture is based on the human capacity to symbolize or use one thing to represent another.
5. *Patterned.* Culture has structure and is integrated; a change in one part will bring changes in another.
6. *Adaptive.* Culture is based on the human capacity to change or adapt, as opposed to the more genetically driven adaptive process of animals.[3]

Because different cultures exist in the world, an understanding of the impact of culture on behavior is critical to the study of international management.[4] If international managers do not know something about the cultures of the countries they deal with, the results can be quite disastrous. For example, a partner in one of New York's leading private banking firms tells the following story:

> I traveled nine thousand miles to meet a client and arrived with my foot in my mouth. Determined to do things right, I'd memorized the names of the key men I was to see in Singapore. No easy job, inasmuch as the names all came in threes. So, of course, I couldn't resist showing off that I'd done my homework. I began by addressing top man Lo Win Hao with plenty of well-placed Mr. Hao's—sprinkled the rest of my remarks with a Mr. Chee this and a Mr. Woon that. Great show. Until a note was passed to me from one man I'd met before, in New York. Bad news. "Too friendly too soon, Mr. Long," it said. Where diffidence is next to godliness, there I was, calling a room of VIPs, in effect, Mr. Ed and Mr. Charlie. I'd remembered everybody's name—but forgot that in Chinese the surname comes *first* and the given name *last*.[5]

Cultural Diversity

There are many ways of examining cultural differences and their impact on international management. Culture can affect technology transfer, managerial attitudes, managerial ideology, and even business–government relations. Perhaps most important, culture affects how people think and behave. Table 4–1, for example, compares the most important cultural values of the United States, Japan, and Arab countries. A close look at this table shows a great deal of difference among these three cultures. Culture affects a host of business-related activities, even including the common handshake. Here are some contrasting examples:

Culture	Type of Handshake
United States	Firm
Asian	Gentle (shaking hands is unfamiliar and uncomfortable for some; the exception is the Korean, who usually has a firm handshake)
British	Soft
French	Light and quick (not offered to superiors); repeated on arrival and departure
German	Brusk and firm; repeated on arrival and departure
Latin American	Moderate grasp; repeated frequently
Middle Eastern	Gentle; repeated frequently[6]

Table 4–1
Priorities of Cultural Values: United States, Japan, and Arab Countries

United States	Japan	Arab Countries
1. Freedom	1. Belonging	1. Family security
2. Independence	2. Group harmony	2. Family harmony
3. Self-reliance	3. Collectiveness	3. Parental guidance
4. Equality	4. Age/seniority	4. Age
5. Individualism	5. Group consensus	5. Authority
6. Competition	6. Cooperation	6. Compromise
7. Efficiency	7. Quality	7. Devotion
8. Time	8. Patience	8. Patience
9. Directness	9. Indirectness	9. Indirectness
10. Openness	10. Go-between	10. Hospitality

Note: "1" represents the most important cultural value, "10" the least.
Source: Adapted from information found in F. Elashmawi and Philip R. Harris, *Multicultural Management* (Houston: Gulf Publishing, 1993), p. 63.

In overall terms, the cultural impact on international management is reflected by these basic beliefs and behaviors. Here are some specific examples where the culture of a society can directly affect management approaches:

- *Centralized vs. decentralized decision making.* In some societies, top managers make all important organizational decisions. In others, these decisions are diffused throughout the enterprise, and middle- and lower-level managers actively participate in, and make, key decisions.
- *Safety vs. risk.* In some societies, organizational decision makers are risk-averse and have great difficulty with conditions of uncertainty. In others, risk taking is encouraged, and decision making under uncertainty is common.
- *Individual vs. group rewards.* In some countries, personnel who do outstanding work are given individual rewards in the form of bonuses and commissions. In others, cultural norms require group rewards, and individual rewards are frowned on.
- *Informal vs. formal procedures.* In some societies, much is accomplished through informal means. In others, formal procedures are set forth and followed rigidly.
- *High vs. low organizational loyalty.* In some societies, people identify very strongly with their organization or employer. In others, people identify with their occupational group, such as engineer or mechanic.
- *Cooperation vs. competition.* Some societies encourage cooperation between their people. Others encourage competition between their people.
- *Short-term vs. long-term horizons.* Some cultures focus most heavily on short-term horizons, such as short-range goals of profit and efficiency. Others are more interested in long-range goals, such as market share and technologic development.
- *Stability vs. innovation.* The culture of some countries encourages stability and resistance to change. The culture of others puts high value on innovation and change.

These cultural differences influence the way that international management should be conducted. "International Management in Action: Business Customs in Japan" provides some examples from a country where many international managers are unfamiliar with day-to-day business protocol.

International Management in Action

Business Customs in Japan

When doing business in Japan, foreign businesspeople should follow certain customs if they wish to be as effective as possible. Experts have put together the following guidelines:

1. Always try to arrange for a formal introduction to any person or company with which you want to do business. These introductions should come from someone whose position is at least as high as that of the person whom you want to meet or from someone who has done a favor for this person. Let the host pick the subjects to discuss. One topic to be avoided is World War II.
2. If in doubt, bring a translator along with you. For example, the head of Osaka's $7 billion international airport project tells the story of a U.S. construction company president who became indignant when he discovered that the Japanese project head could not speak English. By the same token, you should not bring along your lawyer, because this implies a lack of trust.
3. Try for a thorough personalization of all business relationships. The Japanese trust those with whom they socialize and come to know more than they do those who simply are looking to do business. Accept afterhours invitations. However, a rollicking night out on the town will not necessarily lead to signing the contract to your advantage the next morning.
4. Do not deliver bad news in front of others, and if possible, have your second-in-command handle this chore. Never cause Japanese managers to lose face by putting them in a position of having to admit failure or say they do not know something that they should know professionally.
5. How business is done is often as important as the results. Concern for tradition, for example, is sometimes more important than concern for profit. Do not appeal solely to logic, because in Japan, emotional considerations often are more important than facts.
6. The Japanese often express themselves in a vague and ambiguous manner, in contrast to the specific language typically used in the United States. A Japanese who is too specific runs the risk of being viewed as rudely displaying superior knowledge. The Japanese avoid independent or individual action, and they prefer to make decisions based on group discussions and past precedent. The Japanese do not say no in public, which is why foreign businesspeople often take away the wrong impression.

Another way of depicting cultural diversity is through concentric circles. Figure 4–1 provides an example. The outer ring consists of the explicit artifacts and products of the culture. This level is observable and consists of such things as language, food, buildings, and art. The middle ring contains the norms and values of the society. These can be both formal and informal, and they are designed to help people understand how they should behave. The inner circle contains the basic, implicit assumptions that govern behavior. By understanding these assumptions, members of a culture are able to organize themselves in a way that helps them increase the effectiveness of their problem-solving processes and interact well with each other. In explaining the nature of the inner circle, Trompenaars and Hampden-Turner have noted that:

> The best way to test if something is a basic assumption is when the [situation] provokes confusion or irritation. You might, for example, observe that some Japanese bow deeper than others. . . . If you ask why they do it the answer might be that they don't know but that the other person does it too (norm) or that they want to show respect for authority (value). A typical Dutch question that might follow is: "Why do you respect authority?" The most likely Japanese reaction would be either puzzlement or a smile (which might be hiding their irritation). When you question basic assumptions you are asking questions that have never been asked before. It might lead others to deeper insights, but it also might provoke annoyance. Try in the USA or the Netherlands to raise the question of why people are equal and you will see what we mean.[7]

A supplemental way of understanding cultural differences is to compare culture as a normal distribution, as in Figure 4–2, and then to examine it in terms of stereotyping, as in

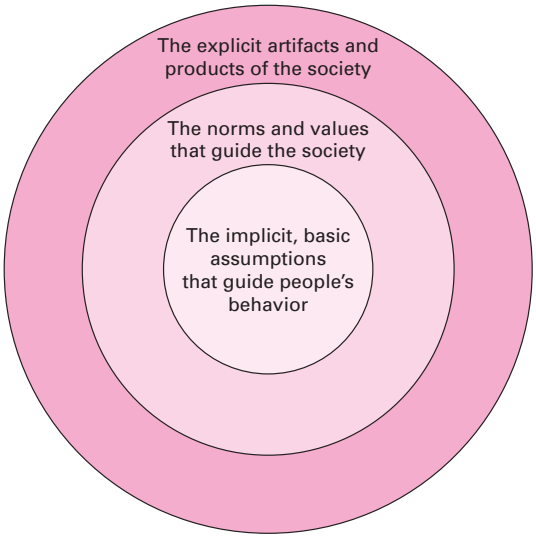


Figure 4–1
A Model of Culture

Figure 4–3. French culture and American culture, for example, have quite different norms and values. So the normal distribution curves for the two cultures have only limited overlap. However, when one looks at the tail ends of the two curves, it is possible to identify stereotypical views held by members of one culture about the other. The stereotypes are often exaggerated and used by members of one culture in describing the other, thus helping reinforce the differences between the two while reducing the likelihood of achieving cooperation and communication. This is one reason why an understanding of national culture is so important in the study of international management.

Values in Culture

A major dimension in the study of culture is values. **Values** are basic convictions that people have regarding what is right and wrong, good and bad, important and unimportant. These values are learned from the culture in which the individual is reared, and they help

values
Basic convictions that people have regarding what is right and wrong, good and bad, important and unimportant.

