Chapter 3

CULTURAL INFLUENCES ON GLOBAL BUSINESS

3-1 Culture Around the World

3-2 Culture and Social Organizations

3-3 Communication Across Cultures

3-4 Values Around the World
Walt Disney Company Adjusts to France

Bridging cultures was a major goal when the Walt Disney Company developed its Euro Disneyland (now called Disneyland Paris) in France. Many of the French disliked the introduction of popular U.S. culture into their country. They believed that having such an icon of American culture would threaten French culture. Disney had not experienced this kind of opposition when it developed a theme park in Japan.

In response, Disney used a variety of strategies. It pointed out that Disney was of French descent. The original name of Disney's family was D'Isigny. The company agreed to use French as the primary written language for theme-park signs and designed several new attractions with French and other European cultural themes. Disney also slightly relaxed its strict dress code for cast members (employees). Although males still are not allowed beards, females were allowed to wear brighter red nail polish than in the United States.

To maintain its traditional U.S. family image, Euro Disneyland initially refrained from selling liquor in the theme park. However, after significant losses due to weak attendance, Euro Disneyland decided to sell champagne, beer, and wine at its upscale restaurants. These beverages are commonly sold at entertainment businesses throughout Europe, which has a different attitude about alcohol than the United States does.

Think Critically
1. What barriers did the Disney Company face when planning and operating Disneyland Paris?
2. Why do you think Disney emphasized that the name originally was D’Isigny?
3. Go to the web sites for the Disney Company and Disneyland Paris to obtain additional information about the international operations of the company. Prepare a report of your findings.
Describe influences of culture on global business activities.

Explain the role of subcultures.

Some people have their evening meal at five o’clock. Others eat at nine or ten in the evening. This is a simple but distinct example of differences in culture.

A culture is a system of learned, shared, unifying, and interrelated beliefs, values, and assumptions. Beliefs are statements about the nature of a person, thing, or concept. Values are the positive and negative ideals, customs, and institutions of a group. Assumptions are statements that are taken for granted as fact. Cultural beliefs, values, and assumptions are directly and indirectly acquired throughout a lifetime. They are accepted and valued by other members of the group. They cause group members to respond in similar and usually predictable ways. Put another way, culture is a mind-set, or a way of thinking that is acquired over time. To members of a particular culture, their ways are logical and reasonable. To outsiders, their ways sometimes seem different or even strange.

A culture is the sum of a group’s way of life. Some, but not all, of the parts are discussed and recorded. Different aspects of culture are taught in different arenas. Some of those arenas include homes, schools, religious institutions, and work. Still other parts are learned indirectly through experiences. Members of cultural groups often do not share their cultures willingly with outsiders.

A culture can be compared to an iceberg. You can easily see the tip. Most of the beliefs, values, and assumptions of a culture are hidden beneath the
surface, just as most of the iceberg is hidden beneath the water. You can easily see such objects of a culture as clothes, foods, and vehicles. You can read a culture’s literature and hear its music. You can also observe the behaviors of its members. However, these items alone do not make a culture. Hidden away are unseen but important parts of culture. These include the supporting expectations, attitudes, values, beliefs, and perceptions of its members.

THE SUBCULTURES WITHIN A SOCIETY

A subculture is a subset or part of a larger culture. A subculture may have some values, beliefs, and assumptions that are different than the larger culture of which it is a part. You are a member of many different subcultures. You are a member of the general culture of your country, but you are also a member of some of its component groups. You are a member of the student subculture. You are also a member of the male or the female subculture. You are a member of an ethnic-based subculture. You might identify with various other subcultures as well. However, you are not a member of some subcultures because you don’t meet the requirements. For example, high school students are not members of the senior-citizen subculture because of their age.
Subcultures often choose from the allowable behaviors within their respective general cultures. For example, music is part of the general U.S. culture. However, not all U.S. subcultures choose to listen to the same music. Young people may prefer heavy metal, alternative, R & B, techno, and hip-hop music. In contrast, the adult subculture might prefer contemporary, jazz, or classical music.

**INFLUENCES OF CULTURES AND SUBCULTURES**

Cultures and subcultures are important because they influence the actions of their members. **Cultural baggage** is the idea that you carry your beliefs, values, and assumptions with you at all times. Your cultural baggage influences how you respond to others. In business settings, your cultural baggage influences what you say and do as you conduct business.

Cultures and subcultures set the standards against which people judge behaviors. Consequently, people behave in ways that are acceptable to other members of their culture and subcultures. You have learned through experience that if you behave in unacceptable ways, members of your culture will let you know. If you are rude to your parents, for example, they may discipline you. If you insult your friends, they may not ask you to join them in future activities. If you steal a car, you may receive a jail sentence. The influences of cultures and subcultures on the behaviors of individuals are quite strong.

**SUBCULTURE OF U.S. BUSINESS**

The U.S. business subculture is composed of the business-related part of the general U.S. culture. This business subculture has certain beliefs, values, and assumptions that differentiate it from the general U.S. culture. With some exceptions, businesspeople share a core of common beliefs, values, and assumptions that shape their behaviors. These common behaviors allow U.S. business to be conducted in predictable ways.
Many of the important beliefs, values, and assumptions of the U.S. business subculture appear in common sayings. Cultural groups use such sayings to preserve and transmit important guiding principles to others. Figure 3-1 lists several of the sayings of the U.S. business subculture. Can you think of some other common sayings with business-related meanings?

