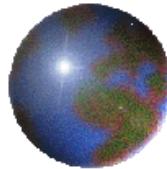


# *Cultural Differences in Business Practices*

**John Hooker**

*Carnegie Mellon University, Qatar*

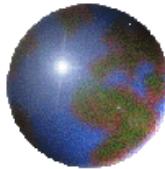
Doha, February 2026



QR code for slides

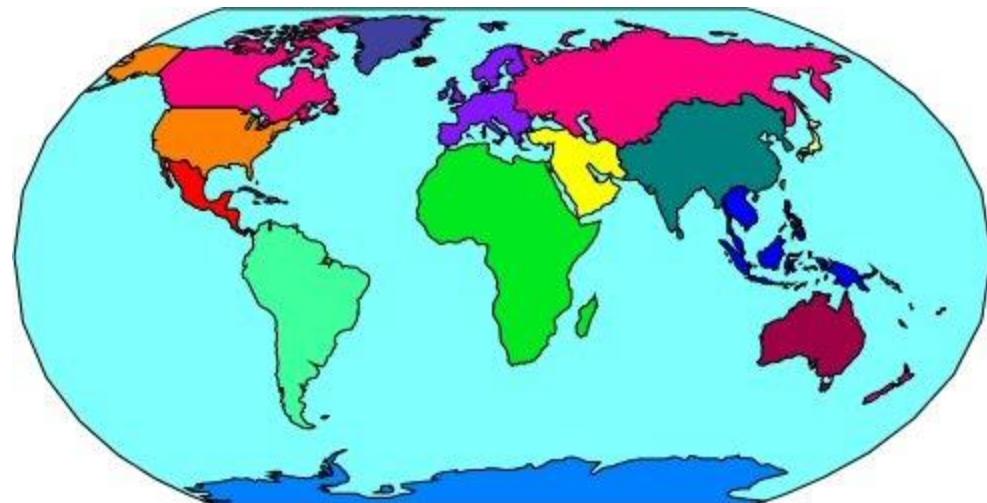


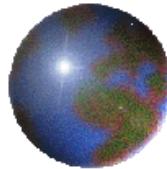
[johnhooker.tepper.cmu.edu/businessCultureCMUQ.pdf](http://johnhooker.tepper.cmu.edu/businessCultureCMUQ.pdf)



# *Why understand world cultures?*

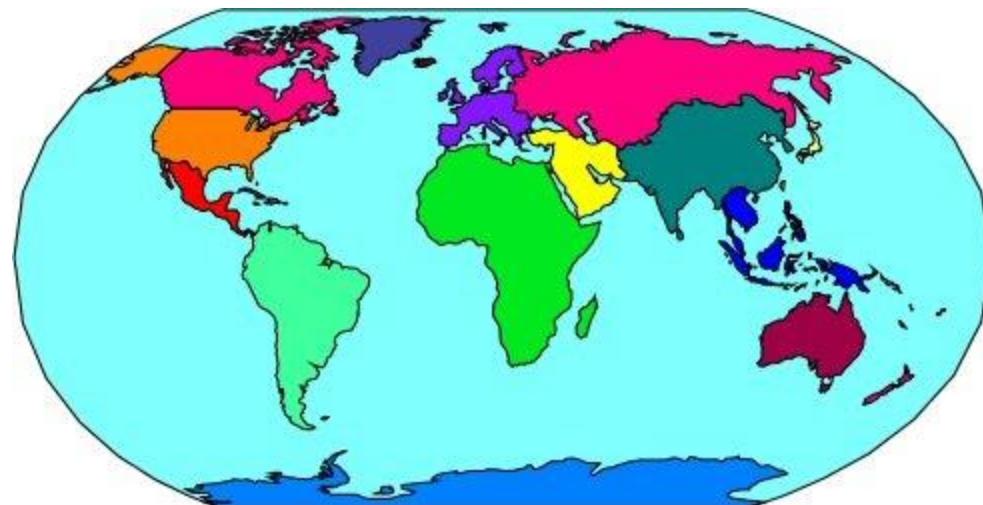
- ➊ Business is **global**.
  - ▣ We routinely work with people of **different cultural backgrounds**.
  - ▣ **Cultural fluency** is an asset.

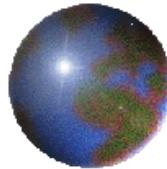




# *Why understand world cultures?*

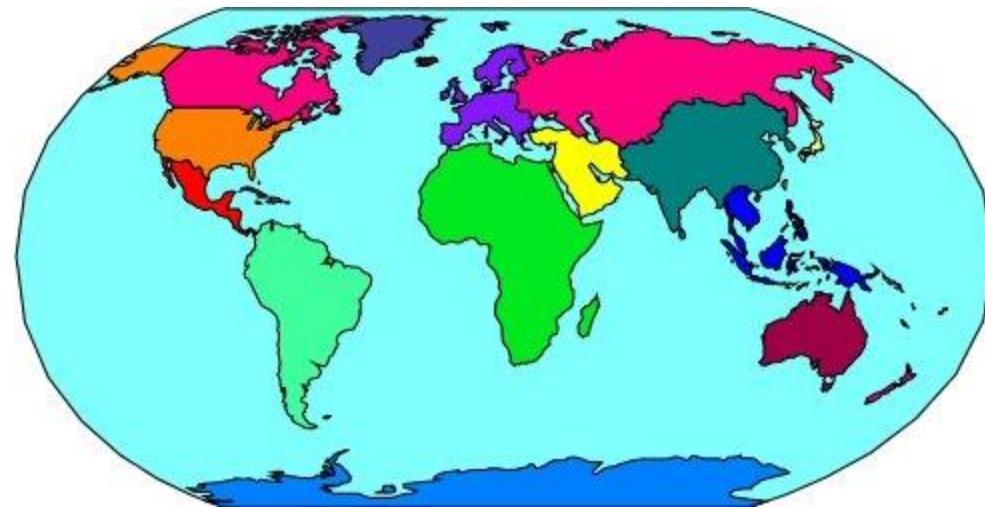
- ➊ Cultures are **different**
  - ▣ Each has a **thought system and logic** of its own.

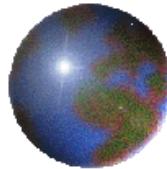




# *Why understand world cultures?*

- ➊ **Business cultures** are therefore different.
  - ▣ Business is **not self-sufficient**.
  - ▣ It would be impossible without **cultural support**.

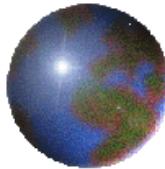




# *What is culture?*

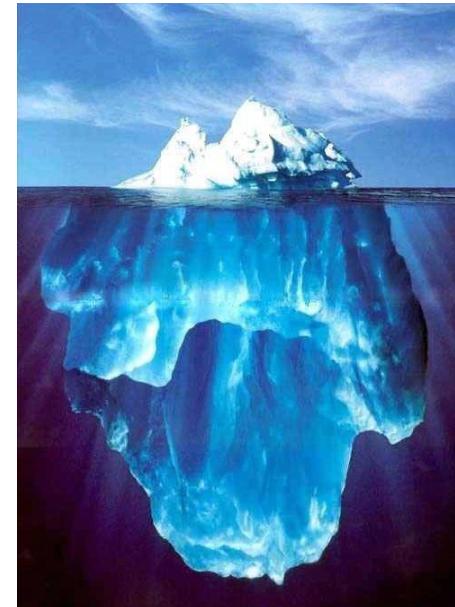
- ➊ It's not about the food!

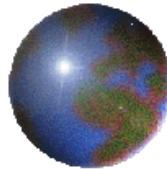




# *What is culture?*

- ➊ Culture is the **thought system we live in**.
  - ▣ Culture determines our deepest assumptions, most of which we are **not even aware of**.
    - Like an iceberg, culture lies mostly **beneath the surface**.



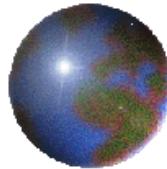


# *Special note*

## ➊ No judgments.

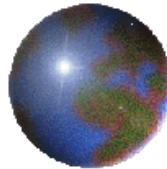
- ▣ The aim here is **not** to judge cultures as **good** or **bad**.
  - We claim only that they are **different**.
  - Radically different business cultures have achieved equally **spectacular results**.





# *Outline*

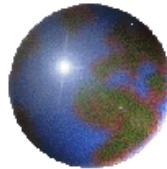
- ➊ **Part I:** Overview of Business Cultures
- ➋ **Part II:** Country Profiles
- ➌ **Part III:** A Cross-cultural View of Corruption



# **Part I**

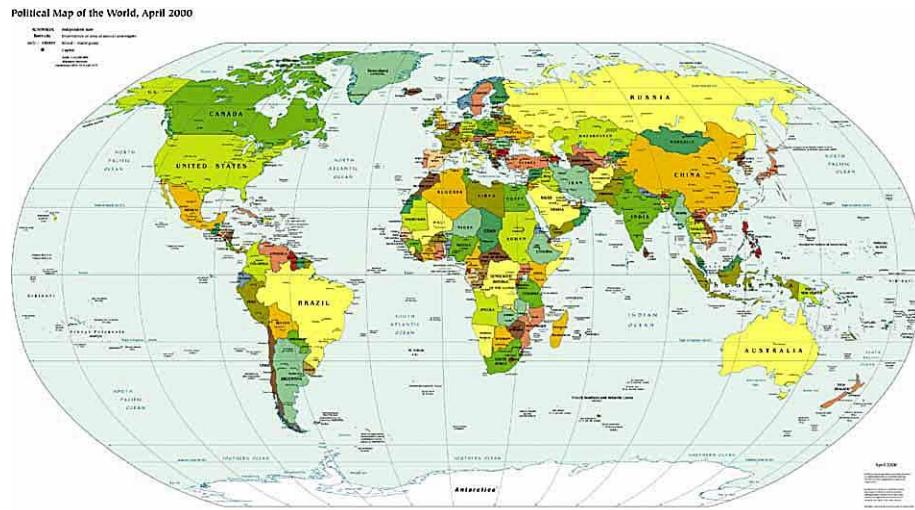
## **Overview of Business Cultures**

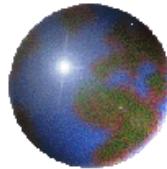
- ➊ Relationships vs. rules
- ➋ Cultural classification



# *Relationships vs. rules*

- ➊ There are 5000+ cultures in the world, all very different.
- ➋ But they can be classified **roughly** as:
  - ▣ **relationship-based**
  - ▣ **rule-based**.