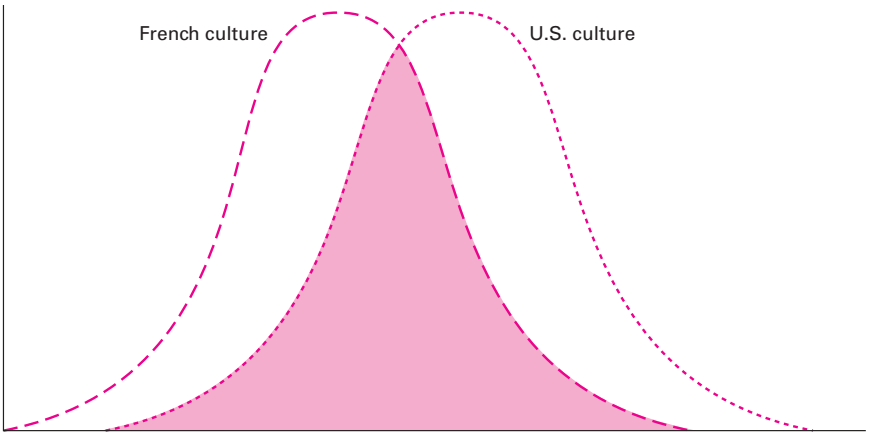
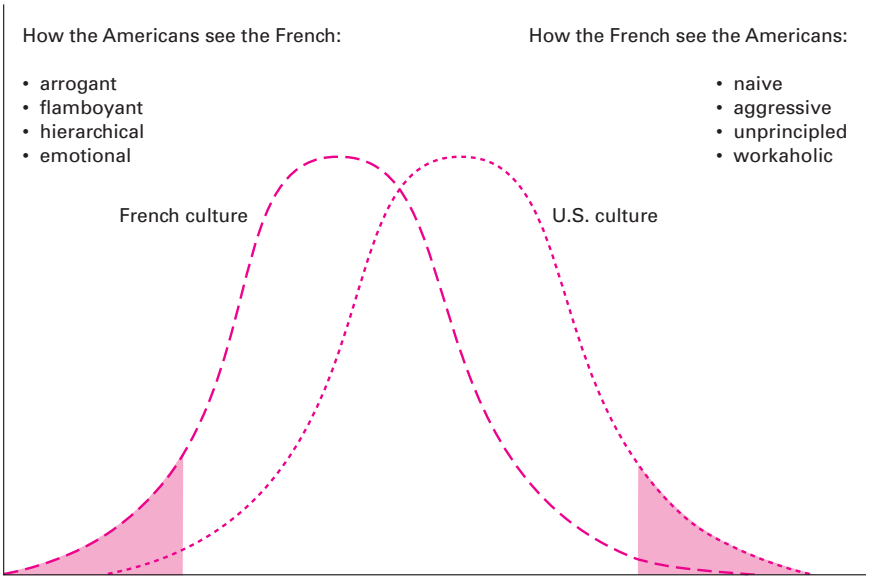


Figure 4–2
Comparing Cultures as Overlapping Normal Distributions

Source: Adapted from Fons Trompenaars and Charles Hampden-Turner, *Riding the Waves of Culture: Understanding Diversity in Global Business,* 2nd ed. (New York: McGraw-Hill, 1998), p. 25.

Figure 4–3
Stereotyping from the Cultural Extremes



Source: Adapted from Fons Trompenaars and Charles Hampden-Turner, *Riding the Waves of Culture: Understanding Diversity in Global Business,* 2nd ed. (New York: McGraw-Hill, 1998), p. 23.

to direct the person's behavior. Differences in cultural values often result in varying management practices. Table 4–2 provides an example. Note that U.S. values can result in one set of business responses and that alternative values can bring about different responses.

Value Differences and Similarities Across Cultures Personal values have been the focus of numerous intercultural studies. In general, the findings show both differences and similarities between the work values and managerial values of different cultural groups. For example, one study found differences in work values between Western-oriented and tribal-oriented black employees in South Africa.[8] The Western-oriented group accepted most of the tenets of the Protestant work ethic, but the tribal-oriented group did not. The results were explained in terms of the differences of the cultural backgrounds of the two groups.

Differences in work values also have been found to reflect culture and industrialization. Researchers gave a personal-values questionnaire (PVQ) to over 2,000 managers in five countries: Australia ($n = 281$), India ($n = 485$), Japan ($n = 301$), South Korea ($n = 161$), and the United States ($n = 833$).[9] The PVQ consisted of 66 concepts related to business goals, personal goals, ideas associated with people and groups of people, and ideas about general topics. Ideologic and philosophic concepts were included to represent major value systems of all groups. The results showed some significant differences between the managers in each group. U.S. managers placed high value on the tactful acquisition of influence and on regard for others. Japanese managers placed high value on deference to superiors, on company commitment, and on the cautious use of aggressiveness and control. Korean managers placed high value on personal forcefulness and aggressiveness and low value on recognition of others. Indian managers put high value on the nonaggressive pursuit of objectives. Australian managers placed major importance on values reflecting a low-key approach to management and a high concern for others.[10] In short, value systems across national boundaries often are different.

At the same time, value similarities exist between cultures. In fact, research shows that managers from different countries often have similar personal values that relate to success.

Table 4–2
U.S. Values and Possible Alternatives

U.S. Cultural Values	Alternative Values	Examples of Management Function Affected
Individuals can influence the future (when there is a will there is a way).	Life follows a preordained course, and human action is determined by the will of God.	Planning and scheduling
Individuals should be realistic in their aspirations.	Ideals are to be pursued regardless of what is "reasonable."	Goal setting and career development.
We must work hard to accomplish our objectives (Puritan ethic).	Hard work is not the only prerequisite for success. Wisdom, luck, and time also are required.	Motivation and reward system.
A primary obligation of an employee is to the organization.	Individual employees have a primary obligation to their family and friends.	Loyalty, commitment, and motivation.
Employees can be removed if they do not perform well.	The removal of an employee from a position involves a great loss of prestige and will rarely be done.	Promotion.
Company information should be available to anyone who needs it within the organization.	Withholding information to gain or maintain power is acceptable.	Organization, communication, and managerial style.
Competition stimulates high performance.	Competition leads to imbalances and disharmony.	Career development and marketing.
What works is important.	Symbols and the process are more important than the end point.	Communication, planning, and quality control.

Source: Adapted from information found in Philip R. Harris and Robert T. Moran, *Managing Cultural Differences* (Houston: Gulf Publishing, 1991), pp. 79–80.

England and Lee examined the managerial values of a diverse sample of U.S. ($n = 878$), Japanese ($n = 312$), Australian ($n = 301$), and Indian managers ($n = 500$). They found that:

1. There is a reasonably strong relationship between the level of success achieved by managers and their personal values.
2. It is evident that value patterns predict managerial success and could be used in selection and placement decisions.
3. Although there are country differences in the relationships between values and success, findings across the four countries are quite similar.
4. The general pattern indicates that more successful managers appear to favor pragmatic, dynamic, achievement-oriented values, while less successful managers prefer more static and passive values. More successful managers favor an achievement orientation and prefer an active role in interaction with other individuals who are instrumental to achieving the managers' organizational goals. Less successful managers have values associated with a static and protected environment in which they take relatively passive roles.[11]

"International Management in Action: Common Personal Values" discusses these findings in more depth.

Values in Transition Do values change over time? George England found that personal value systems are relatively stable and do not change rapidly.[12] However, changes are taking place in managerial values as a result of both culture and technology. A good example is the Japanese. Reichel and Flynn examined the effects of the U.S. environment on the cultural values of Japanese managers working for Japanese firms in the United States. In

International Management in Action

Common Personal Values

One of the most interesting findings about successful managers around the world is that while they come from different cultures, many have similar personal values. Of course, there are large differences in values within each national group. For example, some managers are very pragmatic and judge ideas in terms of whether they will work; others are highly ethical-moral and view ideas in terms of right or wrong; still others have a "feeling" orientation and judge ideas in terms of whether they are pleasant. Some managers have a very small set of values; others have a large set. Some have values that are related heavily to organization life; others include a wide range of personal values; others have highly group-oriented values. There are many different value patterns; however, overall value profiles have been found within successful managers in each group. Here are some of the most significant:

U.S. managers
- Highly pragmatic
- High achievement and competence orientation
- Emphasis on profit maximization, organizational efficiency, and high productivity

Japanese managers
- Highly pragmatic
- Strong emphasis on size and growth
- High value on competence and achievement

Korean managers
- Highly pragmatic
- Highly individualistic
- Strong achievement and competence orientation

Australian managers
- High moral orientation
- High humanistic orientation
- Low value on achievement, success, competition, and risk

Indian managers
- High moral orientation
- Highly individualistic
- Strong focus on organization compliance and competence

The findings listed here show important similarities and differences. Most of the profiles are similar in nature; however, note that successful Indian and Australian managers have values that are distinctly different. In short, although values of successful managers within countries often are similar, there are intercountry differences. This is why the successful managerial value systems of one country often are not ideal in another country.

particular, they focused attention on such key organizational values as lifetime employment, formal authority, group orientation, seniority, and paternalism. Here is what they found:

1. Lifetime employment is widely accepted in Japanese culture, but the stateside Japanese managers did not believe that unconditional tenure in one organization was of major importance. They did believe, however, that job security was important.
2. Formal authority, obedience, and conformance to hierarchic position are very important in Japan, but the stateside managers did not perceive obedience and conformity to be very important and rejected the idea that one should not question a superior. However, they did support the concept of formal authority.
3. Group orientation, cooperation, conformity, and compromise are important organizational values in Japan. The stateside managers supported these values but also believed it was important to be an individual, thus maintaining a balance between a group and a personal orientation.
4. In Japan, organizational personnel often are rewarded based on seniority, not merit. Support for this value was directly influenced by the length of time the Japanese managers had been in the United States. The longer they had been there, the lower their support for this value.
5. Paternalism, often measured by a manager's involvement in both personal and off-the-job problems of subordinates, is very important in Japan. Stateside Japanese managers disagreed, and this resistance was positively associated with the number of years they had been in the United States.[13]

Other researchers have found supporting evidence that Japanese values are changing—and not just among managers outside the country. One study examined value systems among three groups of managers in Japan: (1) a group of Japanese managers who had graduated from the Japanese Institute for International Studies and Training at least 10 years previously; (2) a group of Japanese management trainees who currently were enrolled in the institute; and (3) a group of U.S. MBA students who were taking MBA courses at the institute.[14] The results showed that the Japanese managers were greatly concerned with job security, whereas the U.S. MBA students valued achievement. The Japanese managers put great importance on group success; the U.S. MBA students highly valued personal success. Although there were some exceptions, the two groups had contrasting values. The profiles of the Japanese students, meanwhile, fell between these two extremes. Two-thirds of responses were in this middle range. The researchers therefore concluded that "the data seem to indicate a significant difference in values between Japanese respondents who have already attained responsible managerial positions in their organization and the Japanese management trainees, who have held lower positions and been employed less long with their present company or government agency."[15]

Recently there is increasing evidence that individualism in Japan is on the rise. The country's long economic slump has convinced many Japanese that they cannot rely on the large corporations or the government to ensure their future. They have to do it for themselves. As a result, today a growing number of Japanese are starting to embrace what is being called the "era of personal responsibility." Instead of denouncing individualism as a threat to society, they are proposing it as a necessary solution to many of the country's economic ills. A vice-chairman of the nation's largest business lobby summed up this thinking at the opening of a recent conference on economic change when he said, "By establishing personal responsibility, we must return dynamism to the economy and revitalize society."[16] This thinking is supported by Lee and Peterson's research which reveals that a culture with a strong entrepreneurial orientation is important to global competitiveness, especially in the small business sector of an economy. So this current trend may well be helpful to the Japanese economy in helping it meet foreign competition at home.[17]

Hofstede's Cultural Dimensions

Some researchers have attempted to provide a composite picture of culture by examining its subparts, or dimensions. In particular, Dutch researcher Geert Hofstede found there are four dimensions of culture that help to explain how and why people from various cultures behave as they do.[18] His initial data were gathered from two questionnaire surveys with over 116,000 respondents from over 70 different countries around the world—making it the largest organizationally based study ever conducted. The individuals in these studies all worked in the local subsidiaries of IBM. As a result, Hofstede's research has been criticized because of its focus on just one company; however, he has countered this criticism. Hofstede is well aware of

> the amazement of some people about how employees of a very specific corporation like IBM can serve as a sample for discovering something about the culture of their countries at large. "We know IBMers," they say, "they are very special people, always in a white shirt and tie, and not at all representative of our country." The people who say this are quite right. IBMers do not form representative samples from national populations. . . . However, samples for cross-national comparison need not be representative, as long as they are functionally equivalent. IBM employees are a narrow sample, but very well matched. Employees of multinational companies in general and of IBM in particular form attractive sources of information for comparing national traits, because they are so similar in respects other than nationality: their employers . . . , their kind of work, and—for matched occupations—their level of education. The only thing that can account for systematic and consistent differences between national groups *within* such a homogenous multinational population is nationality itself. The national environment in which people were brought up *before* they joined this employer. Comparing IBM subsidiaries therefore shows national culture differences with unusual clarity.[19]

Hofstede's massive study continues to be a focal point for additional research. The four now-well-known dimensions that Hofstede examined were (1) power distance, (2) uncertainty avoidance, (3) individualism, and (4) masculinity.