**SOME GUIDING PRINCIPLES OF U.S. BUSINESS**

- **Where there is a will, there is a way.**
- **Don't count your chickens before they are hatched.**
- **Waste not, want not.**
- **Time is money.**
- **If at first you don't succeed, try, try again.**
- **You can influence your own future.**
- **You must not count on predictable outcomes.**
- **You should use your resources carefully.**
- **Time is a valuable resource that you should use wisely.**
- **You should strive persistently toward your goals.**

**Figure 3-1** These common sayings reflect some widely held beliefs, values, and assumptions of the U.S. business culture.

**VARIATIONS IN BUSINESS SUBCULTURES WORLDWIDE**

Just as the U.S. business subculture has its own set of beliefs, values, and assumptions, so do other business subcultures. Consequently, no two business subcultures share identical sets of beliefs, values, and assumptions. However, when two general cultures are similar, their business subcultures are apt to be similar as well.

For example, the United States trades extensively with Canada and the United Kingdom. One reason for these trade links is that the business subcultures of these countries are similar. These similarities cause U.S., Canadian, and British people to conduct business in somewhat similar ways. Less trade may occur between American and Chinese or Kenyan businesses because their business subcultures are much different.

People cannot escape from the influences of business subcultures around the world. These subcultures are powerful. They shape the personal and professional behaviors of businesspersons everywhere. Your behavior in the business world will be guided by the standards that are deemed permissible in your country’s business subculture. Other business subcultures will operate with different sets of beliefs, values, and assumptions. Becoming aware of these cultural differences is the first step toward understanding them and their influence.

**Checkpoint**

How does the business subculture of a country affect which countries it is most likely to do business with?
Chapter 3 
CULTURAL INFLUENCES ON GLOBAL BUSINESS

REVIEW GLOBAL BUSINESS TERMS

Define each of the following terms.

1. culture
2. subculture
3. cultural baggage

REVIEW GLOBAL BUSINESS CONCEPTS

4. How is a subculture different from a culture?
5. Why is it important to understand a country’s business subculture?

SOLVE GLOBAL BUSINESS PROBLEMS

Which of the following statements are characteristic and uncharacteristic of the U.S. business subculture? Why?

6. Hard work is valued and rewarded.
7. Leisure is more important than work.
8. Intention is more important than accomplishment.

THINK CRITICALLY

9. Explain why cultural knowledge of a country is necessary for being successful in international business.
10. What actions must a person take when doing business in countries with strong family-work relationships?
11. What are some assumptions of the U.S. business culture?
12. What is one item that makes your culture different from other cultures?

MAKE CONNECTIONS

13. TECHNOLOGY How can the use of technology help to preserve and destroy cultures?
14. COMMUNICATIONS Interview a person who has visited or lived in another country. How is the culture of that nation different from that of the United States?
15. LAW Every country has its own culturally sanctioned legal system. What are the fundamental characteristics of the common law system of the United States?
16. CULTURAL STUDIES Use the Internet to find examples of businesses that have had to adapt their business practices to local cultural conditions.
FAMILY RELATIONSHIPS

 Cultures and subcultures influence the ways in which societies organize themselves. Social organization includes the relationships between both the family unit and society. These components affect not only the entire culture, but also many other institutions, including the business community.

### FAMILY UNITS

Most societies are at least partially organized around family units. A **nuclear family** is a group that consists of a parent or parents and unmarried children living together. Most developed countries have societies organized around nuclear families. An **extended family** is a group that consists of the parents, children, and other relatives living together. Other relatives might include married children, grandchildren, the parents’ parents, the brothers and sisters of the parents, and others. Many developing countries have societies organized around extended families.

### FAMILY-WORK RELATIONSHIPS

Family ties to business are weak in some cultures and strong in others. In Canada, the United States, and most northern European countries, links between family and business are weak. Fairly often there is no connection at all. However, in most of the remainder of North and South America, much of southern Europe, most of Asia, northern Africa, and the Middle East, family ties to business are strong. Quite often employees of businesses in these areas are family members. It is difficult to separate family from business. Figure 3-2 identifies some countries that have weak ties between family and business and some that have strong ties.
Chapter 3  CULTURAL INFLUENCES ON GLOBAL BUSINESS

TIES BETWEEN FAMILY AND BUSINESS

Figure 3-2  In certain parts of the world, ties between family and business tend to be weak, but in other parts of the world, the ties are very strong.

A Question of Ethics

BLOOD IS THICKER THAN WATER

Miguel Hernandez heads a small Mexican exporting firm that sells women's sandals in the United States. His brother Javier is the company salesperson who travels to Texas, New Mexico, Arizona, and California, selling the product line.

Lydia Martinez is the shoe buyer for a chain of stores throughout the southwestern United States. She likes the sandals she buys from the Mexican firm. They are stylish, sell well, and represent good value for her customers. They also are a significant source of profit for her employer. Nevertheless, Javier increasingly frustrates Lydia. According to Lydia, Javier rarely calls on her in person, doesn't respond to her communications, and is unreliable in processing her large orders. Disgusted, Lydia telephoned Miguel to ask that he fire Javier. After listening to her complaints and empathizing with her frustrations, Miguel responds that Javier is his brother. He has to retain Javier as salesperson to keep peace in the family—even if his actions are not in the best interest of the Mexican firm.

Think Critically

1. Was it ethical for Lydia Martinez to ask Miguel Hernandez to fire Javier Hernandez?
2. Why do you think the Mexican company retained Javier Hernandez in spite of his poor work?
3. What are some cultural aspects of this situation that need to be considered?

CheckPoint

How can family relationships affect the culture in a country?
The institutions of a society can be just as important to a culture as family relationships.