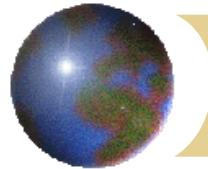




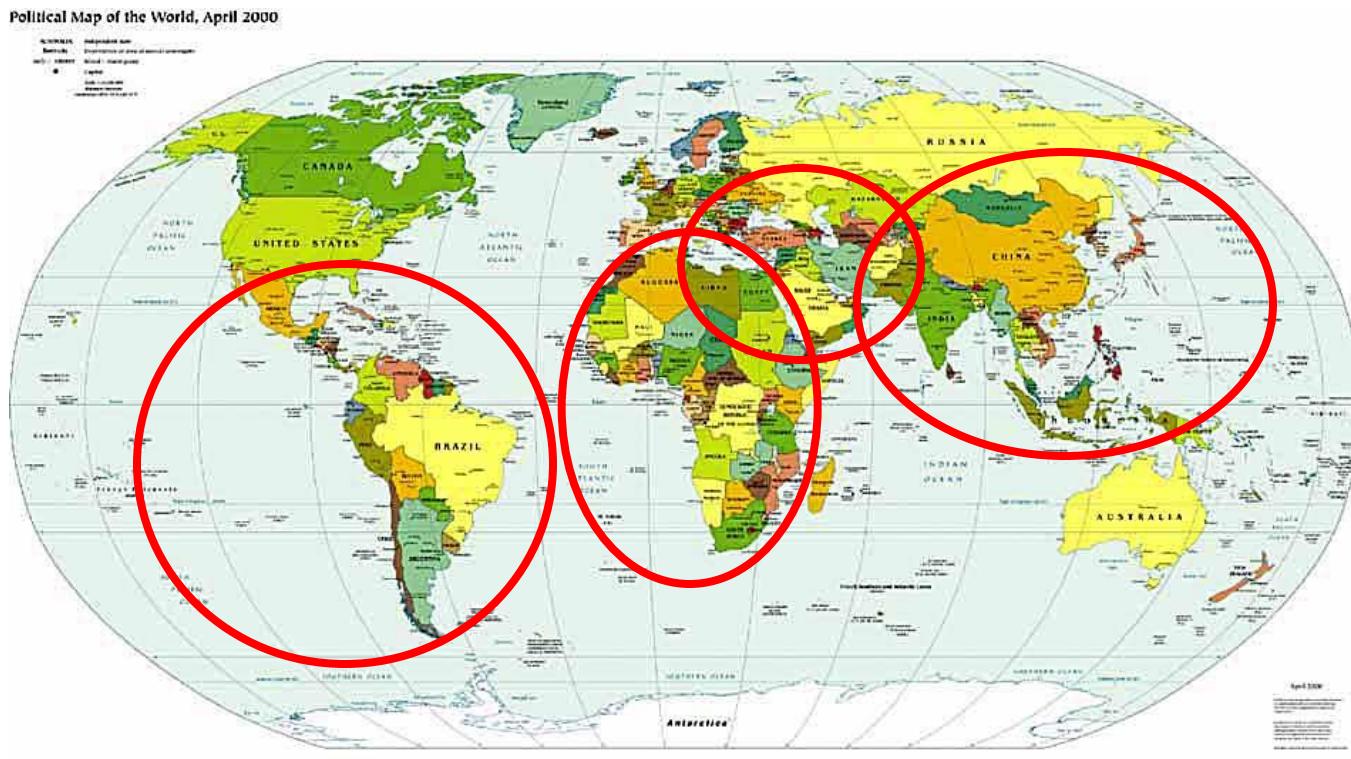
# *Relationship-based cultures*

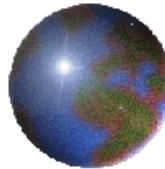
- ➊ Life is organized primarily around **personal relationships**.
  - ▣ and the **loyalties** they imply.





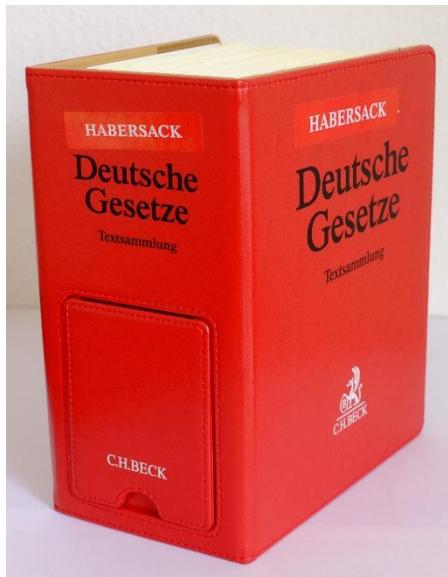
- ❖ Relationship-based regions
  - ❖ Africa, Asia, Middle East, South America

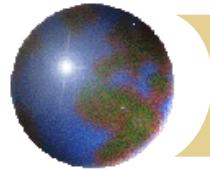




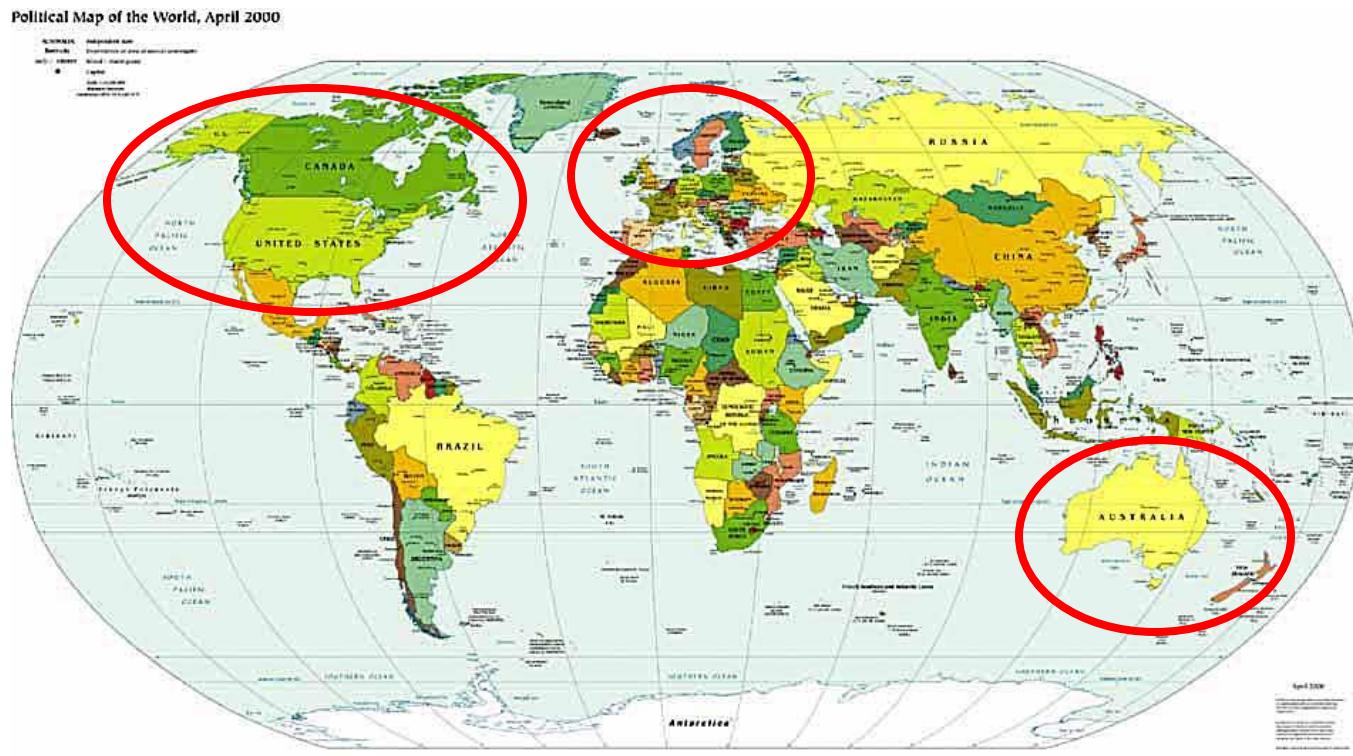
# *Rule-based cultures*

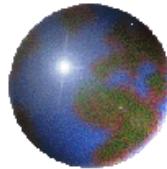
- ➊ Life is organized primarily by **rules**.
  - ▣ ...which ideally are viewed as **reasonable** and **fair**.



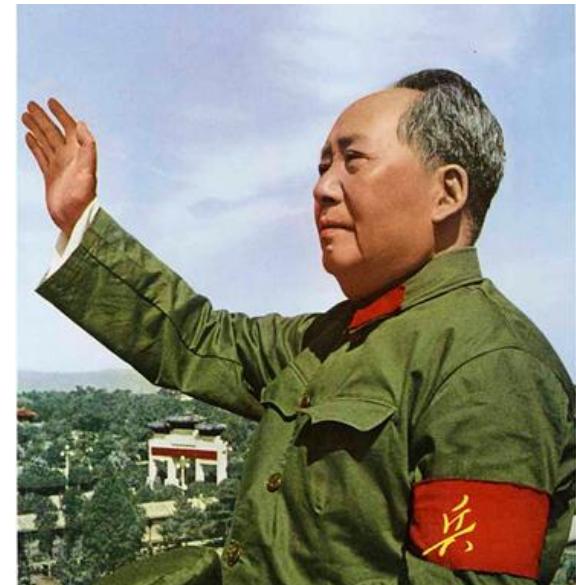


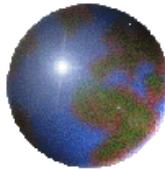
- ❖ Rule-based regions
  - ❖ Australia, Europe, North America



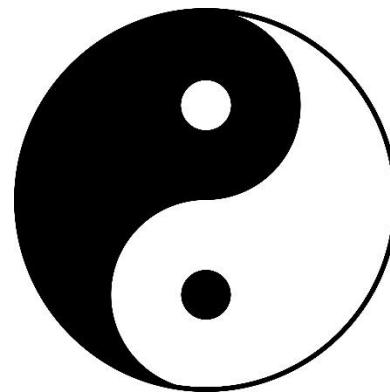


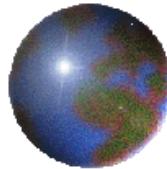
- ◆ Note: Relationship-based cultures **also have rules**.
  - But the rules receive their **legitimacy** from **persons with authority**
    - ...such as **parents, boss, government officials, head of state**
    - ...**rather than** through consensus, majority vote, or being seen as **self-justifying**.





- ➊ **No culture is purely relationship-based or rule-based!**
  - ▣ But one system tends to dominate.



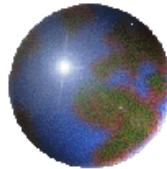


# *Everyday example - Traffic*

- ➊ Relationship-based:
  - ➋ Get through the intersection by **one-on-one negotiation**



Varanasi, India

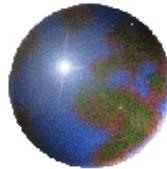


# *Everyday example - Traffic*

- ➊ Rule-based:
  - ▣ Follow **traffic laws**, signs and signals



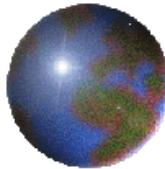
Los Angeles, USA



# *Relationship-based business*

- ➊ **Business** is all about...
  - ...forming a **business relationship**
  - ...**trusting the person**,  
not the system



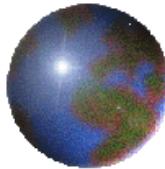


# *Rule-based business*

- ➊ **Business** is all about...