Power Distance

power distance
The extent to which less powerful members of institutions and organizations accept that power is distributed unequally.

Power distance is "the extent to which less powerful members of institutions and organizations accept that power is distributed unequally."[20] Countries in which people blindly obey the orders of their superiors have high power distance. In many societies, lower-level employees tend to follow orders as a matter of procedure. In societies with high power distance, however, strict obedience is found even at the upper levels; examples include Mexico, South Korea, and India. For example, a senior Indian executive with a PhD from a prestigious U.S. university related the following story:

> What is most important for me and my department is not what I do or achieve for the company, but whether the [owner's] favor is bestowed on me. . . . This I have achieved by saying "yes" to everything [the owner] says or does. . . . To contradict him is to look for another job. . . . I left my freedom of thought in Boston.[21]

The effect of this dimension can be measured in a number of ways. For example, organizations in low-power-distance countries generally will be decentralized and have flatter organization structures. These organizations also will have a smaller proportion of supervisory personnel, and the lower strata of the workforce often will consist of highly qualified people. By contrast, organizations in high-power-distance countries will tend to be centralized and have tall organization structures. Organizations in high-power-distance countries will have a large proportion of supervisory personnel, and the people at the lower levels of the structure often will have low job qualifications. This latter structure encourages and promotes inequality between people at different levels.[22]

Uncertainty Avoidance

uncertainty avoidance
The extent to which people feel threatened by ambiguous situations and have created beliefs and institutions that try to avoid these.

Uncertainty avoidance is "the extent to which people feel threatened by ambiguous situations, and have created beliefs and institutions that try to avoid these."23 Countries populated with people who do not like uncertainty tend to have a high need for security and a strong belief in experts and their knowledge; examples include Germany, Japan, and Spain. Cultures with low uncertainty avoidance have people who are more willing to accept that risks are associated with the unknown, that life must go on in spite of this. Examples here include Denmark and Great Britain.

The effect of this dimension can be measured in a number of ways. Countries with high-uncertainty-avoidance cultures have a great deal of structuring of organizational activities, more written rules, less risk taking by managers, lower labor turnover, and less ambitious employees.

Low-uncertainty-avoidance societies have organization settings with less structuring of activities, fewer written rules, more risk taking by managers, higher labor turnover, and more ambitious employees. The organization encourages personnel to use their own initiative and assume responsibility for their actions.

Individualism

individualism
The tendency of people to look after themselves and their immediate family only.

collectivism
The tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty.

Individualism is the tendency of people to look after themselves and their immediate family only.[24] Hofstede measured this cultural difference on a bipolar continuum with individualism at one end and collectivism at the other. **Collectivism** is the tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty.[25]

Like the effects of the other cultural dimensions, the effects of individualism and collectivism can be measured in a number of different ways.[26] Hofstede found that

Table 4–3
Countries and Regions Used in Hofstede's Research

ARA	Arab countries (Egypt, Lebanon, Libya, Kuwait, Iraq, Saudi Arabia, U.A.E.)	JPN	Japan
ARG	Argentina	KOR	South Korea
AUL	Australia	MAL	Malaysia
AUT	Austria	MEX	Mexico
BEL	Belgium	NET	Netherlands
BRA	Brazil	NOR	Norway
CAN	Canada	NZL	New Zealand
CHL	Chile	PAK	Pakistan
COL	Colombia	PAN	Panama
COS	Costa Rica	PER	Peru
DEN	Denmark	PHI	Philippines
EAF	East Africa (Kenya, Ethiopia, Zambia)	POR	Portugal
EQA	Equador	SAF	South Africa
FIN	Finland	SAL	Salvador
FRA	France	SIN	Singapore
GBR	Great Britain	SPA	Spain
GER	Germany	SWE	Sweden
GRE	Greece	SWI	Switzerland
GUA	Guatemala	TAI	Taiwan
HOK	Hong Kong	THA	Thailand
IDO	Indonesia	TUR	Turkey
IND	India	URU	Uruguay
IRA	Iran	USA	United States
IRE	Ireland	VEN	Venezuela
ISR	Israel	WAF	West Africa (Nigeria, Ghana, Sierra Leone)
ITA	Italy		
JAM	Jamaica	YUG	Yugoslavia

Source: Adapted from Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill U.K., Ltd., 1991), p. 55. Used with permission.

wealthy countries have higher individualism scores and poorer countries higher collectivism scores (see Table 4–3 for the country abbreviations used in Figure 4–4 and subsequent figures). Note that in Figure 4–4, the United States, Canada, Australia, Denmark, and Sweden, among others, have high individualism and high GNP. Conversely, Indonesia, Pakistan, and a number of South American countries have low individualism (high collectivism) and low GNP. Countries with high individualism also tend to have greater support for the Protestant work ethic, greater individual initiative, and promotions based on market value. Countries with low individualism tend to have less support for the Protestant work ethic, less individual initiative, and promotions based on seniority.

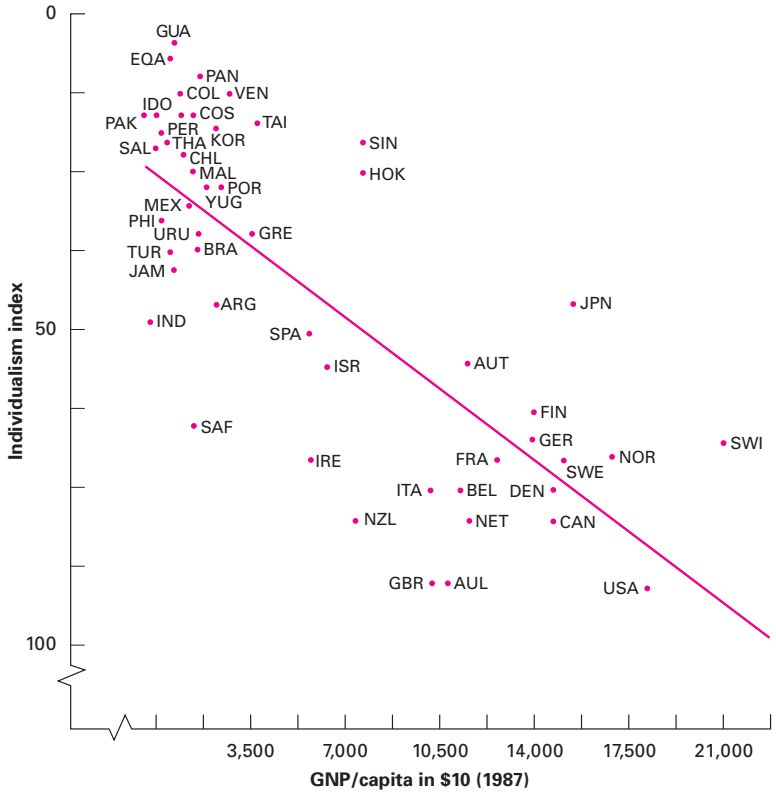
Masculinity

Masculinity is defined by Hofstede as "a situation in which the dominant values in society are success, money, and things."[27] Hofstede measured this dimension on a continuum ranging from masculinity to femininity. Contrary to some stereotypes and connotations, **femininity** is the term used by Hofstede to describe "a situation in which the dominant values in society are caring for others and the quality of life."[28] Countries with a high masculinity index, such as

masculinity
A culture in which the dominant values in society are success, money, and things.

femininity
A culture in which the dominant values in society are caring for others and the quality of life.

Figure 4–4
Individualism Index vs. Per Capita GNP



Source: Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill U.K., Ltd., 1991), p. 75. Used with permission.

the Germanic countries, place great importance on earnings, recognition, advancement, and challenge. Individuals are encouraged to be independent decision makers, and achievement is defined in terms of recognition and wealth. The workplace is often characterized by high job stress, and many managers believe that their employees dislike work and must be kept under some degree of control.

Countries with a low masculinity index (Hofstede's femininity dimension), such as Norway, tend to place great importance on cooperation, a friendly atmosphere, and employment security. Individuals are encouraged to be group decision makers, and achievement is defined in terms of layman contacts and the living environment. The workplace tends to be characterized by low stress, and managers give their employees more credit for being responsible and allow them more freedom.

Cultures with a high masculinity index, such as the Japanese, tend to favor large-scale enterprises, and economic growth is seen as more important than conservation of the environment. The school system is geared toward encouraging high performance. Young men expect to have careers, and those who do not often view themselves as failures. Fewer women hold higher-level jobs, and these individuals often find it necessary to be assertive. There is high job stress in the workplace, and industrial conflict is common.

Cultures with a low masculinity index (high femininity) tend to favor small-scale enterprises, and they place great importance on conservation of the environment. The school system is designed to teach social adaptation. Some young men and women want careers; others do not. Many women hold higher-level jobs, and they do not find it necessary to be assertive. Less job stress is found in the workplace, and there is not much industrial conflict.

Integrating the Dimensions

A description of the four dimensions of culture is useful in helping to explain the differences between various countries, and Hofstede's research has extended beyond this focus and shown how countries can be described in terms of pairs of dimensions. Figure 4–5, which incorporates power distance and individualism, provides an example.

In Figure 4–5, the United States is located in the lower left-hand quadrant. Americans have very high individualism and relatively low power distance. They prefer to do things for themselves and are not upset when others have more power than they do. In fact, Americans are taught to believe that everyone is equal, so they are not overly impressed by individuals with important titles or jobs. Australians, Canadians, British, Dutch, and New Zealanders have the same basic values. Conversely, many of the underdeveloped or newly industrialized countries, such as Colombia, Hong Kong, Portugal, and Singapore, are characterized by large power distance and low individualism. These nations tend to be collectivist in their approach.