**EDUCATION**

The family unit provides the early education for its younger members. It instructs the young in the ways of its culture. In economically developed societies, the family often shares responsibilities with other cultural institutions for providing later education. Religious groups often provide moral and spiritual education. Schools provide formal education, which prepares people to function productively as members of society. Businesses sometimes provide specialized work-related education and training. This upgrades the job-related knowledge, skills, and attitudes of employees.

Families and their societies decide what types and amounts of education will be made available to members. In the United States, a person has many opportunities to receive different types and amounts of education. One reason for the global economic success of the United States is that its workers are well educated and trained.

**GENDER ROLES**

In most cultures, family members are assigned different roles to fulfill. Sometimes these roles are assigned based upon gender. In some cultures, only males or females are allowed to fill certain roles. In some societies, females are the primary workers outside the household. In others, males are...
Chapter 3  CULTURAL INFLUENCES ON GLOBAL BUSINESS

the primary workers away from home. In still other societies, both males and females are employed outside the home.

Viewpoints vary worldwide about the roles males and females can fill in business. Some business subcultures may favor males over females in the workplace. In the United States, women increasingly participate in international business activities as equals with men.

In Japan, in the past, native women had very inferior workplace opportunities when compared to men. Japanese women traditionally participated in the international business activities of Japanese companies only as translators and interpreters. In Libya, women have very limited workplace opportunities. They do not typically participate in international business activities.

**MOBILITY**

Some cultures, such as the dominant one in the United States, have relatively little geographic attachment. In other words, the family members are not usually tied to their current location. They are mobile and willing to relocate for better employment opportunities. In some other cultures, the ties to birthplace or region are much stronger. Members of these cultures would almost never consider moving away.

People who would not consider leaving their region permanently are sometimes willing to move elsewhere temporarily for better work opportunities. For example, guest workers from Turkey are a significant portion of the population of Germany. Guest workers bring their native culture with them. They also maintain strong ties with their home country. Sometimes their culture conflicts with that of the host country. Some host cultures do not make adjustments for guest workers. Other host cultures try to ensure that guest workers are treated similarly to native workers.

**CLASS SYSTEM**

Cultures also organize their members beyond the family unit. A class system is a means of dividing the members of a cultural group into various levels. The levels can be based upon such factors as education, occupation, heritage, conferred or inherited status (nobility), and income. In some cultures, you can move from one class to another. This is true to a great extent in the United States, where the class system is weak.

Sometimes the levels are based upon your lineage. When this occurs, you can become locked into your class. It is very difficult or impossible for you to change classes. In the United Kingdom, to a significant degree, your bloodline still influences your class and occupational choices. If you are born into the British aristocracy, you belong to the highest class. If you work, you might oversee your family’s property and fortune. However, you probably would not engage in trade. That would be considered beneath your privileged position. For the remainder of British society, nobility is not a factor.

Some people do shift class levels. However, it is more difficult to change class level in the United Kingdom than it is in the United States.

**Checkpoint**

What types of social organization are commonly found in most cultures?
**REVIEW GLOBAL BUSINESS TERMS**

Define each of the following terms.

1. nuclear family
2. extended family
3. class system

**REVIEW GLOBAL BUSINESS CONCEPTS**

4. How does social organization influence general cultures?

**SOLVE GLOBAL BUSINESS PROBLEMS**

Historically, the United Kingdom has had a rigid class system in which members of the aristocracy have enjoyed special privileges. In contrast, the United States has a flexible class system that allows individuals to shift from one class to another.

5. Why doesn’t the United States have a reigning king or queen like the United Kingdom?

6. What fundamental principle in the United States requires that the class system be flexible, at least theoretically?

7. Why do you think there are attempts in the United Kingdom to break down some of the barriers of its class system?

**THINK CRITICALLY**

8. Why do nuclear families often have a higher living standard than extended families?

9. Why are countries with well-educated and trained citizens likely to be economically successful?

10. How does high geographic attachment handicap workers in a global economy?

**MAKE CONNECTIONS**

11. **HISTORY** What are some countries that have monarchs?

12. **CULTURAL STUDIES** What role is traditionally given to women in the Islamic Middle East?

13. **GEOGRAPHY** Why are there more extended families in Mexico than in Canada and the United States?

14. **CULTURAL STUDIES** Use the Internet to research countries or cultures that have rigid class systems.
Chapter 3  CULTURAL INFLUENCES ON GLOBAL BUSINESS

3-3  COMMUNICATION ACROSS CULTURES

GOALS

- Understand the importance of knowing another language for global business success.
- Compare direct and indirect communication.
- Describe the influence of nonverbal communication.

LANGUAGE DIFFERENCES

All cultures and subcultures use language to communicate with other societies. Language facilitates international business transactions. Without language, conducting business would be very difficult.

Many languages are used for business purposes. However, English is widely considered to be the language of international business. More people use English to conduct international business than any other language. More people speak Mandarin Chinese than any other language. However, English is understood in almost every country around the world. Figure 3-3 shows the numbers of native speakers of major world languages.

As a language for conducting business, English has some advantages over other languages. It contains many words drawn from other languages, and ideas can be expressed in many ways. It also has a large number of business-related words. Further, English can be concise and precise. Often it takes fewer words to send the same message in English than to send it in other major languages. For example, the French version of a message may be 20 percent longer than the English version. The Spanish version may be 30 to 40 percent longer and the Russian version may be 35 to 50 percent longer than the English version.
LEARNING A SECOND LANGUAGE

Being a native speaker of English is both an advantage and a disadvantage. It is an advantage because you already know the major language of international business. It is a disadvantage because you may decide wrongly that there is little need to learn another language. Since people often prefer to transact business in their native language, you could also learn a second language.