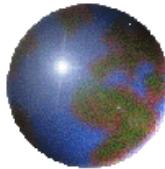
- ...making **deals** (contracts)
- ...relying on the **legal system** to enforce the deals





# *Cultural classification*

- ➊ **Specific cultural traits** tend to **correlate** with the relationship-based/rule-based distinction.
  - Management of **time, information, and employees.**
  - **Collectivist** or **individualist** society



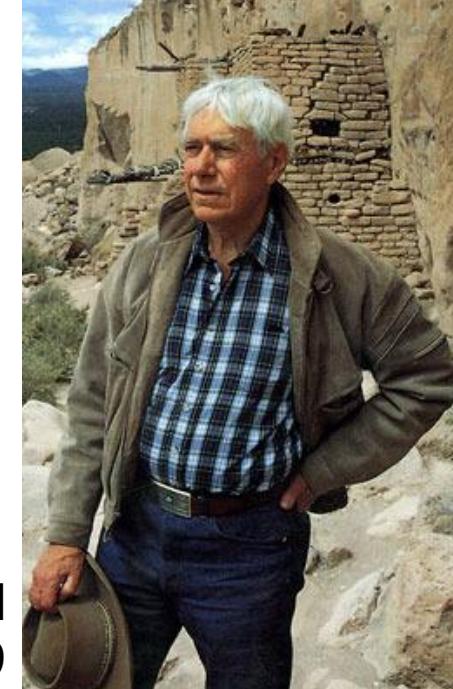
# *Cultural classification*

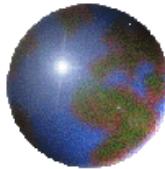
- ➊ **Specific cultural traits** tend to **correlate** with the relationship-based/rule-based distinction.
  - Management of **time, information, and employees.**
  - **Collectivist** or **individualist** society
- ➋ These can serve as a **starting point**
  - and provide a **basic framework.**



Geert Hofstede  
1928-2020

Edward T. Hall  
1914-2009

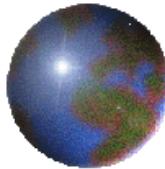




# *Cultural classification*

- ➊ There are **many exceptions** to everything presented here.
  - ▣ But the framework allows us to view exceptions **in the context of a general pattern.**



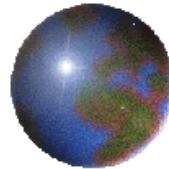


# *Cultural classification*

- ➊ There are **many exceptions** to everything presented here.
  - ▣ But the framework allows us to view exceptions **in the context of a general pattern.**
- ➋ Think of **weather** and **climate**
  - ▣ Weather on a given day can be very different from the overall climate.
  - ▣ Yet it's important to know about the climate!

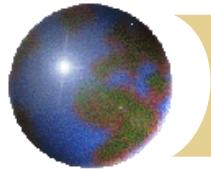


Snow in the Sahara

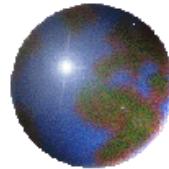


# Cultural Classification

	Relationship-Based	Rule-Based
Time	Polychronic	Monochronic
Information	High context	Low context
Employee management	Top-down, supervisory	Consultative, contractual
Society	Collectivist	Individualist

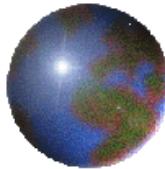


# **Culture and Time**



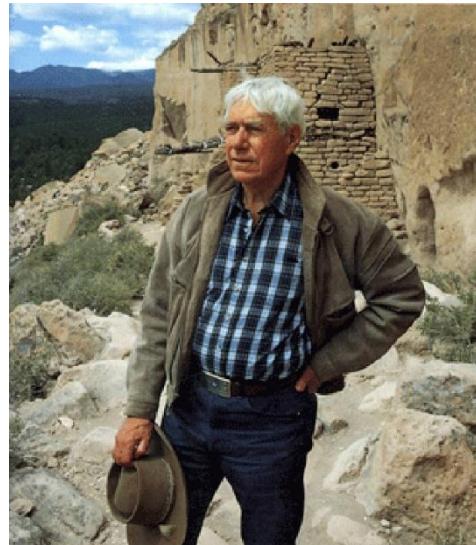
# Cultural Classification

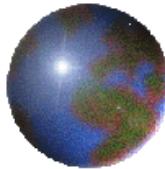
	Relationship-Based	Rule-Based
Time	Polychronic	Monochronic
Information	High context	Low context
Employee management	Top-down, supervisory	Consultative, contractual
Society	Collectivist	Individualist



# *Culture and time*

- ➊ A culture's sense of **time** affects every aspect of daily life – and business.
  - Edward Hall classified cultures as **polychronic** and **monochronic**.

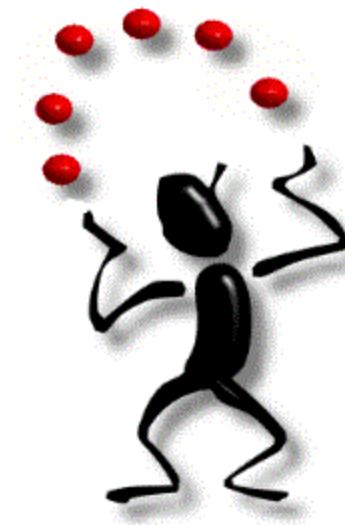


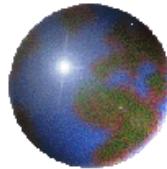


# *Polychronic cultures*

## ➊ **Juggling tasks.**

- People are comfortable with being involved in **several tasks at once**.
- **Relationship-based** cultures are polychronic.
  - **Punctuality** generally **not important**.
  - Except in Japan, Singapore and (to some extent) China.

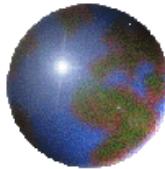




# *Polychronic cultures*

- ➊ Due to **multitasking**, less need to structure time.
  - ▣ You may be **kept waiting** 45 minutes for an appointment.
  - ▣ But don't keep the **boss** waiting!
  - ▣ Clerk may serve **3 or 4** people at once.
  - ▣ No orderly queues.
    - except at international airports, hotels, etc.



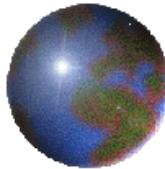


# *Polychronic cultures*

- ➊ Time is **not strictly measured**.
  - ▣ Idleness **stops time**.
  - ▣ Activity **makes time**.
  - ▣ Having to wait is **no big deal**.

*Examples: Zimbabwe*



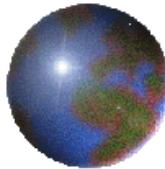


# *Polychronic cultures*

- ➊ Travel arrangements.
  - ▣ Perhaps made at the **last minute**.
- ➋ Deadlines.
  - ▣ People switch to another task when delayed.
  - ▣ Staff may not speed up as the deadline approaches.



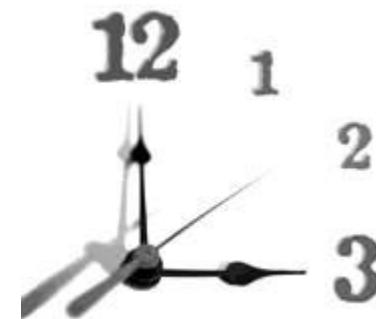
*Examples: Business visa,  
house construction*

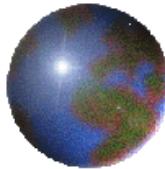


# *Monochronic cultures*

## ➊ One thing at a time.

- People like to **finish one task before moving to another** and are generally **punctual**.
- **Rule-based** cultures are monochronic.
  - **U.S.** is strongly monochronic.
  - Japan, Singapore and (to some extent) China are **punctual** but **polychronic**.

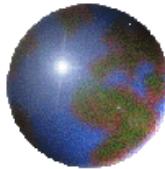




# *Monochronic cultures*

- ➊ People **organize** and **structure** time.
  - ▣ Time is partitioned into **intervals**, each devoted to one task.
  - ▣ **Appointments** are made and **punctuality** important.
  - ▣ Orderly **queues** form.
    - Clerk deals with **one person at a time**.
    - British say they invented the queue.

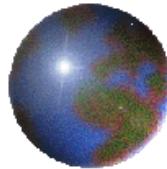




# *Monochronic cultures*

- ➊ Time is a **measurable substance**.
  - ▣ It can be spent, saved, wasted.
  - ▣ Idleness **wastes time**.
  - ▣ Activity **fills time**.
  - ▣ Having to wait is **boring**.





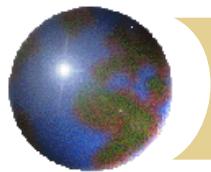
# *Monochronic cultures*

- ➊ Travel arrangements.
  - ▣ Made **far in advance**.
- ➋ Deadlines.
  - ▣ **Time is money**.
  - ▣ People get **nervous** and **speed up** as the deadline approaches.

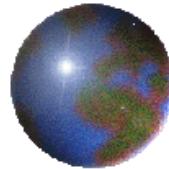


*Example: Bookings in Scandinavia*



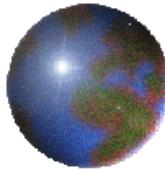


## **Culture and Information**



# Cultural Classification

	<b>Relationship-Based</b>	<b>Rule-Based</b>
<b>Time</b>	Polychronic	Monochronic
<b>Information</b>	<b>High context</b>	<b>Low context</b>
<b>Employee management</b>	Top-down, supervisory	Consultative, contractual
<b>Society</b>	Collectivist	Individualist

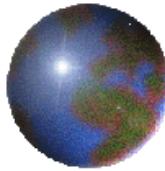


# High context cultures

- Information and behavior norms absorbed from the social context.
  - People just know what to do.
  - Contracts are **vague, verbal, or nonexistent.**
    - Agreements evolve with the situation.
    - But... contracts are important in the Middle East.
  - People **may not pay attention to written rules or memos.**

*Example: Regional airport*

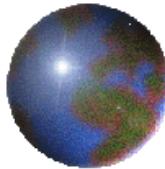




# *High context cultures*

- ➊ Communication is indirect
  - ▣ One may avoid saying “**no**,” may say “yes” to be polite.
    - Even if one doesn’t like the offer.
    - This helps to **avoid giving offense**.
  - ▣ It may be improper to **criticize company policy** in the presence of the boss.



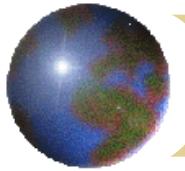


# Low context cultures

- Information and behavior norms are spelled out in writing.
  - There are many **signs**, timetables, maps.
  - Contracts** are written, long, and detailed.
    - Fixed once signed.
    - Disputes resolved by lawsuits.
  - People **pay attention to written rules**.



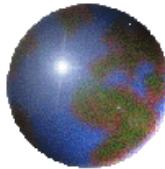
Example: Arrival



# *Low context cultures*

- ➊ Disagreements are resolved by **open discussion**.
  - ▣ **It is OK to say “no”.**
    - when one dislikes the offer.
  - ▣ Employees can express **disagreement** with each other and company policy.

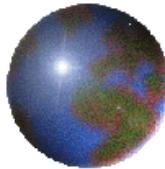




# Conducting business

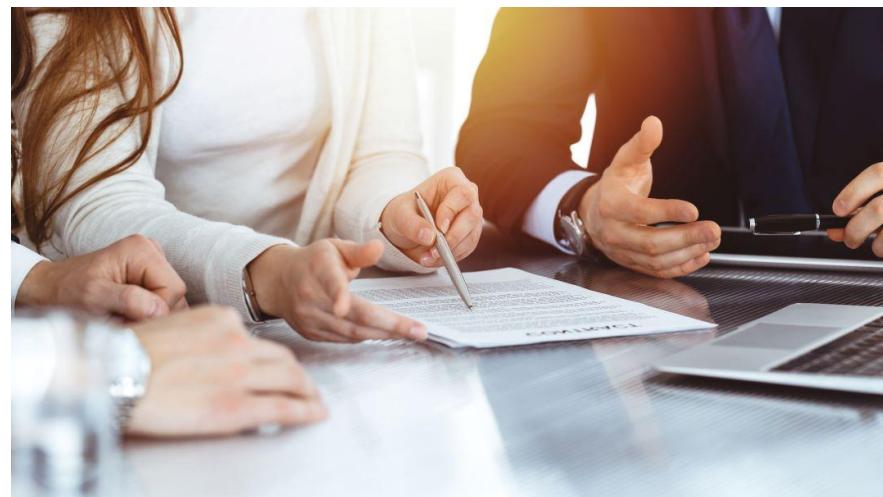
- ➊ In **high context** cultures,
  - ▣ Business plans are based on **mutual understanding**.
    - Perhaps arrived at **over dinner**.
  - ▣ There may be no legal contract
    - ...at first, or ever.
  - ▣ Detailed accounting statements may be unimportant.
    - Asking for them may give offense.