Figure 4–6 plots the uncertainty-avoidance index for the 53 countries against the power-distance index. Once again, there are clusters of countries. Many of the Anglo nations tend to be in the upper left-hand quadrant, which is characterized by small power distance and weak uncertainty avoidance (they do not try to avoid uncertainty). These countries tend to be moderately unconcerned with power distance, and they are able to accept conditions of uncertainty. In contrast, many Latin countries (in both Europe and the Western Hemisphere), Mediterranean countries, and Asian nations (e.g., Japan and Korea) are characterized by high power distance and strong uncertainty avoidance. Most other Asian countries are characterized by large power distance and weak uncertainty avoidance.

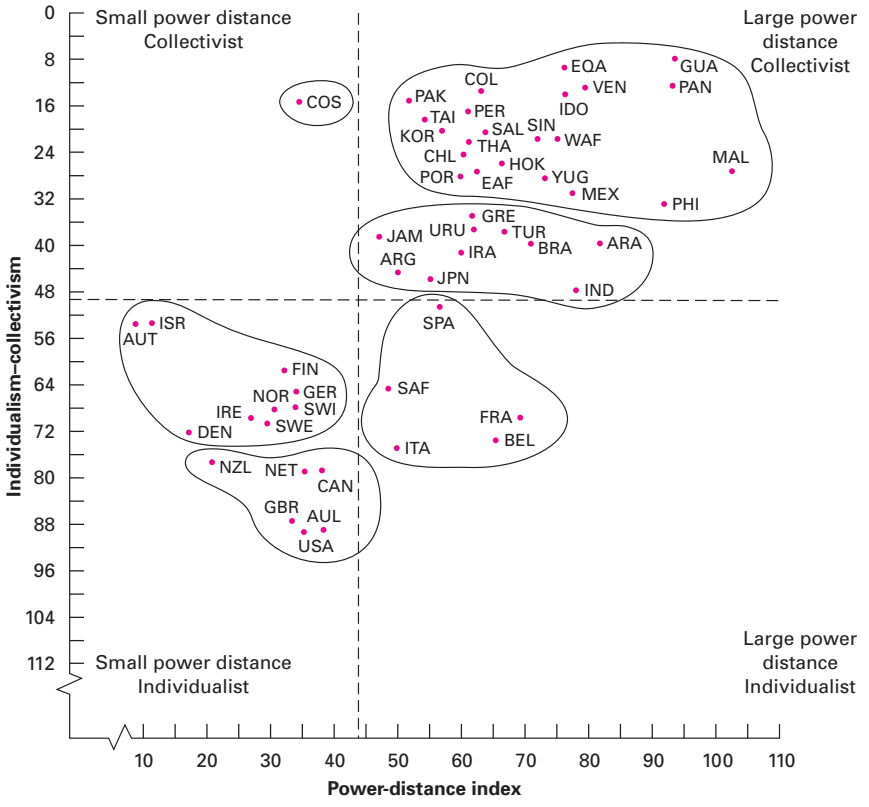
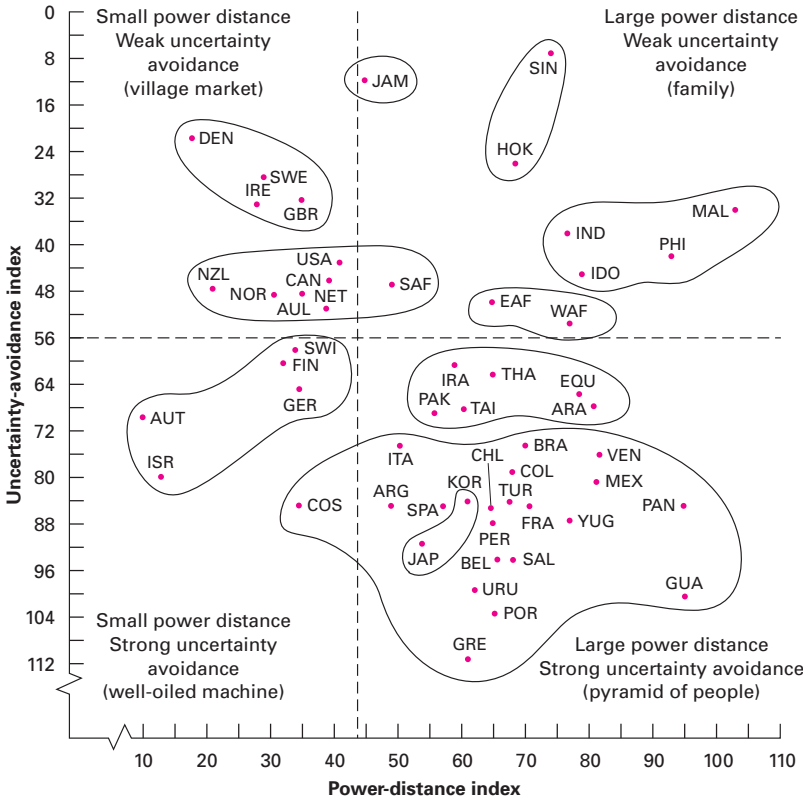


Figure 4–5
A Power-Distance and Individualism–Collectivism Plot

Source: Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill U.K., Ltd., 1991), p. 54. Used with permission.

Figure 4–6

A Power-Distance and Uncertainty-Avoidance Plot



Source: Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill U.K., Ltd., 1991), p. 141. Used with permission.

Figure 4–7 plots the position of 53 countries in terms of uncertainty avoidance and masculinity–femininity. The most masculine country is Japan, followed by the Germanic countries (Austria, Switzerland, Germany) and Latin countries (Venezuela, Mexico, Italy). Many countries in the Anglo cluster, including Ireland, Australia, Great Britain, and the United States, have moderate degrees of masculinity. So do some of the former colonies of Anglo nations, including India, South Africa, and the Philippines. The Northern European cluster (Denmark, Sweden, Norway, the Netherlands) has low masculinity, indicating that these countries place high value on factors such as quality of life, preservation of the environment, and the importance of relationships with people over money.

The integration of these cultural factors into two-dimensional plots helps to illustrate the complexity of understanding culture's effect on behavior. A number of dimensions are at work, and sometimes they do not all move in the anticipated direction. For example, at first glance, a nation with high power distance would appear to be low in individualism, and vice versa, and Hofstede found exactly that (see Figure 4–5). However, low uncertainty avoidance does not always go hand in hand with high masculinity, even though those who are willing to live with uncertainty will want rewards such as money and power and accord low value to the quality of work life and caring for others (see Figure 4–7). Simply put, empirical evidence on the impact of cultural dimensions may differ from commonly held beliefs or stereotypes. Research-based data are needed to determine the full impact of differing cultures. However, some interesting attempts have been made to classify countries in uniform clusters on variables such as attitudes and to deal with cultures on a more structured basis. These efforts are described in the next section.

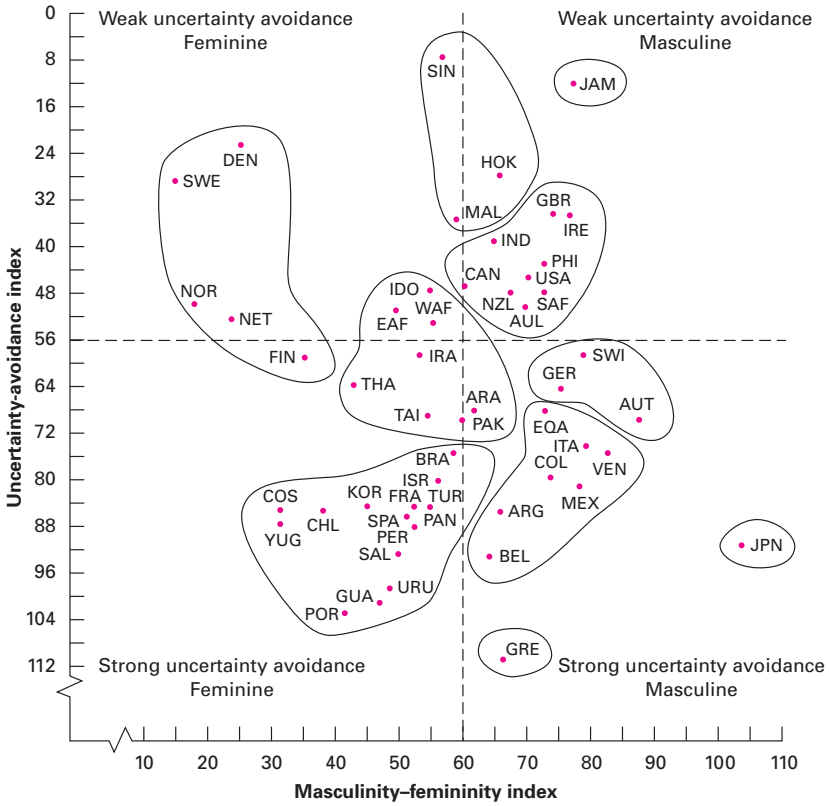


Figure 4–7
A Masculinity–Femininity and Uncertainty-Avoidance Plot

Source: Geert Hofstede, *Cultures and Organizations: Software of the Mind* (London: McGraw-Hill U.K., Ltd., 1991), p. 123. Used with permission.

■ Attitudinal Dimensions of Culture

For well over two decades, researchers have attempted to cluster countries into similar cultural groupings for the purpose of studying similarities and differences. Such research also helps us to learn the reasons for cultural differences and how they can be transcended. Much of the initial research in this area examined similarities among countries based on employee work values and attitudes.

Work Value and Attitude Similarities

Drawing on his extensive data, Hofstede was able to use the four cultural dimensions discussed in the last section to compile a series of country clusters, as shown in Figures 4–5, 4–6, and 4–7. His work was only preliminary, but it served as a point of departure for other multicultural research, which revealed many similarities in both work values and attitudes among certain countries. For example, early research by Ronen and Kraut reported that "countries could be clustered into more or less homogeneous groups based on intercorrelations of standard scores obtained for each country from scales measuring leadership, role descriptions, and motivation."[29] These researchers then attempted to cluster the countries by use of the mathematic technique of nonparametric multivariate analysis, known as **smallest space analysis (SSA).** Simply put, this approach maps the relationships of various culture dimensions among the countries by showing the distance between each. By looking at the resulting two-dimensional map, one can see those countries that are similar to each other and those that are not.

smallest space analysis (SSA)
A nonparametric multivariate analysis. This mathematic tool maps the relationship among countries by showing the distance between each. By looking at this two-dimensional map, it is possible to see those countries that are similar to each other and those that are not.