You may be wondering which foreign language is most useful for business purposes. The answer is not easy; all languages have use in some business situations. Figure 3-4 shows the languages

Figure 3-4 The languages most frequently spoken are not the same as those recommended for business purposes to U.S. native English speakers.

MAJOR WORLD LANGUAGES

<table>
<thead>
<tr>
<th>Language</th>
<th>Number of Speakers</th>
<th>Where It Is Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese, Mandarin</td>
<td>874,000,000</td>
<td>China</td>
</tr>
<tr>
<td>Hindi</td>
<td>366,000,000</td>
<td>India</td>
</tr>
<tr>
<td>English</td>
<td>341,000,000</td>
<td>United Kingdom, United States, Canada, Ireland, Australia, India, numerous African and Asian countries</td>
</tr>
<tr>
<td>Spanish</td>
<td>322,000,000</td>
<td>Spain, Mexico, most Central and South American countries</td>
</tr>
<tr>
<td>Bengali</td>
<td>207,000,000</td>
<td>India, Bangladesh</td>
</tr>
<tr>
<td>Portuguese</td>
<td>176,000,000</td>
<td>Portugal, Brazil</td>
</tr>
<tr>
<td>Russian</td>
<td>167,000,000</td>
<td>Russia, former republics of the Soviet Union</td>
</tr>
<tr>
<td>Japanese</td>
<td>125,000,000</td>
<td>Japan</td>
</tr>
<tr>
<td>German</td>
<td>100,000,000</td>
<td>Germany, Austria, Switzerland, numerous European countries</td>
</tr>
<tr>
<td>Korean</td>
<td>78,000,000</td>
<td>Korea</td>
</tr>
<tr>
<td>French</td>
<td>77,000,000</td>
<td>France, Canada, numerous European and Asian countries</td>
</tr>
<tr>
<td>Chinese, Wu</td>
<td>77,000,000</td>
<td>China</td>
</tr>
</tbody>
</table>

Source: The World Almanac and Book of Facts, 2004

Figure 3-3 Most of the world’s citizens are not native speakers of English, which is the generally accepted language of international business.
most frequently recommended to native U.S. English speakers by respondents from the 100 largest U.S. businesses.

Note that Japanese is the most frequently recommended language for Americans to learn. It is the language of one of the dominant trading nations. On the other hand, French, German, and Spanish, as well as most of the other languages, are used by several important trading nations.

Learning any language will help you to understand the culture of those who speak it. Some people say that a language represents the highest form of a group’s culture. As you learn the language, you learn how things are done where that language is spoken. You learn the beliefs, values, and assumptions of that society.

Over time, you may learn to think and communicate like a native. This helps you conduct business like a member of that society. Being fluent in a second language for business purposes is a competitive advantage. It will help you succeed in the world of international business.

**CheckPoint**

What are some benefits of knowing a second language?

**DIRECT AND INDIRECT COMMUNICATION**

One important feature of communication is that it can be direct or indirect. Contexting refers to how direct or indirect communication is. A

Carl Byrd, a U.S. businessperson, asked his Japanese trading partner, Masahiro Watanabe, for a lower price on the Japanese product he was purchasing. Mr. Watanabe smiled and replied, “I will do my best.” Two weeks later Mr. Byrd discovered that the product was invoiced at the original price. Mr. Byrd appealed to Mr. Watanabe, asking that the price be decreased because of the size of the order. Mr. Watanabe replied, “That will be very difficult.” Two weeks later Mr. Byrd received another invoice, and it showed the original price. Mr. Byrd felt let down by Mr. Watanabe since he had not said “no” directly.

Several weeks later, in an international business seminar, Mr. Byrd learned that the Japanese culture is a high-context culture. Suddenly, things made sense to Mr. Byrd. Mr. Watanabe was not being deceptive after all; he was being very polite and indirect. Both “I will do my best” and “That will be very difficult” suggested an unlikely outcome. Mr. Watanabe had been consistently saying “no” in the correct Japanese manner, but Mr. Byrd was prepared to understand “no” only in the direct manner of U.S. businesspersons.

**Think Critically**

1. Why do different cultures have different ways of saying “no”?
2. What are some other countries that say “no” indirectly?
low-context culture is one that communicates very directly. These cultures value words and interpret them literally. The general and business subcultures of both Germany and the United States are relatively low context. Members of these groups convey information directly.

A high-context culture is one that communicates indirectly. These cultures attach little value to the literal meanings of words and interpret them figuratively. The general and business subcultures of both Japan and Iraq are relatively high context. Members of these groups convey information indirectly.

The concept of face-saving or minimizing personal embarrassment is directly related to contexting. In low-context cultures, people are not too concerned about being personally embarrassed. In high-context cultures, however, personal embarrassment must be avoided at all costs. If you cause a Japanese business partner to lose face, you have blundered badly. You have jeopardized your personal and business relationship with that person.

Many international communication problems can be better understood if you know about contexting and face-saving. For example, Saddam Hussein criticized the United States regarding the Gulf War and the later invasion of Iraq. The question is whether he really meant what he said. He could not deliver on all of his threats. However, since the Iraqi culture is high context, Saddam Hussein’s words shouldn’t have been taken too literally. They should be interpreted figuratively. In Iraqi culture, intention is much more important than what is actually done. He lashed out at the United States to save face. During the conflicts involving Iraq, Saddam Hussein endured considerable personal embarrassment. He was humiliated publicly. Consequently, he struck back verbally at the United States since he could not do so militarily in any large-scale way.