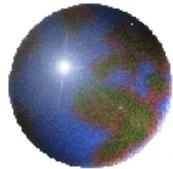


# Conducting business

- ➊ In **low context** cultures,
  - ▣ Business plans are drawn up in **detailed contracts**.
    - Dinner conversation doesn't apply until it's **in writing**.
  - ▣ **Detailed financial statements** are routine.
    - Conform to **IFRS** (International Financial Reporting Standards) or **GAAP** (Generally Accepted Accounting Principles) in USA.



*Example: Bicycle rental*



# *Conducting business*

- ➊ **First rule of international business:**
  - In a **low-context culture**,

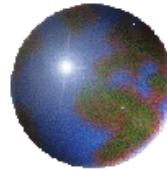
Nothing is agreed upon unless it is **part of the contract**.



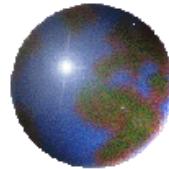
- In a **high-context culture**,

Nothing is agreed upon unless it is **part of the relationship**.



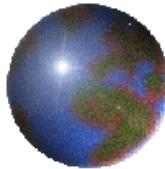


# **Employee management**



# Cultural Classification

	<b>Relationship-Based</b>	<b>Rule-Based</b>
<b>Time</b>	Polychronic	Monochronic
<b>Information</b>	High context	Low context
<b>Employee management</b>	<b>Top-down, supervisory</b>	<b>Consultative, contractual</b>
<b>Society</b>	Collectivist	Individualist

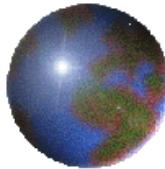


# *Relationship-based management*

- ➊ Decisions are **top-down**.

- ▣ A **good boss** is expected to make **good decisions**.
  - ▣ **Staff meetings** are used to announce or explain company decisions
    - Not to discuss, arrive at, or get feedback on decisions.
    - **Exception:** Japan, which may rely on *nemawashi*.



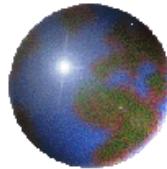


# *Relationship-based management*

- ➊ **Close supervision** is expected.
  - ▣ If the boss isn't watching, employees assume he/she **doesn't care**.
    - Heavy use of **mobile phones** to check on staff while boss is away.
  - ▣ Boss deals with requests for time off, etc., **case by case**.
  - ▣ Rely on **personal communication**
    - Transmit company policy through chain of command
    - Not with company memos.

*Example: Australians  
in Guangzhou*

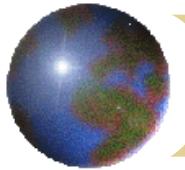




# *Rule-based management*

- ➊ Decisions can be **collaborative**.
  - ▣ A **good boss** is expected to **inspire** employees and rely on **consultative management**.
  - ▣ **Staff meetings** may be used to discuss **pros and cons**.
    - Based on **data** and **evidence**.
    - Final decision made at the top.

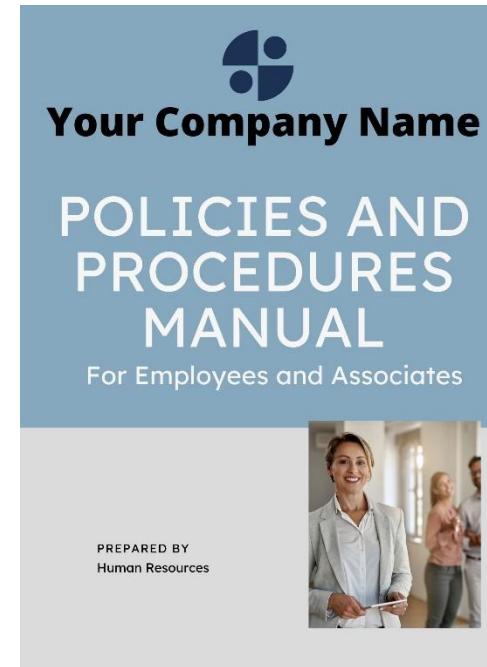


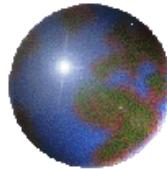


# *Rule-based management*

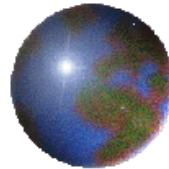
## ➊ **Supervision is light.**

- Employees take cues from their **job description**, and **general instructions** for the current project.
  - They are later **rewarded** for success, perhaps **dismissed** or **demoted** for failure.
- Requests for time off, etc., are handled **by the book**
  - or as stated in the employment contract.
- **Official communication is in writing**
  - Websites, policy manuals, company memos.
  - Employees are expected to read them.



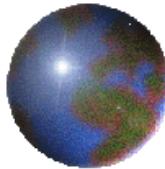


# **Collectivist and Individualist Cultures**



# Cultural Classification

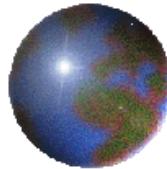
	<b>Relationship-Based</b>	<b>Rule-Based</b>
<b>Time</b>	Polychronic	Monochronic
<b>Information</b>	High context	Low context
<b>Employee management</b>	Top-down, supervisory	Consultative, contractual
<b>Society</b>	<b>Collectivist</b>	<b>Individualist</b>



# *Collectivist cultures*

- ➊ Primary loyalty is to the **group**.
  - ▣ Usually the **family**, sometimes the **village** or **nation**.
  - ▣ Loyalty to the **company** can be strong in some cultures.
    - As in **Japan**, where employees feel obligation **not to leave for higher pay** (this is changing)
    - Loyalty to the **boss** can be strong in **South Korea**.
    - Job hopping **disrupts relationships** on which business depends.



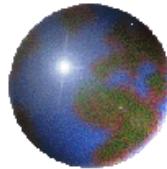


# *Collectivist cultures*

- ➊ Focus on **cooperation**

- Employees may be reluctant to compete with each other
  - As in some **African**, **Latino** and **indigenous** cultures
- But **competition** can be strong **outside the loyalty group**.
  - Especially in “**masculine**” **cultures**, where aggressiveness is valued.
  - ...as in **China**, where **business** is highly competitive

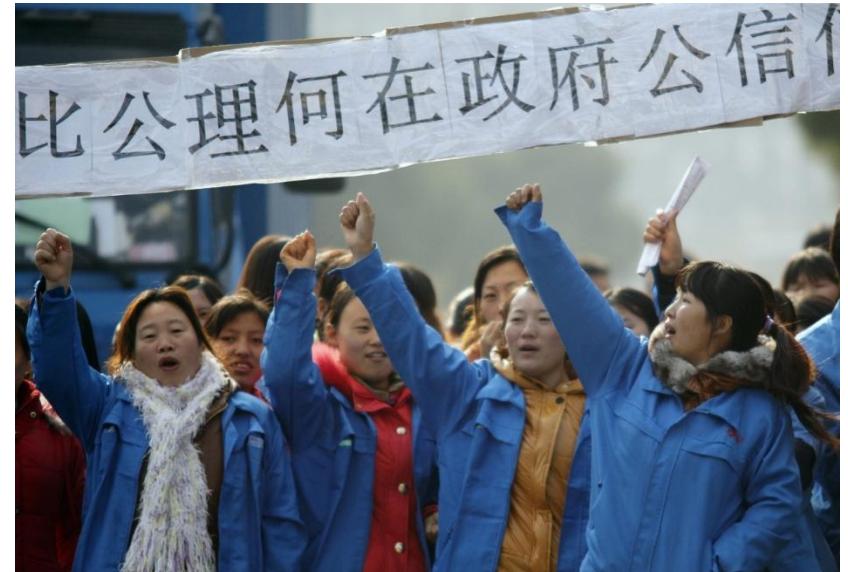


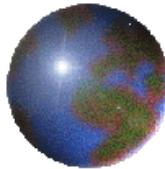


# Collectivist cultures

- Collective bargaining

- Employees may confront management **collectively**.
    - even when **individuals** are deferential to managers..
    - This can result in protests and strikes.

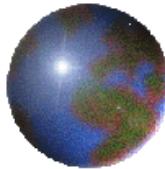




# *Individualist cultures*

- ➊ Primary loyalty is to **oneself**.
  - ▣ People are held **individually responsible** for their own welfare.
    - and are expected to show **individual initiative**.
    - Reliance on an impersonal **system** for support and security, rather than family or friends.
  - ▣ **Little company loyalty.**
    - Everyone feels free to **switch jobs** at any time in search of better pay or working conditions.





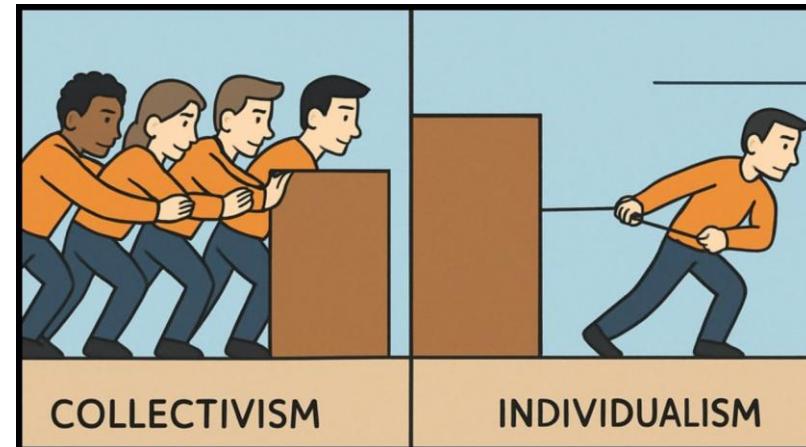
# *Individualist cultures*

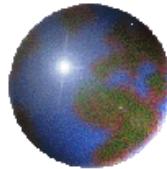
- ➊ Focus on **competition**

- ...in **all areas** of life, especially **business**.
  - Strong competition **between coworkers**.
    - Companies encourage **teamwork** in an effort to overcome this.
    - Much research on **group dynamics**.

- **A few** individualist cultures prefer **cooperation**.

- Especially in "**feminine cultures**, which don't value aggressiveness.
    - For example, **Scandinavian** countries.





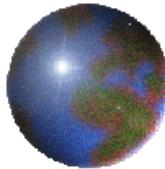
# *Individualist cultures*

- ➊ Collective bargaining

- ➋ Employees may be **reluctant** to join **labor unions**

- ...even though they feel free to confront the boss individually.
    - As in much of **USA**.
    - **Europe** is a **major exception**.

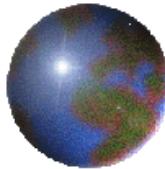




## Part II

# Country Profiles

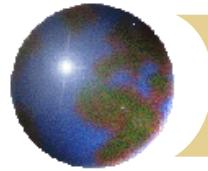
- **Europe:** Germany, Denmark
- **East Asia:** China
- **South Asia:** India
- **Middle East:** Turkey
- **Africa:** Zimbabwe
- **South America:** Brazil
- **North America:** USA



# *Country profiles*

- ➊ **Brief** summaries of business culture
  - ▣ No time for a more complete cultural guide!