Drawing on the work of many earlier researchers as well as that of 4,000 technical employees in 15 countries, Ronen and Kraut were able to construct SSA maps of various countries, including the United States, France, India, Sweden, and Japan. These maps showed five country clusters: (1) Anglo-American (United States, United Kingdom, Australia); (2) Nordic (Norway, Finland, Denmark); (3) South American (Venezuela, Mexico, Chile); (4) Latin European (France and Belgium); and (5) Germanic (Germany, Austria, and Switzerland). Commenting on the overall value of their research, Ronen and Kraut concluded:

> An important aspect of this study is the potential for practical application by multinational organizations. For example, knowledge of relative similarities among countries can guide the smooth placement of international assignees and the establishment of compatible regional units, and predict the ease of implementing various policies and practices across national boundaries.[30]

Since Ronen and Kraut, additional multicultural studies have been conducted, and the number of countries and clusters has increased. These country clusters are particularly important in providing an overall picture of international cultures.[31]

Country Clusters

To date, perhaps the most integrative analysis of all available findings has been provided by Ronen and Shenkar.[32] After conducting a thorough review of the literature, they found that eight major cluster studies had been conducted over the previous 15 years. These studies examined variables in four categories: (1) the importance of work goals; (2) need deficiency, fulfillment, and job satisfaction; (3) managerial and organizational variables; and (4) work role and interpersonal orientation. Each of the eight country cluster studies had produced different results. Some had focused only on one part of the world, such as the Far East or the Middle East; others had been more international in focus but arrived at different cluster groupings. Based on careful analysis of these research efforts, Ronen and Shenkar identified eight country clusters and four countries that are independent and do not fit into any of the clusters (see Figure 4–8).

Each country in Figure 4–8 that has been placed in a cluster is culturally similar to the others in that cluster. In addition, the closer a country is to the center of the overall circle, the greater its per capita gross national product (GNP). Those countries with similar GNPs will not necessarily have intercluster similarity, but to the extent that GNP influences values and culture, these countries will have converging cultural values.

Not everyone agrees with the synthesis presented in Figure 4–8. Some researchers place India and Israel in the Anglo culture because of the strong Anglo ties of these countries. Others combine the Nordic and Germanic clusters into one. Still others believe that some of the Latin European countries, such as Italy, Portugal, and Spain, are culturally much closer to those of the South American culture and cluster them there. Nevertheless, Figure 4–8 does provide a useful model and point of departure for examining international culture. The concept of country clusters is useful to those studying multinational management as well. Ronen and Shenkar note:

> As multinational companies increase their direct investment overseas, especially in less developed and consequently less studied areas, they will require more information concerning their local employees in order to implement effective types of interactions between the organization and the host country. The knowledge acquired thus far can help one to understand better the work values and attitudes of employees throughout the world. American theories work very well for Western nations. Are they equally applicable in non-Western countries? Clearly, more cluster research is called for, including research in countries from all parts of the globe.[33]

Empirical evidence shows that international managers share a common international culture, so there may well be much more convergence than previously has been believed.

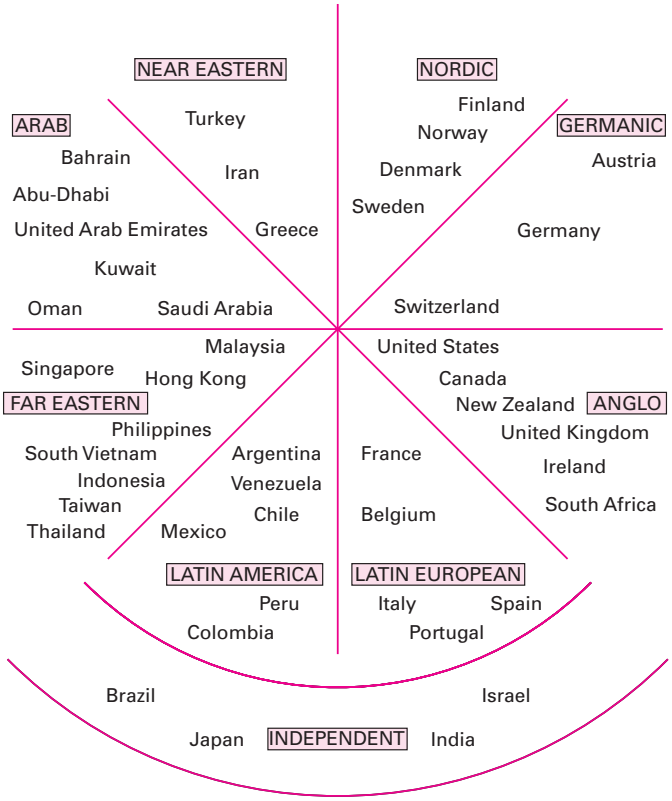


Figure 4–8
A Synthesis of Country Clusters

Source: Simcha Ronen and Oded Shenkar, "Clustering Countries on Attitudinal Dimensions: A Review and Synthesis," *Academy of Management Journal,* September, 1985, p. 449. Copyright 1985 by Academy of Management. Reproduced with permission of Academy of Management via Copyright Clearance Center.

There also may be much more recent adaptation to the local culture by national firms than many outside observers realize. In short, although recognizing cultural diversity still is vital, convergence and flexibility in the international arena are gaining momentum.

Trompenaars's Cultural Dimensions

Both the Hofstede cultural dimensions and the Ronen and Shenkar country clusters are widely recognized and accepted in the study of international management. A more recent description of how cultures differ, by another Dutch researcher, Fons Trompenaars, is receiving increasing attention as well. Trompenaars' research was conducted over a 10-year period and published in 1994.[34] He administered research questionnaires to over 15,000 managers from 28 countries and received usable responses from at least 500 in each nation; the 23 countries in his research are presented in Table 4–4. Building heavily on value orientations and the relational orientations of well-known sociologist Talcott Parsons,[35] Trompenaars derived five relationship orientations that address the ways in which people deal with each other; these can be considered to be cultural dimensions that are analogous to Hofstede's dimensions. Trompenaars also looked at attitudes toward both time and the environment, and the result of his research is a wealth of information helping to explain how cultures differ and offering practical ways in which MNCs can do business in various countries. The following discussion examines each of the five relationship orientations as well as attitudes toward time and the environment.[36]

Table 4–4
Trompenaars's Country Abbreviations

Abbreviation	Country
ARG	Argentina
AUS	Austria
BEL	Belgium
BRZ	Brazil
CHI	China
CIS	Former Soviet Union
CZH	Former Czechoslovakia
FRA	France
GER	Germany (excluding former East Germany)
HK	Hong Kong
IDO	Indonesia
ITA	Italy
JPN	Japan
MEX	Mexico
NL	Netherlands
SIN	Singapore
SPA	Spain
SWE	Sweden
SWI	Switzerland
THA	Thailand
UK	United Kingdom
USA	United States
VEN	Venezuela

Universalism vs. Particularism

universalism
The belief that ideas and practices can be applied everywhere in the world without modification.

particularism
The belief that circumstances dictate how ideas and practices should be applied and something cannot be done the same everywhere.

Universalism is the belief that ideas and practices can be applied everywhere without modification. **Particularism** is the belief that circumstances dictate how ideas and practices should be applied. In cultures with high universalism, the focus is more on formal rules than on relationships, business contracts are adhered to very closely, and people believe that "a deal is a deal." In cultures with high particularism, the focus is more on relationships and trust than on formal rules. In a particularist culture, legal contracts often are modified, and as people get to know each other better, they often change the way in which deals are executed. In his early research, Trompenaars found that in countries such as the United States, Australia, Germany, Sweden, and the United Kingdom, there was high universalism, while countries such as Venezuela, the former Soviet Union, Indonesia, and China were high on particularism. Figure 4–9 shows the continuum.

In follow-up research, Trompenaars and Hampden-Turner uncovered additional insights regarding national orientations on this universalism–particularism continuum. They did this by presenting the respondents with a dilemma and asking them to make a decision. Here is one of these dilemmas along with the national scores of the respondents:[37]

> You are riding in a car driven by a close friend. He hits a pedestrian. You know he was going at least 35 miles per hour in an area of the city where the maximum allowed speed is 20 miles per hour. There are no witnesses. His lawyer says that if you testify under oath that he was driving 20 miles per hour it may save him from serious consequences. What right has your friend to expect you to protect him?
>
> (*a*) My friend has a definite right as a friend to expect me to testify to the lower figure.
>
> (*b*) He has some right as a friend to expect me to testify to the lower figure.
>
> (*c*) He has no right as a friend to expect me to testify to the lower figure.

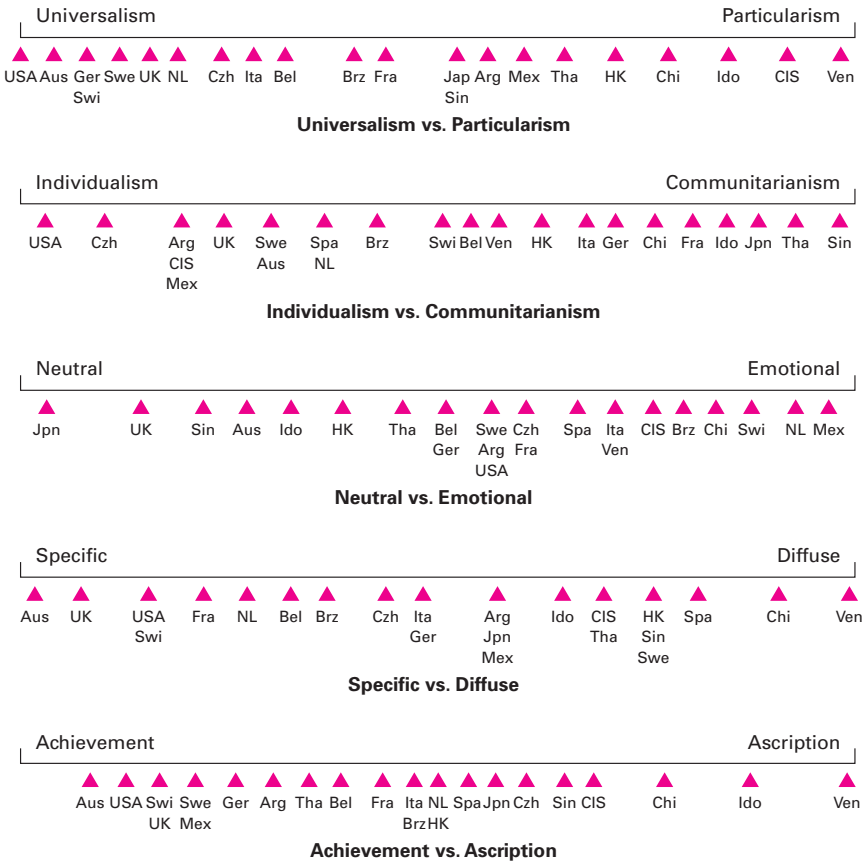


Figure 4–9

Trompenaars's Relationship Orientations on Cultural Dimensions

Source: Adapted from information found in Fons Trompenaars, *Riding the Waves of Culture* (New York: Irwin, 1994), and Charles M. Hampden-Turner and Fons Trompenaars, "A World Turned Upside Down: Doing Business in Asia," in *Managing Across Cultures: Issues and Perspectives,* ed. Pat Joynt and Malcolm Warner (London: International Thomson Business Press, 1996), pp. 275–305.