✅ CheckPoint

How does a high-context culture communicate differently than a low-context culture?
Not all communication takes place with language. Nonverbal communication is communication that does not involve the use of words. You have probably heard the saying that actions speak louder than words. Actions are an example of nonverbal communication.

**Body Language** One type of nonverbal communication is called body language. Body language refers to the meaning conveyed by facial expressions, upper and lower body movements, and gestures. All cultures and subcultures use body language. However, they do not always attach the same meanings to body language. The meaning of body language is not universal. For example, in Japan, you should cross your legs only at the knees and ankles. You should not rest your foot on your knee. The Japanese feel this position is offensive. They believe the bottom of a foot is unclean and should not be exposed to view.

**Appearance** In the international business world, your appearance counts. Your clothing has no voice, but it can communicate. Although people dress differently in various parts of the world, they dress similarly when conducting international business. For such purposes, you should dress in a conservative manner. You might, for instance, wear dark-colored suits and white shirts or blouses. As a male, you would choose color-coordinated ties that are not too bright. As a female, you might choose simple jewelry to complement your outfit. Of course, your clothing should be clean and well pressed. Your hair should be carefully groomed, too. Your business associates will be favorably impressed if you always dress and behave in a professional manner. If you care about your appearance, you are likely to care about business matters, too.

**Eye Contact** Eye movements vary from culture to culture. They are another means of nonverbal communication. In the United States, you should have direct eye contact with the person to whom you are speaking.
Speaking. That is not the case, however, in South Korea. There you show respect for the person speaking by looking away from the eyes of the speaker. This is also true in many other Asian cultures.

**Touching** Touching is another part of nonverbal communication. What kind of touches are acceptable varies worldwide. In Arab countries, business associates hug and kiss each other when they meet. They may also hold hands as they discuss business matters. Such behaviors may be considered inappropriate for business in many other regions of the world.

**Personal Space** Different cultural groups use space differently for communication purposes. Jordanians confer very close to each other with only a few inches separating them. People in the United States require more distance. They often confer with each other at arm's length. Japanese prefer even more distance between speakers than do people in the United States. When businesspersons with different space requirements interact, they must remember to respect the space needs of others. If they don’t, they may find themselves dancing around the room because as one person moves forward, the other steps back.

**Color** Other forms of nonverbal communication exist. Color is one. For example, the U.S. culture values dental products that produce white teeth. However, in Southeast Asia, teeth blackened by chewing betel nuts are valued. This value could pose a problem for a U.S. company trying to sell its toothpaste in that area of the world.

**Numbers** Numbers also communicate. In the United Kingdom and continental Europe, the first floor is the floor above the ground floor. The first floor in a building in the United States is customarily the ground floor. Numbers can confuse businesspersons since numbers sometimes carry different meanings in different cultures and subcultures. For example, in many Western countries, the number 13 is considered unlucky. In parts of Asia, the number 11 is a favorable sign.

**Emblems** Emblems or other symbols communicate. A Canadian could wear a cross-shaped necklace in many countries. However, in a country that doesn’t practice Christianity, doing so would be culturally insensitive. In fact, it is illegal to display non-Islamic religious symbols in Saudi Arabia.
**Chapter 3**

**CULTURAL INFLUENCES ON GLOBAL BUSINESS**

**THE CANADIAN HANDSHAKING CODE**

Canadian businesspersons customarily shake hands when meeting others. For a Canadian not to shake an associate's hand would be considered impolite and rude.

A brief cursory handshake with only one limp pump suggests little warmth in the relationship. A handshake with several pumps suggests a neutral relationship. An extended handshake with a number of firm pumps suggests a warm and friendly relationship. Such a handshake is usually reserved for close colleagues. Thus, Canadian businesspersons send subtle messages about their relationships with others as they shake hands. In many cases, foreigners are not aware of the cultural meanings Canadian businesspersons attach to their handshakes and miss the intended messages.

**Think Critically**

1. Why do you think that information about the Canadian handshaking code is not widely known outside of Canada?
2. Locate a web site that provides more information about the cultural practices of Canadians. What surprising information did you uncover?

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**Smells**

Smells are another means of nonverbal communication. Natural body odors are considered unacceptable in the United States. Selling such products as deodorants and colognes, therefore, is big business. In most African and Middle Eastern countries, body odors are accepted as being natural and distinctive. People there do not try to hide them. Consequently, the market for deodorants and colognes in those regions is much smaller.

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**Check Point**

What are some common methods of nonverbal communication?
REVIEW GLOBAL BUSINESS TERMS

Define each of the following terms.

1. **contexting**
2. **nonverbal communication**
3. **body language**

REVIEW GLOBAL BUSINESS CONCEPTS

4. What languages are the most useful ones for international business purposes? Why?
5. How is nonverbal communication different from other forms of communication?

SOLVE GLOBAL BUSINESS PROBLEMS

You and a friend are discussing which foreign language to study for business purposes. You think you might study Spanish. Your friend is leaning towards French. Both languages are highly recommended for business. Both are widely available throughout the United States.

6. Which language will allow you to talk with more potential customers?
7. Which language is useful in more countries?
8. What are some reasons why it might be sensible to learn the other language anyway?

THINK CRITICALLY

9. Describe ways in which knowing a different language could benefit you in both personally and professionally.
10. How long do you think it would take you to learn to communicate in a foreign language like a native speaker does?