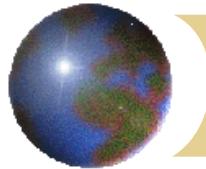
**SUMMARY**



# Europe

## *Germany, Denmark*





# Germany

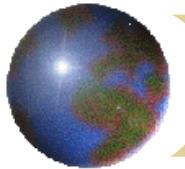
# GULF TIMES

QATAR

## Qatar-German business meet discusses enhancing trade and investments

DOHA PUBLISHED ON AUGUST 31, 2025 | 03:31 PM



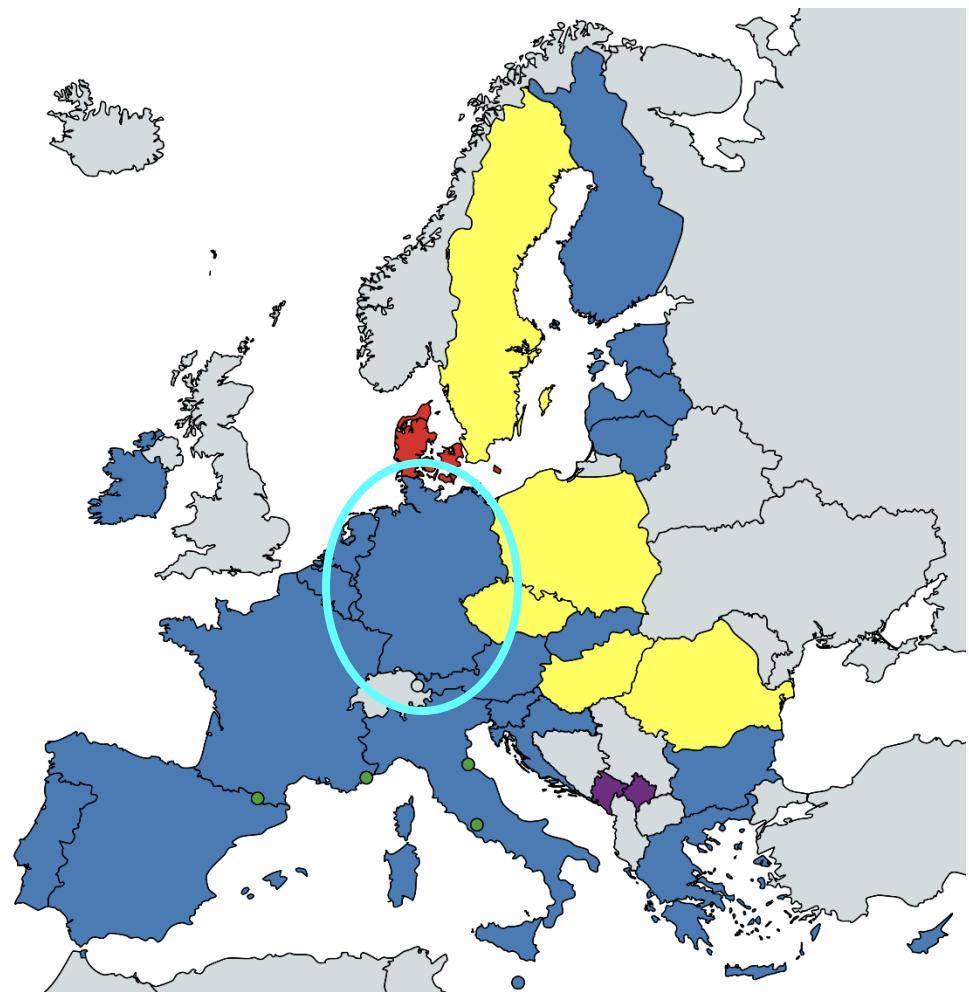


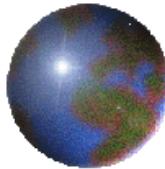
# Germany

Economic anchor  
of the  
Eurozone

## Eurozone 01.01.2026

- Member. The Euro is the official currency.
- Not a member. Legally bound to adopt the Euro when conditions are met.
- Opt out. Not legally bound to adopt the Euro.
- Monetary agreement. Can mint their own Euros.
- Unilaterally adopted. Relies on Euros already in circulation but can't mint their own.





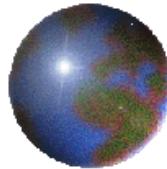
# Germany

- Perhaps the world's most highly **rule-based** culture.

- Meticulous regulation of all areas of business and life.



Medieval festival, Bayern  
*The village is picturesque because **everything is** regulated by law.*



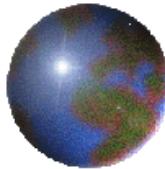
# Germany

- ➊ Justly famous for quality, reliability, efficiency
  - ➋ Pioneers in automobiles, aviation, chemicals

- Benz,  
Daimler,  
Zeppelin,  
Lilienthal,  
Haber,  
Bosch



Robots in BMW plant,  
München

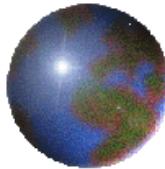


# Germany

- ➊ **Reliability & predictability** are important for this **uncertainty avoiding** culture.

- Highly engineered physical and social systems
- **Monochronic** time consciousness
- Staggered school holidays
- Trains run on time (less so recently)





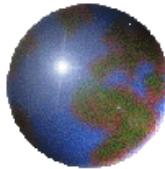
# Germany

- ➊ **Closing hours** still regulated by law.

- ➏ Although less than in the past.

- Almost everything closes on Sundays and after 8 pm weekdays.
    - Closing laws are now adopted at the state level.





# Germany

- ➊ **Employee relations** are highly regulated by law.

- ▣ **Strict protection for employees**

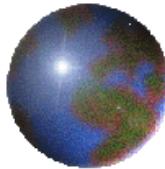
- *Kündigungsschutzgesetz* (KSchG) mandates termination procedures.
    - *Arbeitnehmerüberlassungsgesetz* (AÜG) ensures fair treatment of temporary workers.

- ▣ **Working conditions and pay**

- €12.82/hour minimum wage
    - minimum 24 days paid vacation
    - mandatory rest periods
    - 6 weeks paid sick leave
    - 14 weeks paid maternity leave
    - 3 years unpaid paternity leave
    - 14 months 2/3 pay parental leave

- ▣ **Employees know their rights.**



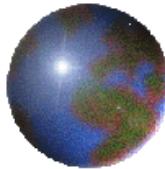


# Germany

- ➊ **Financing** is risk averse.
  - ▣ Most businesses are **debt financed** (bank loans) rather than equity financed (stock issues)
  - ▣ Limited venture capital available.

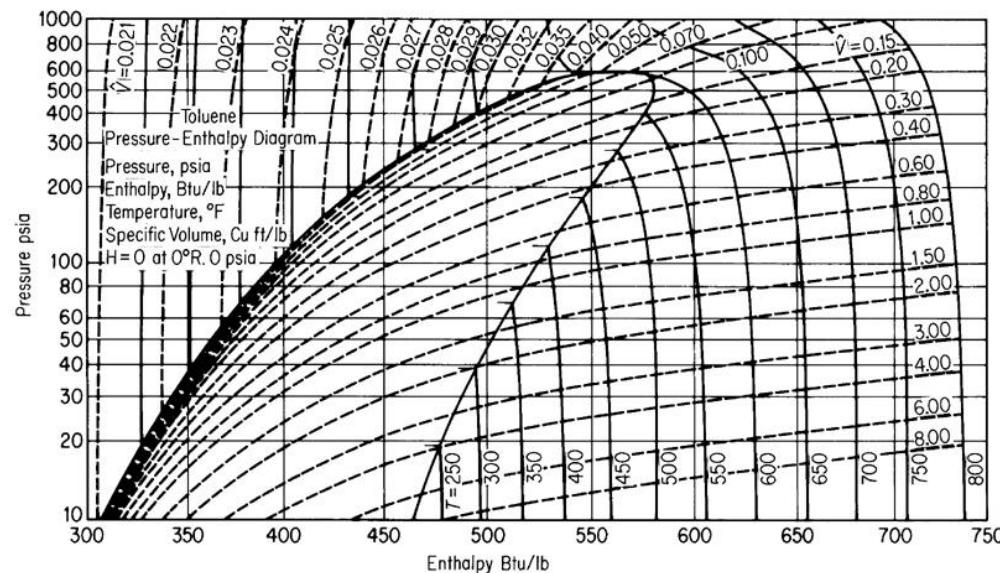
Deutsche Bank towers,  
Frankfurt am Main

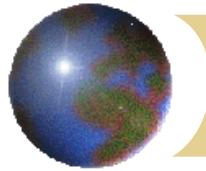




# Germany

- ➊ Business proposals should be **fact-based.**
  - ▣ Data analytics and mathematical models are respected.
    - Executives are often highly trained engineers. *Example: Bayer*
    - No flashy sales pitch.
    - No humor or small talk.
    - You can speak English.
  - ▣ Describe a Plan B
    - Business partners want to be **reassured, not impressed.**

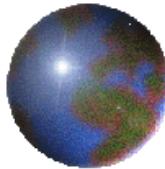




# Germany

- ➊ Long-term relationships unnecessary.
  - ➋ But attend **trade fairs** to make contacts.
    - Especially in Hanover, Frankfurt, Köln, Düsseldorf, etc.





# Germany

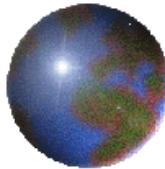
## ➊ Low-context culture

- ▣ Be specific and straightforward.
  - Provide **highly detailed** business proposals.

## ➋ Monochronic culture

- ▣ Be on time.
  - Clocks are everywhere.

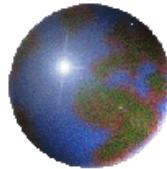




# Germany

- ➊ Somewhat formal
  - ▣ Never use first names in the office.
    - *Gunter Schmidt* is ***Herr Schmidt***,  
*Frieda Schmidt* is ***Frau Schmidt***.
  - ▣ Address others by their full title.
    - *Especially in correspondence.*
    - *Herr Doktor Schmidt.*
  - ▣ Self introduction is brief.
    - *Gunter Schmidt hier.*
  - ▣ Gifts not expected.
    - Although a small item with company logo could be OK.
  - ▣ But enjoy leisurely dinner in restaurant with others, after hours.
    - Don't talk business.
    - *Alkoholfreies Bier* is fine.