With a high score indicating strong universalism (choice *c*) and a low score indicating strong particularism (choice *a*), here is how the different nations scored:

Universalism (no right)

Canada	96
United States	95
Germany	90
United Kingdom	90
Netherlands	88
France	68
Japan	67
Singapore	67
Thailand	63
Hong Kong	56

Particularism (some or definite right)

China	48
South Korea	26

As noted earlier, respondents from universalism cultures (e.g., North America and Western Europe) felt that the rules applied regardless of the situation, while respondents from particularism cultures were much more willing to bend the rules and help their friend.

Based on these types of findings, Trompenaars recommends that when individuals from particularist cultures do business in a universalist culture, they should be prepared for rational, professional arguments and a "let's get down to business" attitude. Conversely, when individuals from universalist cultures do business in a particularist environment, they should be prepared for personal meandering or irrelevancies that seem to go nowhere and should not regard personal, get-to know-you attitudes as mere small talk.

Individualism vs. Communitarianism

Individualism and communitarianism are key dimensions in Hofstede's earlier research. Although Trompenaars derived these two relationships differently than Hofstede, they still have the same basic meaning, although in his more recent work Trompenaars has used the word *communitarianism* rather than *collectivism.* For him, individualism refers to people regarding themselves as individuals, while **communitarianism** refers to people regarding themselves as part of a group. As shown in Figure 4–9, the United States, former Czechoslovakia, Argentina, the former Soviet Union (CIS), and Mexico have high individualism. These findings of Trompenaars are particularly interesting, because they differ somewhat from those of Hofstede, as reported in Figure 4–5. Although the definitions are not exactly the same, the fact that there are differences (e.g., Mexico and Argentina are collectivistic in Hofstede's findings but individualistic in Trompenaars's research) points out that cultural values may be changing (i.e., Hofstede's findings may be dated). For example, with Mexico now part of NAFTA and the global economy, this country may have moved from dominant collectivistic or communitarianistic cultural values to more individualist values. Trompenaars also found that the former communist countries of Czechoslovakia and the Soviet Union now appear to be quite individualistic, which of course is contrary to assumptions and conventional wisdom about the former communist bloc. In other words, Trompenaars points out the complex, dynamic nature of culture and the danger of overgeneralization.

communitarianism
Refers to people regarding themselves as part of a group.

In his most recent research, and again using the technique of presenting respondents with a dilemma and asking them to make a decision, Trompenaars posed the following situation. If you were to be promoted, which of the two following issues would you emphasize most: (a) the new group of people with whom you will be working or (b) the greater responsibility of the work you are undertaking and the higher income you will be earning? The following reports the latest scores associated with the individualism of option *b*—greater responsibility and more money.[38]

Individualism (emphasis on larger responsibilities and more income)	
Canada	77
Thailand	71
United Kingdom	69
United States	67
Netherlands	64
France	61
Japan	61
China	54
Singapore	50
Hong Kong	47

Communitarianism (emphasis on the new group of people)	
Malaysia	38
Korea	32

These findings are somewhat different from those presented in Figure 4–9 and show that cultural changes may be occurring more rapidly than many people realize. For example, the latest findings show Thailand very high on individualism (possibly indicating an increasing entrepreneurial spirit/cultural value) whereas the Thais were found to be low on individualism a few years before, as shown in Figure 4–9. At the same time, it is important to remember that there are major differences between people in high-individualism societies and those in high-communitarianism societies. The former stress personal and individual matters; the latter value group-related issues. Negotiations in cultures with high individualism typically are made on the spot by a representative, people ideally achieve things alone, and they assume a great deal of personal responsibility. In cultures with high communitarianism, decisions typically are referred to committees, people ideally achieve things in groups, and they jointly assume responsibility.

Trompenaars recommends that when people from cultures with high individualism deal with those from communitarianism cultures, they should have patience for the time taken to consent and to consult, and they should aim to build lasting relationships. When people from cultures with high communitarianism deal with those from individualist cultures, they should be prepared to make quick decisions and commit their organization to these decisions. Also, communitarianistics dealing with individualists should realize that the reason they are dealing with only one negotiator (as opposed to a group) is that this person is respected by his or her organization and has its authority and esteem.

Neutral vs. Emotional

A **neutral culture** is one in which emotions are held in check. As seen in Figure 4–9, both Japan and the United Kingdom are high-neutral cultures. People in these countries try not to show their feelings; they act stoically and maintain their composure. An **emotional culture** is one in which emotions are openly and naturally expressed. People in emotional cultures often smile a great deal, talk loudly when they are excited, and greet each other with a great deal of enthusiasm. Mexico, the Netherlands, and Switzerland are examples of high emotional cultures.

neutral culture
A culture in which emotions are held in check.

emotional culture
A culture in which emotions are expressed openly and naturally.

Trompenaars recommends that when individuals from emotional cultures do business in neutral cultures, they should put as much as they can on paper and submit it to the other side. They should realize that lack of emotion does not mean disinterest or boredom, but rather that people from neutral cultures do not like to show their hand. Conversely, when those from neutral cultures do business in emotional cultures, they should not be put off stride when the other side creates scenes or grows animated and boisterous, and they should try to respond warmly to the emotional affections of the other group.

Specific vs. Diffuse

A **specific culture** is one in which individuals have a large public space they readily let others enter and share and a small private space they guard closely and share with only close friends and associates. A **diffuse culture** is one in which public space and private space are similar in size and individuals guard their public space carefully, because entry into public space affords entry into private space as well. As shown in Figure 4–9, Austria, the United Kingdom, the United States, and Switzerland all are specific cultures, while Venezuela, China, and Spain are diffuse cultures. In specific cultures, people often are invited into a person's open, public space; individuals in these cultures often are open and extroverted; and there is a strong separation of work and private life. In diffuse cultures, people are not quickly invited into a person's open, public space, because once they are in, there is easy entry into the private space as well. Individuals in these cultures often appear to be indirect and introverted, and work and private life often are closely linked.

specific culture
A culture in which individuals have a large public space they readily share with others and a small private space they guard closely and share with only close friends and associates.

diffuse culture
A culture in which public space and private space are similar in size and individuals guard their public space carefully, because entry into public space affords entry into private space as well.

An example of these specific and diffuse cultural dimensions is provided by the United States and Germany. A U.S. professor, such as Robert Smith, PhD, generally would be called "Dr. Smith" by students when at his U.S. university. When shopping, however, he

might be referred to by the store clerk as "Bob," and he might even ask the clerk's advice regarding some of his intended purchases. When golfing, Bob might just be one of the guys, even to a golf partner who happens to be a graduate student in his department. The reason for these changes in status is that, with the specific U.S. cultural values, people have large public spaces and often conduct themselves differently depending on their public role. At the same time, however, Bob has private space that is off-limits to the students who must call him "Doctor Smith" in class. In high-diffuse cultures, on the other hand, a person's public life and private life often are similar. Therefore, in Germany, Herr Professor Doktor Schmidt would be referred to that way at the university, local market, and bowling alley—and even his wife might address him formally in public. A great deal of formality is maintained, often giving the impression that Germans are stuffy or aloof.

Trompenaars recommends that when those from specific cultures do business in diffuse cultures, they should respect a person's title, age, and background connections, and they should not get impatient when people are being indirect or circuitous. Conversely, when individuals from diffuse cultures do business in specific cultures, they should try to get to the point and be efficient, learn to structure meetings with the judicious use of agendas, and not use their titles or acknowledge achievements or skills that are irrelevant to the issues being discussed.

Achievement vs. Ascription

achievement culture
A culture in which people are accorded status based on how well they perform their functions.

ascription culture
A culture in which status is attributed based on who or what a person is.

An **achievement culture** is one in which people are accorded status based on how well they perform their functions. An **ascription culture** is one in which status is attributed based on who or what a person is. Achievement cultures give high status to high achievers, such as the company's number-one salesperson or the medical researcher who has found a cure for a rare form of bone cancer. Ascription cultures accord status based on age, gender, or social connections. For example, in an ascription culture, a person who has been with the company for 40 years may be listened to carefully because of the respect that others have for the individual's age and longevity with the firm, and an individual who has friends in high places may be afforded status because of whom she knows. As shown in Figure 4–9, Austria, the United States, Switzerland, and the United Kingdom are achievement cultures, while Venezuela, Indonesia, and China are ascription cultures.

Trompenaars recommends that when individuals from achievement cultures do business in ascription cultures, they should make sure that their group has older, senior, and formal position-holders who can impress the other side, and they should respect the status and influence of their counterparts in the other group. Conversely, he recommends that when individuals from ascription cultures do business in achievement cultures, they should make sure that their group has sufficient data, technical advisers, and knowledgeable people to convince the other group that they are proficient, and they should respect the knowledge and information of their counterparts on the other team.

Time

Aside from the five relationship orientations, another major cultural difference is the way in which people deal with the concept of time. Trompenaars has identified two different approaches: sequential and synchronous. In cultures where *sequential* approaches are prevalent, people tend to do only one activity at a time, keep appointments strictly, and show a strong preference for following plans as they are laid out and not deviating from them. In cultures where *synchronous* approaches are common, people tend to do more than one activity at a time, appointments are approximate and may be changed at a moment's notice, and schedules generally are subordinate to relationships. People in synchronous-time cultures often will stop what they are doing to meet and greet individuals coming into their office.

A good contrast is provided by the United States, Mexico, and France. In the United States, people tend to be guided by sequential-time orientation and thus set a schedule and stick to it. Mexicans operate under more of a synchronous-time orientation and thus tend to

be much more flexible, often building slack into their schedules to allow for interruptions. The French are similar to the Mexicans and, when making plans, often determine the objectives they want to accomplish but leave open the timing and other factors that are beyond their control; this way, they can adjust and modify their approach as they go along. As Trompenaars noted, "For the French and Mexicans, what was important was that they get to the end, not the particular path or sequence by which that end was reached."[39]

Another interesting time-related contrast is the degree to which cultures are past or present oriented as opposed to future oriented. In countries such as the United States, Italy, and Germany, the future is more important than the past or the present. In countries such as Venezuela, Indonesia, and Spain, the present is most important. In France and Belgium, all three time periods are of approximately equal importance. Because different emphases are given to different time periods, adjusting to these cultural differences can create challenges.