MAKE CONNECTIONS

11. **TECHNOLOGY** How might technology help you learn a foreign language?
12. **MATHEMATICS** Using the data in Figure 3-3, what is the approximate ratio of Spanish speakers to Russian speakers?
13. **CULTURE STUDIES** Why do you think that the Korean culture is likely to be a high-context culture?
14. **GEOGRAPHY** What is a region where many high-context cultures are found?
15. **COMMUNICATION** Use the Internet to research methods of nonverbal communication and their uses in business situations around the world.
VALUES AROUND THE WORLD

VALUES VARY AMONG CULTURES

Values are ideas that people cherish and believe to be important. They tend to vary from culture to culture, often creating major differences among cultures. Some of the more important fundamental values involve individualism versus collectivism, technology, leadership, religion, and time.

INDIVIDUALISM AND COLLECTIVISM

Individualism is the belief in the individual and her or his ability to function relatively independently. Self-reliance, independence, and freedom are closely related to individualism in the United States. However, many other cultures see individualism as undesirable. They do not approve of the negative aspects of self-centeredness and selfishness. Instead, they prefer collectivism, the belief that the group is more important than the individual.

The Japanese culture has a strong collective orientation. It has a saying that translates “The nail that stands out is soon pounded down.” This saying means that individuals should not stand out from the group. If they do, the group will force these individuals to conform to the expectations of the group. Japanese businesspersons tend to function collectively. Consequently, they do not make decisions without getting consensus, or group agreement. Group harmony is more important to them than individual gain. In contrast, U.S. businesspersons tend to function individually. They often make...
decisions without consulting fellow employees. Individual gain is more important to them than group harmony.

No culture is based entirely on individualism or collectivism. All cultures have both, but most cultures lean toward one or the other. Cultures that lean toward individualism are apt to value the entrepreneurial spirit. That means people are willing to accept some risk for possible personal gain.

**TECHNOLOGY**

Fundamental beliefs about technology also vary from culture to culture. Some cultures embrace technology as a means of providing more and better material objects. Most developed countries have business subcultures that view improvements positively. Often less-developed countries have business subcultures that resist improvements in technology. Some countries view technology negatively for cultural or religious reasons. For example, attitudes toward technological change are generally positive in France. In India, they are mixed. India tries to balance the use of technology so that it doesn’t intrude on important spiritual beliefs and displace people from menial tasks. Technological change is viewed at best as neutral and often as negative in some countries. Technology is sometimes seen as a threat to fundamental Iranian ways.

**LEADERSHIP, POWER, AND AUTHORITY**

Different cultures have different values relating to leadership, power, and authority. These three are shared among a number of different people and institutions in democratic societies. For example, in the United States, the power to govern is divided among the legislative, judicial, and executive branches of the government. That way no one individual or group has too much power.

In authoritarian societies, leadership, power, and authority are granted to a few. Much of the power in these societies seems to be in a chosen person and not in the institution. In the People’s Republic of China, the leadership, power, and authority are concentrated in the hands of a few older leaders, who govern without question. They make all of the major decisions, which are carried out by middle-aged bureaucrats. The younger generation has essentially no power. Their protests for more freedom are viewed as threatening the time-honored Chinese tradition of respect for the wisdom of age, which is a major cultural value.

**RELIGION**

Religious beliefs also regulate the behaviors of members of many cultural groups, including business organizations. Such beliefs influence how people view the world. Some cultural groups are dominated by one religion. This is the case in Iran, for example, which is strongly influenced by Islam. Businesspersons there must follow Islamic practices. Some countries, such as the United States, have several major religions. Businesspersons in those countries must respect the value choices of various religious practices. In some countries, such as the United Kingdom, religion is not a major social force. The relationship between religions and business is controversial. Good arguments can be raised that various religions both encourage and discourage business activity.
**Chapter 3 CULTURAL INFLUENCES ON GLOBAL BUSINESS**

**Global Business Example**

**SAUDI ARABIA PROTECTS ITS OWN CULTURAL VALUES**

To work in Saudi Arabia, guest workers and their families must agree to respect and adapt to the Saudi culture. For example, they must wear modest clothes that cover most parts of their bodies. They must not drink alcoholic beverages. Women may not drive and must have written permission from their husbands to travel beyond their neighborhoods. Then male chaperones must accompany them.

To reduce the influences of foreign cultures on Saudi culture, guest workers and their families typically live in certain locations. These are called compounds. Most of the goods and services needed by guest workers are available in or near their compounds. Consequently, they have little need to interact with most Saudis and have little opportunity to influence Saudi culture.

**Think Critically**

1. Why would a country such as Saudi Arabia want to protect its culture?
2. What are other ways that countries might limit the influence of foreigners on their cultures?

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**Time**

Time is another factor to which different cultural groups attach different meanings. In most developed countries, time is often viewed by the clock or in the mechanical sense. Time is seen as a scarce resource that must be carefully spent. It is viewed this way in both Canada and the United States. In most less-developed countries, time is often viewed in a natural or fluid sense. Time relates to the unending cycles of day and night and the seasons. Time is viewed this way in many underdeveloped parts of Latin America.

**CheckPoint**

Name five major types of values that can vary from culture to culture.

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**Adjusting to Cultural Differences**

Individuals and businesses must make cultural adjustments. In other words, they must adapt to different cultural values. To show respect for other cultural groups, you may need to make adjustments when dealing with them. These changes will help to minimize the differences that separate the cultural groups. Businesses that operate in other countries also make cultural adjustments.