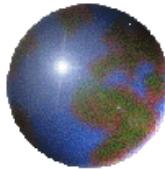
# *Denmark*



**Qatari & Danish firms to expand cooperation**



26/9/2017

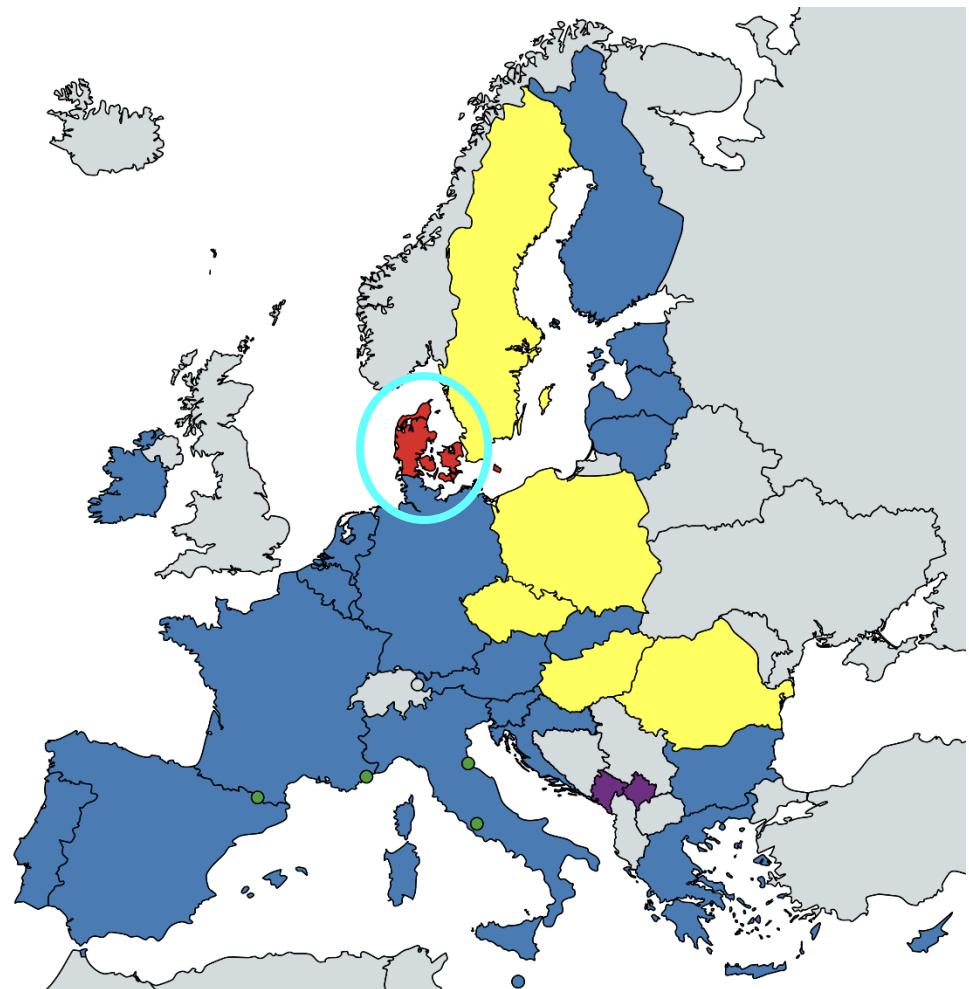


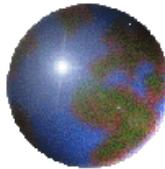
# Denmark

Member of  
the EU  
but uses its  
own currency,  
Danish *krone*

**Eurozone 01.01.2026**

- Member. The Euro is the official currency.
- Not a member. Legally bound to adopt the Euro when conditions are met.
- Opt out. Not legally bound to adopt the Euro.
- Monetary agreement. Can mint their own Euros.
- Unilaterally adopted. Relies on Euros already in circulation but can't mint their own.





# Denmark

- ➊ The state provides cradle-to-grave security

- ▣ High standard of living

- **No poverty** and little conspicuous wealth.
    - Unemployment benefits.
    - **Egalitarian ethic.**

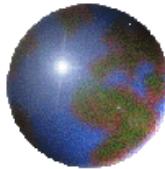
- ▣ Family and friendship connections not important.

- Partners often don't marry.
    - State supports day care for kids, retirement homes for elderly.

Day care center,  
Copenhagen (*København*)

*Example:  
Secretary's office*





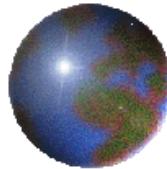
# Denmark

- ➊ Much thought invested in good design
  - ▣ Highly efficient utilities, transportation
    - Trains & bus go everywhere.

*Example:  
Home heating*



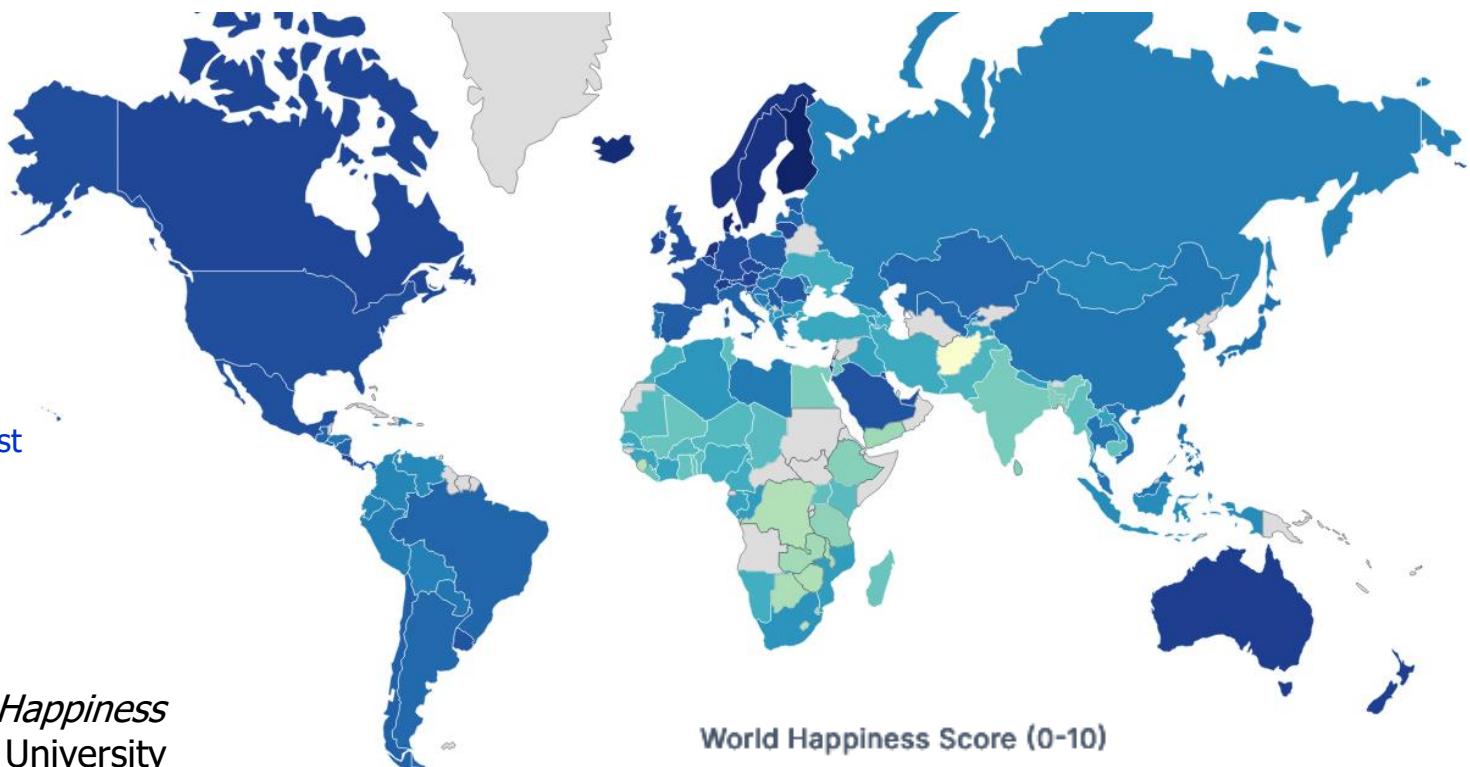
Danish home



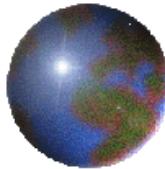
# Denmark

2<sup>nd</sup> happiest country in the world (2025)

Finland is 1<sup>st</sup>



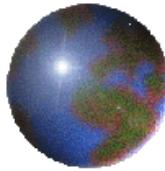
Source: *World Happiness Report*, Oxford University Wellbeing Research Centre, 2025.



# *Denmark*

- ➊ An individualist culture, but **cooperation** is valued.
  - ▣ Both labor and management sit on company board of directors.
    - And arrive at negotiated policies.
- ➋ **Negotiation is transparent** (low context culture).
  - ▣ As in Scandinavia generally.
    - Each side “**shows its cards**” to find a **mutually beneficial** arrangement.
    - Same, to some extent, elsewhere in northern Europe (except U.K.)

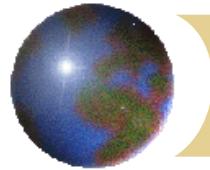




# Denmark

- ➊ A “**feminine**” culture.
  - Employees are not particularly ambitious or competitive.
    - Don’t work late or read email after hours.
    - Don’t wear a “power tie.”
  - Hard sell and buzz words are not appreciated.
    - But people are frank and direct.
  - Interpersonal relations are informal and low-key.
    - No need for titles.
    - Attire is often informal.
    - People may use full names (e.g., Lars Åge Sørensen) because so many have similar names.

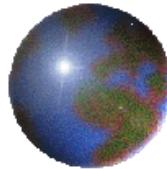




# East Asia

## *China*





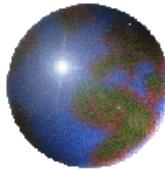
# China

## GULF TIMES

### **Qatari, Chinese businessmen explore JVs, commercial partnerships**

DOHA PUBLISHED ON MARCH 02, 2024 | 07:51 PM





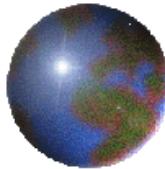
# China

## ◆ The new urban China

- China has become an **economic superpower**.
  - Continues to prosper while outsiders predict collapse.
- World's largest economy since 2014
  - In purchasing power parity (PPP)
  - Chinese currency (*yuan* or RMB = *renminbi*) is undervalued.
  - World's largest **sovereign wealth fund**, by far.



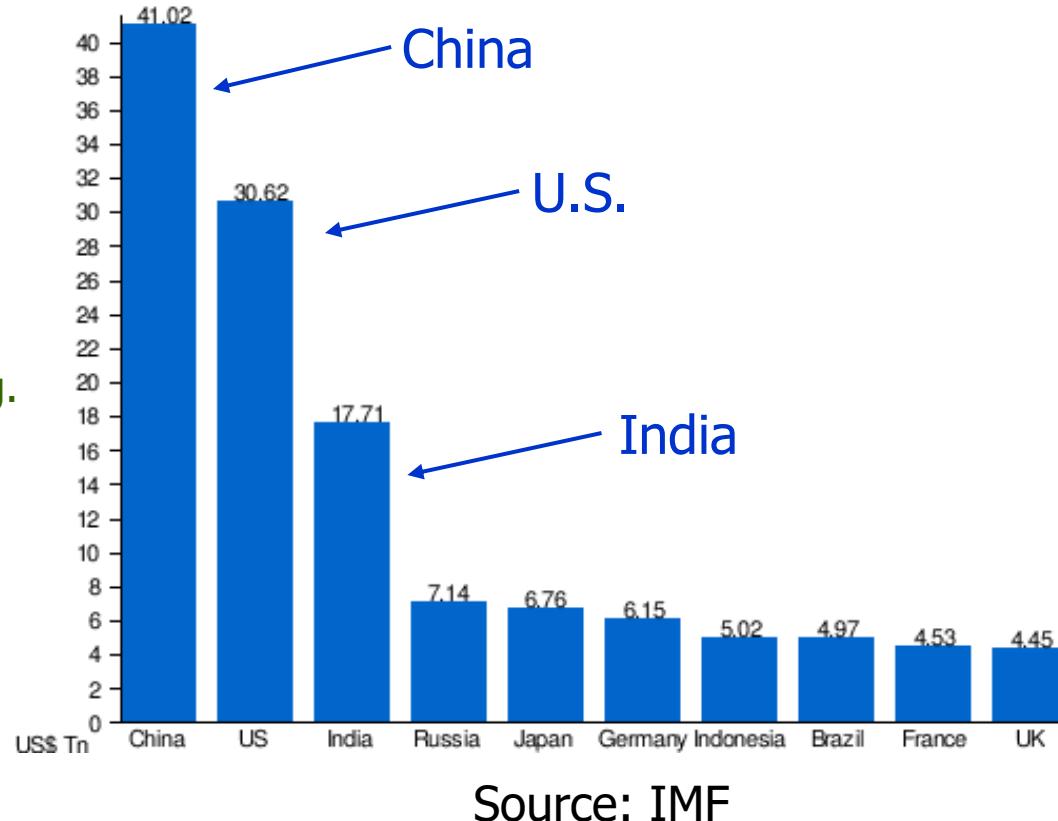
Wangjing SOHO complex, Beijing

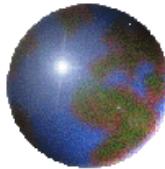


# China

## Estimated GDP in PPP by Country, 2025

- Chinese GDP represents mostly **production**, as opposed to finance, insurance, & rent seeking.