Trompenaars recommends that when doing business with future-oriented cultures, effective international managers should emphasize the opportunities and limitless scope that any agreement can have, agree to specific deadlines for getting things done, and be aware of the core competence or continuity that the other party intends to carry with it into the future. When doing business with past- or present-oriented cultures, he recommends that managers emphasize the history and tradition of the culture, find out whether internal relationships will sanction the types of changes that need to be made, and agree to future meetings in principle but fix no deadlines for completions.

The Environment

Trompenaars also examined the ways in which people deal with their environment. Specific attention should be given to whether they believe in controlling outcomes (inner-directed) or letting things take their own course (outer-directed). One of the things he asked managers to do was choose between the following statements:

1. What happens to me is my own doing.
2. Sometimes I feel that I do not have enough control over the directions my life is taking.

Managers who believe in controlling their own environment would opt for the first choice; those who believe that they are controlled by their environment and cannot do much about it would opt for the second.

Here is an example by country of the sample respondents who believe that what happens to them is their own doing:[40]

United States	89%
Switzerland	84%
Australia	81%
Belgium	76%
Indonesia	73%
Hong Kong	69%
Greece	63%
Singapore	58%
Japan	56%
China	35%

In the United States, managers feel strongly that they are masters of their own fate. This helps to account for their dominant attitude (sometimes bordering on aggressiveness) toward the environment and discomfort when things seem to get out of control. Many Asian cultures do not share these views. They believe that things move in waves or natural shifts and one must "go with the flow," so a flexible attitude, characterized by a willingness to compromise and maintain harmony with nature, is important.

Trompenaars recommends that when dealing with those from cultures that believe in dominating the environment, it is important to play hardball, test the resilience of the opponent, win some objectives, and always lose from time to time. For example, representatives of the U.S. government have repeatedly urged Japanese automobile companies to purchase more component parts from U.S. suppliers to partially offset the large volume of U.S. imports of finished autos from Japan. Instead of enacting trade barriers, the United States was asking for a quid pro quo. When dealing with those from cultures that believe in letting things take their natural course, it is important to be persistent and polite, maintain good relationships with the other party, and try to win together and lose apart.

Cultural Patterns or Clusters

Like Hofstede's and the earlier work of Ronen and Shenkar, Trompenaars's research lends itself to cultural patterns or clusters. Table 4–5 relates his findings to the five relational orientations, categorized into the same types of clusters that Ronen and Shenkar used (see Figure 4–8).

Table 4–5
Cultural Groups Based on Trompenaars's Research

	Anglo Cluster	
Relationship	**United States**	**United Kingdom**
Individualism Communitarianism	X	X
Specific relationship Diffuse relationship	X	X
Universalism Particularism	X	X
Neutral relationship Emotional relationship	X	X
Achievement Ascription	X	X

	Asian Cluster				
Relationship	**Japan**	**China**	**Indonesia**	**Hong Kong**	**Singapore**
Individualism Communitarianism	X	X	X	X	X
Specific relationship Diffuse relationship	X	X	X	X	X
Universalism Particularism	X	X	X	X	X
Neutral relationship Emotional relationship	X	X	X	X	X
Achievement Ascription	X	X	X	X	X

	Latin American Cluster			
Relationship	**Argentina**	**Mexico**	**Venezuela**	**Brazil**
Individualism Communitarianism	X	X	X	X
Specific relationship Diffuse relationship	X	X	X	X
Universalism Particularism	X	X	X	X
Neutral relationship Emotional relationship	X	X	X	X
Achievement Ascription	X	X	X	X

(continued)

Table 4–5 *(continued)*
Cultural Groups Based on Trompenaars's Research

	Latin European Cluster			
Relationship	**France**	**Belgium**	**Spain**	**Italy**
Individualism			X	
Communitarianism	X	X		X
Specific relationship	X	X		
Diffuse relationship			X	X
Universalism	X	X		X
Particularism			X	
Neutral relationship			X	
Emotional relationship	X	X		X
Achievement			X	
Ascription	X	X		X

	Germanic Cluster			
Relationship	**Austria**	**Germany**	**Switzerland**	**Czechoslovakia**
Individualism	X			
Communitarianism		X	X	X
Specific relationship	X		X	X
Diffuse relationship		X		
Universalism	X	X	X	X
Particularism				
Neutral relationship	X			X
Emotional relationship		X	X	
Achievement	X	X		X
Ascription			X	

Source: Adapted from information in Fons Trompenaars, *Riding the Waves of Culture* (New York: Irwin, 1994).

There is a great deal of similarity between the Trompenaars and the Ronen and Shenkar clusters. Both the United States and United Kingdom profiles are the same, except for the neutral (U.K.) and emotional (U.S.) dimension. So are those in most of the Asian countries, including Japan, which was left out of the Ronen and Shenkar clusters and labeled an independent. Brazil, which also was left out of the Ronen and Shenkar clusters, continues to be sufficiently different from other members of the Latin American group in the Trompenaars-derived Table 4–5. In other words, Brazil still appears to be independent. Additionally, while France and Belgium, in the Latin European Trompenaars group, have identical profiles, Spain is significantly different from both of them as well as from Italy. This shows that earlier cluster groups, such as that of Ronen and Shenkar, may need to be revised in light of more recent data.

Overall, Table 4–5 shows that a case can be made for cultural similarities between clusters of countries. With only small differences, Trompenaars's research helps to support and, more important, to extend the work of Hofstede as well as Ronen and Shenkar. Such research provides a useful point of departure for recognizing cultural differences, and it provides guidelines for doing business effectively around the world.

Integrating Culture and Management: The GLOBE Project

GLOBE (Global Leadership and Organizational Behavior Effectiveness)
A multi-country study and evaluation of cultural attributes and leadership behaviors among more than 17,000 managers from 825 organizations in 62 countries.

The **GLOBE** (Global Leadership and Organizational Behavior Effectiveness) research program reflects an additional approach to measuring cultural differences. The GLOBE project extends and integrates previous analyses of cultural attributes and variables. At the heart of the project is the study and evaluation of nine different cultural attributes using middle managers from 825 organizations in 62 countries.[41] A team of 170 scholars worked

together to survey over 17,000 managers in three industries: financial services, food processing, and telecommunications. When developing the measures and implementing the studies, they also used archival measures of country economic prosperity and of the physical and psychological well-being of the cultures studied. Countries were selected so that every major geographic location in the world was represented. Additional countries, including those with unique types of political and economic systems, were selected to create a complete and comprehensive database upon which to build the analyses.[42]

The GLOBE study is interesting because its nine constructs were defined, conceptualized, and operationalized by a multicultural team of researchers. In addition, the data in each country were collected by investigators who were either natives of the cultures studied or had extensive knowledge and experience in those cultures.

Culture and Management

GLOBE researchers adhere to the belief that certain attributes that distinguish one culture from others can be used to predict the most suitable, effective, and acceptable organizational and leader practices within that culture. In addition, they contend that societal culture has a direct impact on organizational culture and that leader acceptance stems from tying leader attributes and behaviors to subordinate norms.[43]

The GLOBE project set out to answer many fundamental questions about cultural variables shaping leadership and organizational processes. The meta-goal of GLOBE is to develop an empirically based theory to describe, understand, and predict the impact of specific cultural variables on leadership and organizational processes and the effectiveness of these processes. Specific objectives include answering these fundamental questions:[44]

- Are there leader behaviors, attributes, and organizational practices that are universally accepted and effective across cultures?
- Are there leader behaviors, attributes, and organizational practices that are accepted and effective in only some cultures?
- How do attributes of societal and organizational cultures affect the kinds of leader behaviors and organizational practices that are accepted and effective?
- What is the effect of violating cultural norms that are relevant to leadership and organizational practices?
- What is the relative standing of each of the cultures studied on each of the nine core dimensions of culture?
- Can the universal and culture-specific aspects of leader behaviors, attributes, and organizational practices be explained in terms of an underlying theory that accounts for systematic differences across cultures?

GLOBE's Cultural Dimensions

The GLOBE project identified nine cultural dimensions:[45]

1. *Uncertainty avoidance* is defined as the extent to which members of an organization or society strive to avoid uncertainty by reliance on social norms, rituals, and bureaucratic practices to alleviate the unpredictability of future events.
2. *Power distance* is defined as the degree to which members of an organization or society expect and agree that power should be unequally shared.
3. *Collectivism I: societal collectivism* refers to the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.
4. *Collectivism II: in-group collectivism* refers to the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.
5. *Gender egalitarianism* is defined as the extent to which an organization or a society minimizes gender role differences and gender discrimination.

Table 4–6
GLOBE Cultural Variable Results

Variable	Highest Ranking	Medium Ranking	Lowest Ranking
Assertiveness	Spain, U.S.	Egypt, Ireland	Sweden, New Zealand
Future Orientation	Denmark, Canada	Slovenia, Egypt	Russia, Argentina
Gender Differentiation	South Korea, Egypt	Italy, Brazil	Sweden, Denmark
Uncertainty avoidance	Austria, Denmark	Israel, U.S.	Russia, Hungary
Power distance	Russia, Spain	England, France	Denmark, Netherlands
Collectivism/Societal	Denmark, Singapore	Hong Kong, U.S.	Greece, Hungary
In-group collectivism	Egypt, China	England, France	Denmark, Netherlands
Performance orientation	U.S., Taiwan	Sweden, Israel	Russia, Argentina
Humane orientation	Indonesia, Egypt	Hong Kong, Sweden	Germany, Spain

6. *Assertiveness* is defined as the degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships.
7. *Future orientation* is defined as the degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying gratification.
8. *Performance orientation* refers to the extent to which an organization or society encourages and rewards group members for performance improvement and excellence.
9. *Humane orientation* is defined as the degree to which individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others.

The first six dimensions have their origins in Hofstede's cultural dimensions. The collectivism I dimension measures societal emphasis on collectivism; low scores reflect individualistic emphasis, and high scores reflect collectivistic emphasis by means of laws, social programs, or institutional practices. The collectivism II scale measures in-group (family or organization) collectivism such as pride in and loyalty to family or organization and family or organizational cohesiveness. In lieu of Hofstede's masculinity dimension, the GLOBE researchers developed the two dimensions they labeled "gender egalitarianism" and "assertiveness." Likewise, the future orientation, performance orientation, and humane orientation measures have their origin in past research.[46] These measures are therefore integrative and combine a number of insights from previous studies.