**Ethnocentrism**

Ethnocentrism is the belief that one’s culture is better than other cultures. Ethnocentrism is a major obstacle to conducting successful international business. Cultures and subcultures are different worldwide. However, different does not mean that one is better than the other. Different simply means that the cultures are not alike.
CULTURE: FRENCH CUISINE

Every country has foods for which it is well known. But which country has the most appealing foods overall? Perhaps the answer most often heard around the world is “France.” The foods of France are recognized and highly regarded wherever you go. What makes French food so special? France is well known for the high-quality ingredients, the proven culinary techniques, and the recognition that time is an important factor in the preparation of outstanding food.

What might you eat at a simple, traditional French meal? For breakfast, you might have a café complet of yeast rolls, croissants, brioches (cake-like buns of yeast dough), or other fresh breads with confiture (jam) or marmelade. You might drink hot chocolate or café au lait (hot coffee with hot milk in equal parts).

At lunch, which is sometimes the main meal of the day, you might eat hors d’oeuvres (side dishes or starters) of thinly sliced smoked meats and assorted vegetables marinated in oil, radishes with butter, and crusty bread. This would be followed by a main course of fish, meat, or poultry or even an omelet with a side of potatoes. Next, you might have a separate vegetable course. It could be asparagus with hollandaise (a rich sauce made from egg yolks, butter, and lemon juice). The next course, designed to cleanse your palate, would be a salad with vinegar-and-oil dressing that is mixed at the table. For dessert, you could eat a baked good or fresh fruit and cheese with crème gâteau (cake).

For dinner, the menu is similar to that for lunches, except that the hors d’oeuvres are replaced by soup. A fish and a meat course are both served. The dinner dessert course will likely be more elaborate than the one served at lunch. Dessert possibilities include mousse (a sweetened mixture with a whipped-cream base sometimes stabilized with gelatin) or a sweet soufflé (a baked food made fluffy with beaten egg whites, egg yolks, and a thickening sauce).

The French enjoy leisurely meals with good talk accompanied by wine, beer, or cider. Black coffee, once the traditional finishing touch for a French meal, is often dispensed with today. After-dinner drinks, liqueurs, are often served.

Think Critically
1. Conduct an Internet search for additional information about the culture of France. How are French meals like and unlike the meals you typically eat?
2. Why do you think the food culture of Canada’s Quebec province shares a number of similarities with the food culture of France?
When you engage in international business, you will frequently have to deal with other cultures. Interacting with a person from another culture is called a cross-cultural experience. As an international businessperson, you will have many cross-cultural experiences. With patience and practice, you can learn how to adapt to other cultures.

**REACTIONS TO CULTURAL DIFFERENCES**

When you enter another culture or subculture, you will experience culture shock. **Culture shock** is a normal reaction to all the differences of another culture. When you experience culture shock, your reactions change from happiness to frustration to adaptation to acceptance. When you complete the culture shock adjustment process, you accept the new culture for what it is and enjoy it.

When you return to your native culture after having been gone for a while, you will experience reverse culture shock. **Reverse culture shock** is your reaction to becoming reacquainted with your own culture after having accepted another culture. Reverse culture shock is a normal reaction to the cultural readjustment process. The intensity of reverse culture shock is determined by the length of time spent in another culture and the degree of isolation from your native culture.

If you return to the United States after a long stay in England, you may notice the excesses of the U.S. culture. For example, room temperatures are carefully controlled. Most areas are brightly lit. People speak in harsher and louder tones. You may be initially overwhelmed by all of the choices. For instance, the grocery store has 50 different cereals from which to choose. You become depressed. Later, you may realize that you are homesick for the other culture. As you readjust to life at home, the symptoms of reverse culture shock decrease. Usually they disappear within a year after a long stay abroad.

To be a successful participant in the global economy, you must be culturally sensitive. You must understand the major role that culture plays in shaping human behavior. You must understand not only your own general culture and its business subculture, but also that of your international business partners. You must consider all the various components of culture and how they affect your international business communication. You must be willing to make accommodations because of differences in your own and your international partners’ cultures. Developing cultural sensitivity is one key for success in the global economy.

**Checkpoint**

What are two ways people react to different cultures?
REVIEW GLOBAL BUSINESS TERMS

Define each of the following terms.

1. individualism
2. collectivism
3. ethnocentrism
4. culture shock

REVIEW GLOBAL BUSINESS CONCEPTS

5. What are five important value categories that differ from culture to culture?
6. Why do people and businesses need to make adjustments for cultural differences?

SOLVE GLOBAL BUSINESS PROBLEMS

A potential business partner from Shanghai, Wang Jian-Jun, will meet with you next Monday to discuss an opportunity for trading clothes for machinery. Mr. Wang has never traveled to the United States before, and you have never traveled to China. Nonetheless, you know that your cultures are much different. How might you bridge the following cultural differences?

7. Mr. Wang may nod politely or bow slightly when he greets you.
8. Mr. Wang understands some spoken English but communicates primarily in the Wu (Shanghai) dialect of Chinese, which you do not understand.
9. Mr. Wang eats with chopsticks; you eat with a knife, fork, and spoon.

THINK CRITICALLY

10. Why do many people think their native culture is best?
11. Why might it take a year or more of living abroad to get to the point where you enjoy the local culture?

MAKE CONNECTIONS

12. TECHNOLOGY Why might advanced technology be negatively viewed in a developing country with a large, uneducated workforce?
13. HISTORY Why did the culture of Iran change considerably after the Shah was removed?
14. GEOGRAPHY Why might countries near the equator tend to perceive time in a fluid sense?
15. LAW In what countries, besides Iran, is Islamic law found?
CHAPTER SUMMARY

3-1 CULTURE AROUND THE WORLD
A. Culture influences global business by shaping the personal and professional behaviors of businesspersons around the world.
B. Subcultures are parts of larger cultures that may vary in some aspects from the larger cultures from which they developed.