# China

## ◆ Advanced **infrastructure**

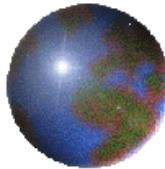
- Largest high-speed rail system, by far.
  - Over 50,000 km in 2025.
- Largest expressway network, by far.
  - 190,000 km in 2025
  - US system: 75,440 km



High-speed line, Beijing to Shanghai  
350 km/hr



Anshun-Ziyun highway



# China

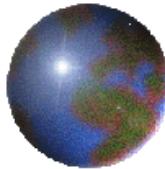
## ➊ Advanced **infrastructure**

### ▣ **New airports everywhere**

- 29 new passenger airports completed in 2022.
- 6 new freight terminals



Beijing Daxing Airport  
World's largest single-building terminal



# China

- ➊ World leader in **renewables**

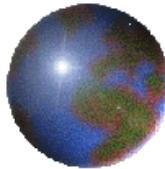
- **Largest solar capacity**
    - Over 1000 GW in 2025
    - 174 GW in USA
  - **Largest wind capacity**
    - Over 600 GW in 2025
    - 150 GW in USA
  - **Largest EV fleet**
    - 37 million in 2025,  
54% of new car sales
    - 7.6 million in USA,  
8-9% of new car sales



Gonghe Talatan Solar Park, 16 GW  
World's largest



BYD Han  
Popular mid-size EV



# China

## ◆ Language(s)

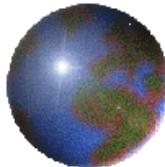
- Spoken Chinese is several languages
- Official language is *Pǔtōnghuà* (Mandarin)
- Written in Roman letters using *Pīnyīn*
- Cantonese (*Yuè*) spoken in Guangdong Prov.
- Characters typed using *Wǔbǐ*, etc.
- Written language is fairly universal
- But many in Hong Kong & Taiwan still use traditional characters



*Wǔbǐ* (5 stroke) system

Traditional      Simplified

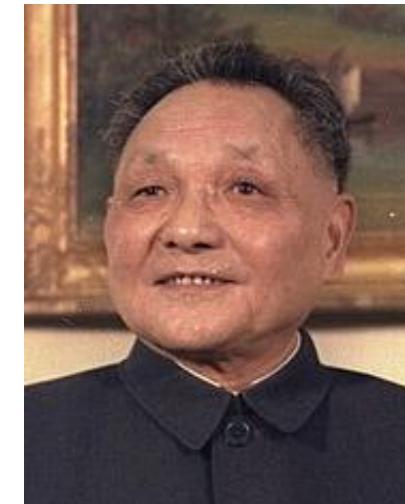
號	号	(hào)	number
門	门	(mén)	door
業	业	(yè)	industry
學	学	(xué)	study
來	来	(lái)	come
寫	写	(xiě)	write
馬	马	(mǎ)	horse
話	话	(huà)	speech
紙	纸	(zhǐ)	paper
見	见	(jiàn)	see



# China

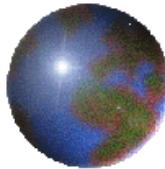
## ◆ Economic system

- Not socialist, not capitalist, not communist
  - **Spectacular growth** since 1990s.
- Centralized incentives.
  - Beijing rewards local officials who follow its policies.
  - Increase local GDP, build infrastructure, reduce poverty.
- Decentralized execution ("mayor economy").
  - Local officials encourage desirable enterprises.
  - Local governments own most land and lease it,
  - mainly to private firms (80% of work force)
  - Lease income replaces taxes (which go to Beijing)
  - **Intense competition** within each industry.
- Central control of key assets
  - Big banks, natural resources.



**Deng Xiaoping** (1904-97)  
Architect of the modern  
Chinese economy

"It doesn't matter whether  
a cat is black or white,  
as long as it catches mice."



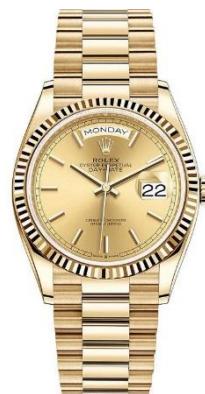
# China

## ◆ Consumerism

- Over \$7 trillion consumer spending in 2025.
  - **Singles day** (Nov. 11 online shopping) is world's largest retail event.
  - Advanced pay-by-phone technology.
  - Large demand for luxury goods.



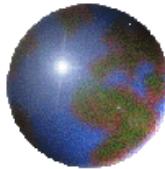
Prada Galleria handbag      Rolex 36mm Gold  
\$5400 (19,700 QR)      \$58,995 (215,000 QR)



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Alibaba.com™

京东  
JD.COM





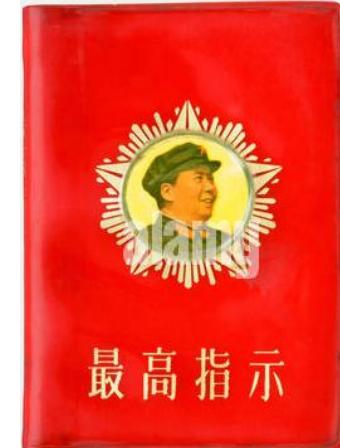
# China

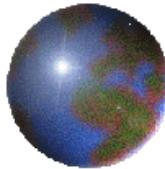
*Example:  
Electrical firm*

## ◆ Employee relations

### ■ Management is **top down** and **paternalistic**

- A good boss is **authoritarian** but **cares** about employees' welfare.
- May provide a manual with advice for life in general.





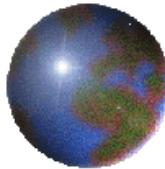
# China

*Example:  
Electrical firm*

## ◆ Employee relations

- Management is **top down** and **paternalistic**
  - A good boss is **authoritarian** but **cares** about employees' welfare.
  - May provide a manual with advice for life in general.
- **Saving face.**
  - Before acting or speaking, one must calculate the **effect on face**.
  - More important to be **nice** than **right**.
  - Employees should relate to each other with **courtesy** and **humility**.
- Respect for the **boss**
  - Criticizing the boss causes the boss to lose face, **undermining leadership** and authority.
- Respect for **employees**
  - Undue mistreatment of employees can cause the **boss** to lose face.



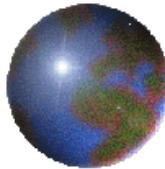


# China

- ➊ Employee relations
  - ▣ 1509 **strikes** in 2024 (more in 2025).
    - **Collectivist culture**
    - Workers are **deferential** to managers as individuals, but will **protest** as a group.



Laid-off workers smash an office at toy factory in Dongguan

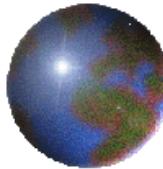


# China

## • Employee relations

### ■ Expect **nepotism**

- Hiring **relatives** can **benefit** the company.
- The boss knows their strengths and weaknesses.
- Relatives may **work harder** for the boss than others, due to **filial piety** (孝, *xiào*) – the bedrock of Confucian culture.



# China

## ◆ Employee relations

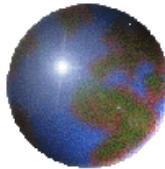
### ■ Expect **nepotism**

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### ■ Example: LKK (Lee Kum Kee)

- Highly successful Hong Kong-based food products firm. Markets in >100 countries (including Qatar).
- Purchased “Walkie-Talkie” tower in London.
- Chairman Lee Man Tat placed sons in top management positions. They agreed due to filial piety.
- Mr Lee was careful to placate expats from rule-based cultures.





# China

## ➊ Doing business in China

### ■ Start by building *guānxì* (关系)

- Mandarin Chinese for *connection* or *relationship*.

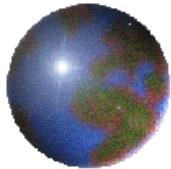
### ■ Exchange favors with business partner.

- Bring him a gift on first visit.
- Arrange a fine dinner for him.
- Find a buyer for his product in your country.
- Find a job opportunity for his son.

### ■ You are either friend or foe.

- If foe, you will lose.
- You want to be a friend.





# China

*Example:  
Lodging in Paris*

## Doing business in China

### ■ *Guānxì* is not quid pro quo or bribery.

- It is a long-term relationship of mutual obligation and mutual aid.
- May take **years** to build.
- Explore business ventures of mutual benefit.

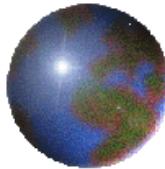
### ■ Rely on *guānxì* rather than legal sanctions.

- Failure to follow through **disrupts** *guānxì*.
- No one wants to lose a valuable business relationship.
- Don't ask to see company financials.
- Always **maintain composure** and respect **face**.

### ■ There may be no "deal."

- Contract, if it exists, is only a memorandum of understanding.
- It is subject to revision as circumstances change.





# China

## ➊ Doing business in China

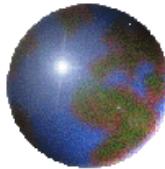
### ▣ Read up on business etiquette

- Learn how to exchange business cards.
- Don't announce your name verbally.
- Avoid direct eye contact, especially with superiors.
- Never refuse welcoming tea.
- Business attire for men

### ▣ At meals...

- There may be an initial toast.
- Let host fill your teacup.
- Chinese are fun-loving. Join in.
- If you are clumsy with chopsticks, no problem, just laugh about it.



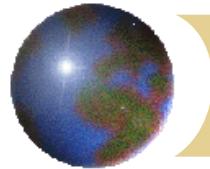


# China

## ◆ China around the world

- Chinese diaspora.
  - **Uncertainty tolerant culture:** Chinese will live anywhere, go anywhere.
- Chinese have excelled at international business for centuries.
  - Most of the world today is more comfortable with their relationship-based style.
- Belt and Road aims to continue this tradition.
  - Also known as the **New Silk Road**.

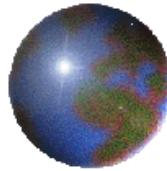




# South Asia

## *India*



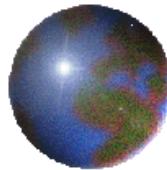


# India



## Qatar-India Business Council explores trade and investment relations

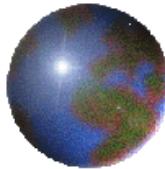




# *India*



The new Mumbai (population 26 million, and growing)

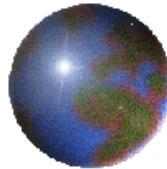


# India

## ➊ Land of **infinite complexity**

- ▣ Every statement about India is wrong.
  - Including this one.
- ▣ About 2000 ethnic groups
  - 22 official languages.
  - 700+ languages overall.
- ▣ Many religious practices
  - Hindu, Muslim, Christian, Sikh, Buddhist, Jain, Parsi
- ▣ There is **one constant...**





# India

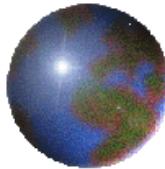
## ➊ Networking is the key to everything

- ▣ Indians are the world's consummate networkers.
  - They work through **extended family** and **friends**.
  - The **only way** to get things done.