GLOBE Country Analysis

The initial results of the GLOBE analysis are presented in Table 4–6. The GLOBE analyses correspond generally with those of Hofstede and Trompenaars, although with some variations resulting from the variable definitions and methodology.

We will explore additional implications of the GLOBE findings as they relate to managerial leadership in Chapter 13.

The World of *BusinessWeek*—Revisited

The article that opens this chapter illustrates the importance of MNCs gaining an understanding of the culture of the countries in which they do business. With proper market research, Coca-Cola might have realized that Dasani did not contain the ingredients preferred by European bottled-water consumers. Now, Coke must spend time and money to change the brand image with no guaranteed results. Having read this chapter, you should understand the impact culture has on

the actions of MNCs, including general management practices and relations with employees and customers, and on maintaining overall reputation.

Based on your reading of the article and on Hofstede's and Trompenaars's cultural dimensions, answer the following questions: (1) In what way could understanding of European values and preferences be useful to Coke? (2) How might collectivist tendencies influence the eating and drinking preferences of Europeans? (3) If a particular food or beverage product is popular in the United States, would it necessarily be popular in Europe? Why or why not?

SUMMARY OF KEY POINTS

1. Culture is acquired knowledge that people use to interpret experience and generate social behavior. Culture also has the characteristics of being learned, shared, transgenerational, symbolic, patterned, and adaptive. There are many dimensions of cultural diversity, including centralized vs. decentralized decision making, safety vs. risk, individual vs. group rewards, informal vs. formal procedures, high vs. low organizational loyalty, cooperation vs. competition, short-term vs. long-term horizons, and stability vs. innovation.
2. Values are basic convictions that people have regarding what is right and wrong, good and bad, important and unimportant. Research shows that there are both differences and similarities between the work values and managerial values of different cultural groups. Work values often reflect culture and industrialization, and managerial values are highly related to success. Research shows that values tend to change over time and often reflect age and experience.
3. Hofstede has identified and researched four major dimensions of culture: power distance, uncertainty avoidance, individualism, and masculinity. Each will affect a country's political and social system. The integration of these factors into two-dimensional figures can illustrate the complexity of culture's effect on behavior.
4. In recent years, researchers have attempted to cluster countries into similar cultural groupings to study similarities and differences. Through use of smallest space analysis, they have constructed two-dimensional maps that illustrate the similarities in work values and attitudes between countries. These syntheses, one of which is provided in Figure 4–8, help us to understand intercultural similarities.
5. Research by Trompenaars has examined five relationship orientations: universalism–particularism, individualism–communitarianism, affective–neutral, specific–diffuse, and achievement–ascription. Trompenaars also looked at attitudes toward time and toward the environment. The result is a wealth of information helping to explain how cultures differ as well as practical ways in which MNCs can do business effectively in these environments. In particular, his findings update those of Hofstede while at the same time help to support the previous work by both Hofstede and Ronen and Shenkar on clustering countries.
6. Recent research undertaken by the GLOBE project has attempted to extend and integrate cultural attributes and variables as they relate to managerial leadership and practice. These analyses confirm much of the Hofstede and Trompenaars research, with greater emphasis on differences in managerial leadership styles.

KEY TERMS

achievement culture, *114*
ascription culture, *114*
collectivism, *102*
communitarianism, *112*
culture, *93*
diffuse culture, *113*
emotional culture, *113*
femininity, *103*
GLOBE, *117*
individualism, *102*
masculinity, *103*
neutral culture, *113*
particularism, *110*
power distance, *102*
smallest space analysis (SSA), *107*
specific culture, *113*
uncertainty avoidance, *102*
universalism, *110*
values, *97*

REVIEW AND DISCUSSION QUESTIONS

1. What is meant by the term *culture*? In what way can measuring attitudes about the following help to differentiate between cultures: centralized or decentralized decision making, safety or risk, individual or group rewards, high or low organizational loyalty, cooperation or competition? Use these attitudes to compare the United States, Germany, and Japan. Based on your comparisons, what conclusions can you draw regarding the impact of culture on behavior?
2. What is meant by the term *value*? Are cultural values the same worldwide, or are there marked differences? Are these values changing over time, or are they fairly constant? How does your answer relate to the role of values in a culture?
3. What are the four dimensions of culture studied by Geert Hofstede? Identify and describe each. What is the cultural profile of the United States? Of Asian countries? Of Latin American countries? Of Latin European countries? Based on your comparisons of these four profiles, what conclusions can you draw regarding cultural challenges facing individuals in one group when they interact with individuals in one of the other groups?
4. Of what value is Figure 4–8 on country clusters to the study of international management? Offer at least three advantages or benefits of the figure.
5. As people engage in more international travel and become more familiar with other countries, will cultural differences decline as a roadblock to international understanding, or will they continue to be a major barrier? Defend your answer.
6. What are the characteristics of each of the following pairs of cultural characteristics derived from Trompenaars's research: universalism vs. particularism, neutral vs. emotional, specific vs. diffuse, achievement vs. ascription? Compare and contrast each pair.
7. In what way is time a cultural factor? In what way is the need to control the environment a cultural factor? Give an example for each.

INTERNET EXERCISE: BMW GOES NATIONAL AND INTERNATIONAL

BMW is an internationally known auto firm. However, in recent years the company has been finding that its success in Europe does not necessarily translate into the American market, the largest, richest target for overseas sales. Visit the BMW site at **www.bmw.com** and look at what the big automaker is doing in both Europe and the United States. Compare and contrast the similarities and differences in these markets. Then answer these three questions: (1) How do you think cultural differences affect the way the firm operates in Europe and in the United States? (2) In what way is culture a factor in auto sales? (3) Is it possible for a car company to transcend national culture and produce a global automobile that is accepted by people in every culture? Why or why not?

In the International Spotlight

Taiwan

Taiwan is an island located 100 miles off the southeast coast of the China mainland. Taiwan is only 13,900 square miles, and with a population of approximately 23 million, it has one of the highest population densities in the world. In 1949, the communists under Mao Zedong defeated the Nationalists under Chiang Kai-shek and the latter government moved to Taiwan, where it established dominance. The People's Republic of China still considers Taiwan to be a breakaway province, and tensions between the two flare up frequently.

The government of Taiwan was totally controlled by the Nationalists until 1996 when the first democratic election was held. In 2000 the Democratic Progressive Party candidate, Chen Shui-bian, was elected president for a four-year term, although the Nationalist Party continued to hold over 50 percent of the seats in the country's parliament, the Legislative Yuan. He was reelected by a narrow margin in March 2004 after an apparent assassination attempt appeared to bolster his position.

The country's gross domestic product is approximately $406 billion and per capita GDP is around $18,000. In the late 1990s many Asian economies slowed down sharply, caught in a vicious economic crisis. Japan, South Korea, Indonesia, Thailand, and Malaysia all saw their GDP growth decline, and some of them, especially Japan, are still running budget deficits as high as 10 percent of GDP. Taiwan, on the other hand, had steady GDP growth in the range of 6 percent throughout this period. In particular, the country's economy has been managed carefully through a combination of tight exchange controls, low foreign debt, conservative fiscal policies, and relatively austere and transparent banking.

Taiwan is one of the 15 largest trading powers in the world, and one of the strongest sectors of its economy is information technology. The value of computer-related products produced in Taiwan is over $35 billion annually. Taiwanese manufacturers build two-thirds of the motherboards and keyboards sold worldwide, in addition to 60 percent of the monitors and almost 40 percent of the notebook PCs. A number of major high-tech firms have set up operations on the island, including Sun Microsystems, Microsoft, and Intel. All three realized that costs here are lower than in most other places and the quality of the workforce would allow them to produce state-of-the-art products. Other firms, including locally based manufacturers, also followed this strategy. As a result, by the mid-1990s Taiwan had leapfrogged South Korea in the production of PCs. Some of this success was a result of Taiwanese firms entering into a series of private-label contracts with U.S. importers.

By the late 1990s Taiwan-based chipmakers were investing billions of dollars annually in semiconductor fabrication plants. By 2002 annual investment in research, development, and new capacity was in excess of $17 billion. The world is so dependent on Taiwan for computer-related equipment that when a devastating earthquake hit the island in September 1999, the global informational technology (IT) market shuddered and the price of PC chips immediately rose sharply. Although the IT companies emerged relatively unscathed, the incident served to underscore the importance of Taiwan's semiconductor, electronic components, and PC industry. During the first decade of the millennium Taiwan's importance in these areas is likely to grow.

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Questions

1. What are some current issues facing Taiwan? What is the climate for doing business in Taiwan today?
2. In terms of cultural dimensions, is Taiwan much different from the United States? (Use Figure 4–7 in your answer.) Why or why not?
3. In what way might culture be a stumbling block for firms seeking to set up businesses in Taiwan?
4. How are the three high-tech firms in this case managing to sidestep or overcome cultural barriers?

You Be the International Management Consultant

A Jumping-Off Place

A successful, medium-sized U.S. manufacturing firm in Ohio has decided to open a plant near Madrid, Spain. The company was attracted to this location for three reasons. First, the firm's current licensing agreement with a German firm is scheduled to come to an end within six months, and the U.S. manufacturer feels that it can do a better job of building and selling heavy machinery in the EU than the German firm. Second, the U.S. manufacturer invested almost $300 million in R&D over the last three years. The result is a host of new patents and other technological breakthroughs that now make this company a worldwide leader in the production of specialized heavy equipment. Third, labor costs in Spain are lower than in most other EU countries, and the company feels that this will prove extremely helpful in its efforts to capture market share in Greater Europe.

Because this is the manufacturer's first direct venture into the EU, it has decided to take on a Spanish partner. The latter will provide much of the on-site support, such as local contracts, personnel hiring, legal assistance, and governmental negotiations. In turn, the U.S. manufacturer will provide the capital for renovating the manufacturing plant, the R&D technology, and the technical training.

If the venture works out as planned, the partners will expand operations into Italy and use this location as a jumping-off point for tapping the Central and Eastern European markets. Additionally, because the cultures of Spain and Italy are similar, the U.S. manufacturer feels that staying within the Latin European cultural cluster can be synergistic. Plans for later in the decade call for establishing operations in northern France, which will serve as a jumping-off point for both Northern Europe and other major EU countries, such as Germany, the Netherlands, and Belgium. However, the company first wants to establish a foothold in Spain and get this operation working successfully; then it will look into expansion plans.

Questions

1. In what way will the culture of Spain be different from that of the United States? In answering this question, refer to Figures 4–5, 4–6, 4–7, and 4–8.
2. If the company expands operations into Italy, will its experience in Spain be valuable, or will the culture be so different that the manufacturer will have to begin anew in determining how to address cultural challenges and opportunities? Explain.
3. If the firm expands into France, will its previous experiences in Spain and Italy be valuable in helping the company address cultural challenges? Be complete in your answer.