3-2 CULTURE AND SOCIAL ORGANIZATIONS
A. Most societies are at least partially organized around family units. There are both nuclear and extended families.
B. Societies are comprised of many institutions. Some of these institutions are schools, religious groups, and professional groups. Gender roles and the degree of mobility differ greatly between cultures.

3-3 COMMUNICATION ACROSS CULTURES
A. Although many languages can be used for international business purposes, English is often considered the language of international business.
B. Knowing another language is important for global business success because it allows you to transact business much like a native speaker of that language does.
C. Direct communication attaches considerable value to words and interprets them literally; indirect communication attaches much less value to words and interprets them figuratively.
D. Nonverbal communication influences business activities through such non-word means as body language, appearance, eye contact, touching, personal space, color, numbers, emblems, and smells.

3-4 VALUES AROUND THE WORLD
A. Five major types of values that vary from culture to culture involve individualism versus collectivism; technology; leadership, power, and authority; religion; and time.
B. Two major reactions to cultural differences are culture shock and reverse culture shock.

GLOBAL REFOCUS

Read the Global Focus at the beginning of this chapter, and answer the following questions.
1. Where besides France and the United States does the Walt Disney Company have theme parks?
2. Why did many French people oppose Euro Disneyland?
3. What adaptations did the Walt Disney Company make to French culture?
4. Why do you think the Walt Disney Company initially chose not to sell alcoholic beverages in the theme park?
REVIEW GLOBAL BUSINESS TERMS

Match the terms listed with the definitions. Some terms may not be used.

1. A system of learned, shared, unifying, and interrelated beliefs, values, and assumptions.
2. A type of nonverbal communication where facial expressions, upper and lower body movements, and gestures convey what is meant.
3. A group that consists of parents, children, and other relatives living together.
4. Communication that does not involve the use of words.
5. The belief that the group is more important than the individual.
6. A group that consists of a parent or parents and unmarried children living together.
7. The belief in the individual and her or his ability to function relatively independently.
8. The belief that one's culture is better than other cultures.
9. A subset or part of a larger culture.
10. A means of dividing the members of a cultural group into various levels.
11. A normal reaction to all the differences of another culture.
12. The idea that you carry your beliefs, values, and assumptions with you at all times.

MAKE GLOBAL BUSINESS DECISIONS

13. How is culture like the programming in a computer?
14. What evidence suggests that geographic attachment is weak in the general U.S. culture and in its subcultures?
15. Swahili is the Bantu language of the Swahili people in eastern Africa. It is also a trade and governmental language among speakers of other languages in Tanzania, Kenya, and parts of Zaire. Do you think this language has significant potential for international business purposes? Why or why not?
16. What do you think is the cultural relationship between the personal space business communicators prefer and touching behaviors?
17. What are some other countries besides the People's Republic of China where leadership, power, and authority are concentrated in the hands of a few people?
18. A good friend recently said that she wouldn't even think of living temporarily in another country. Is her statement ethnocentric? How do you know?

a. body language
b. class system
c. collectivism
d. contexting
e. cultural baggage
f. culture
g. culture shock
h. ethnocentrism
i. extended family
j. individualism
k. nonverbal communicaton
l. nuclear family
m. subculture
Chapter 3  ASSESSMENT

GLOBAL CONNECTIONS

19. GEOGRAPHY  Using library sources and the Web, investigate how the people of the French-speaking province of Quebec are trying to protect their French cultural heritage. What effects are their actions having on the people in other parts of Canada, who are primarily speakers of English? Do you think these differences will eventually lead to the breakup of Canada? Why or why not? Debate this matter with your classmates.

20. COMMUNICATIONS  After interviewing a local businessperson, create a poster that depicts his or her cultural baggage.

21. HISTORY  Find out about the caste system in India, which is a highly structured class system, by interviewing a native of the country or by using library resources. Write a paper that explains the caste system and what the Indian government has done in an attempt to eliminate this system.

22. CULTURAL STUDIES  Select one primary color (red, yellow, or blue) and one secondary color (orange, green, or purple). Find out what these two colors represent in an eastern and western culture of your choice.

23. CAREER PLANNING  Interview someone who has worked in another country. What similarities and/or differences did he or she find in the job application process in the other country?

24. TECHNOLOGY  What are some ways in which technology might be used to benefit learners of a culture?

25. LANGUAGE  Using library sources and the Internet, investigate one of the accents of the English language. How is the researched accent like and unlike the accent you have?
CULTURAL ANALYSIS OF A FOREIGN MARKET
Select a country to research. Prepare a business cultural file with the following information about that nation’s culture.

- history that influences current business activities
- languages and verbal and nonverbal communication customs
- education systems and literacy rates
- role of social institutions, such as family, religion, labor unions, and place of employment
- shopping practices and commonly eaten foods unique to the country
- major holidays and customs
- business practices related to place of employment, types of businesses, length of workday, and hiring practices

There are several sources of information for researching culture.

- reference books such as encyclopedias, almanacs, atlases, and current newspaper articles
- web search
- materials from companies, airlines, travel bureaus, government agencies, and other organizations involved in international business
- interviews with people who have lived in, worked in, or traveled to the country

Prepare a written summary or a short oral report. Your report should last about two or three minutes. Present the main findings about the country’s culture.