*Example:  
Work visa*

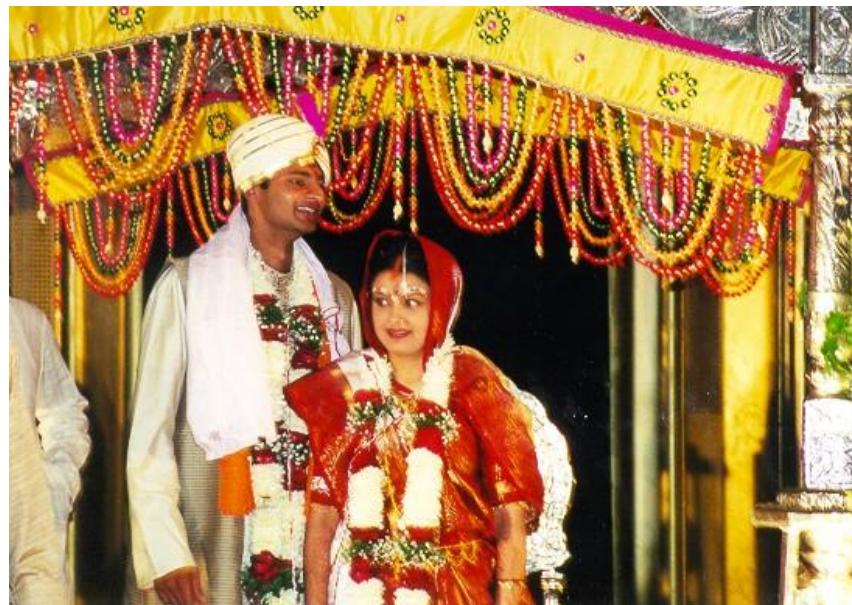
*Example:  
PhD student jobs*



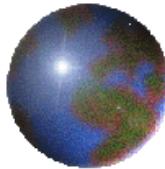


# India

- Weddings can go on for **days**, and attract people from around the world. Why?
  - A marriage **joins two networks**.
  - Everyone must **get connected** with the other network.
  - This makes the choice of mate very important.



Bride & groom  
at wedding ceremony



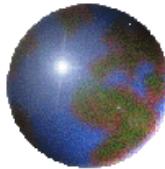
# India

- ➊ Strong on **intellectual capital**

- Information technology and software
- Top-flight universities
  - 3% Harvard acceptance rate
  - 4% Stanford, MIT
  - **1% Indian Institutes of Technology (IITs)**
- English language fluency
  - A big advantage economically

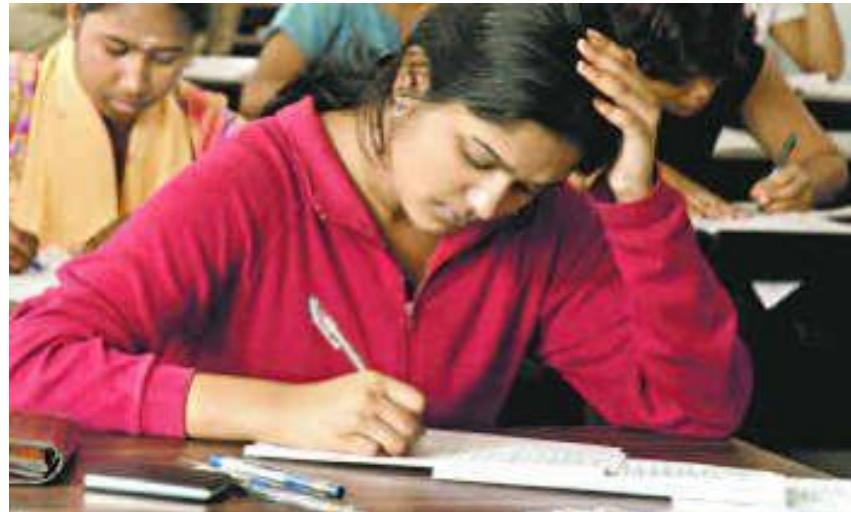


IIT Madras (Chennai)

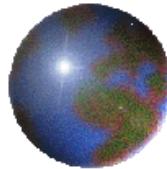


# *India*

- ➊ Strong on **intellectual capital**
  - ▣ Cope by **mental discipline**
    - Rather than engineering the environment.
  - ▣ Today, **yoga** = studying for the exam.



Taking college entrance exam

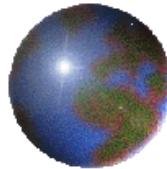


# India

## ➊ High-context society

- ▣ Rely on Indians for **advice** and **assistance** in business and everyday life!
  - However, there is a sophisticated legal system inherited from the British, which benefits from Indian intellect and verbal fluency.





# India

- ◆ Comfortable with **travel** and **relocation**.

- ▣ Due to network-based relationships.
    - Everyone keeps in touch electronically.
    - No need for supportive or familiar environment.

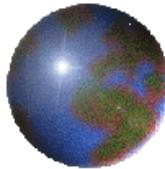
- ◆ **Top-down** management

- ▣ But staff can politely discuss company policy.

- ◆ Strongly **polychronic**

- ▣ But don't keep the boss waiting.

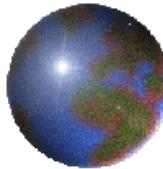




# India

- ➊ Meetings are informal.
  - ▣ Except high level business, government.
  - ▣ For men:
    - White long-sleeved shirt and tie.
    - Business suit in high-level corporate or government context.
    - Casual in smaller firm or startup. Avoid short sleeves, short pants.
    - A thobe is generally acceptable in public, but **not** in a business setting.
  - ▣ For women:
    - Saris are popular with Indian women, but foreigners should bring **their own attire** (non-revealing).
    - An abaya (or sari-abaya) is perfectly OK in public, usually OK in business setting.





# India

- ➊ Names can be long and complex

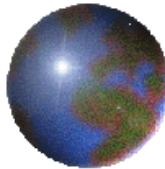
- Only Indians can decipher them.

- ➋ Shortened form often used

- Titles affixed to given name.
  - When in doubt, **just ask.**



*M. Vidyasagar*  
(short for *Mathukumalli Vidyasagar*)  
Addressed as *Dr. Sagar*

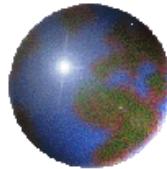


# India

## ❖ Money

- ❖ Two Hindi-derived words you **must** know:
- ❖ **Lakh** = 100,000
- ❖ **Crore** = 10 million
  - These terms are used for money (rupees) in **English** as well as Hindi.



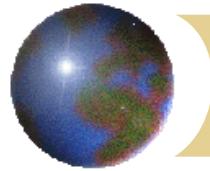


# *India*

## Anecdote



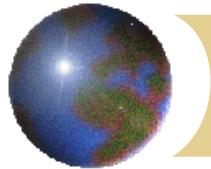
Conference room, India Ministry of Defence



# Middle East

## *Turkey*





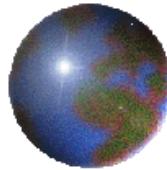
# Turkey



**Qatar, Türkiye Business Forum reviews bolstering trade and investment cooperation**



08-02-2024



# Turkey

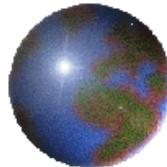
- ➊ A blend of Europe, Asia, and Middle East

- ▣ ...and of rule-based and relationship-based culture

- But the latter is more pervasive.

İstanbul,  
Largest city in Europe

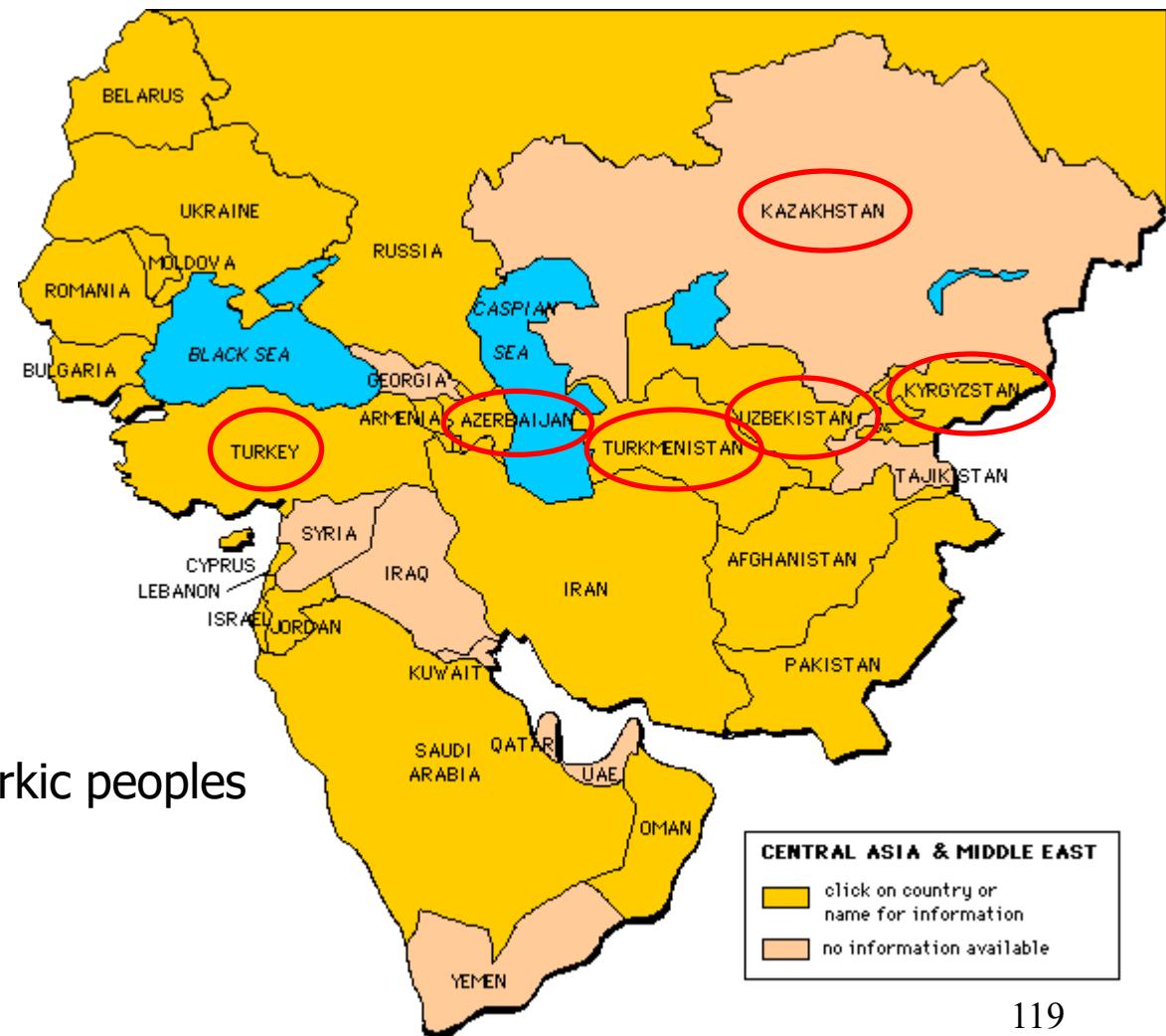


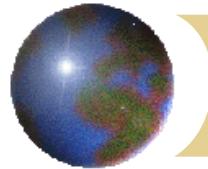


# Turkey

- ➊ Asian roots
  - ▣ But a Muslim population
  - ▣ with close ties to Europe

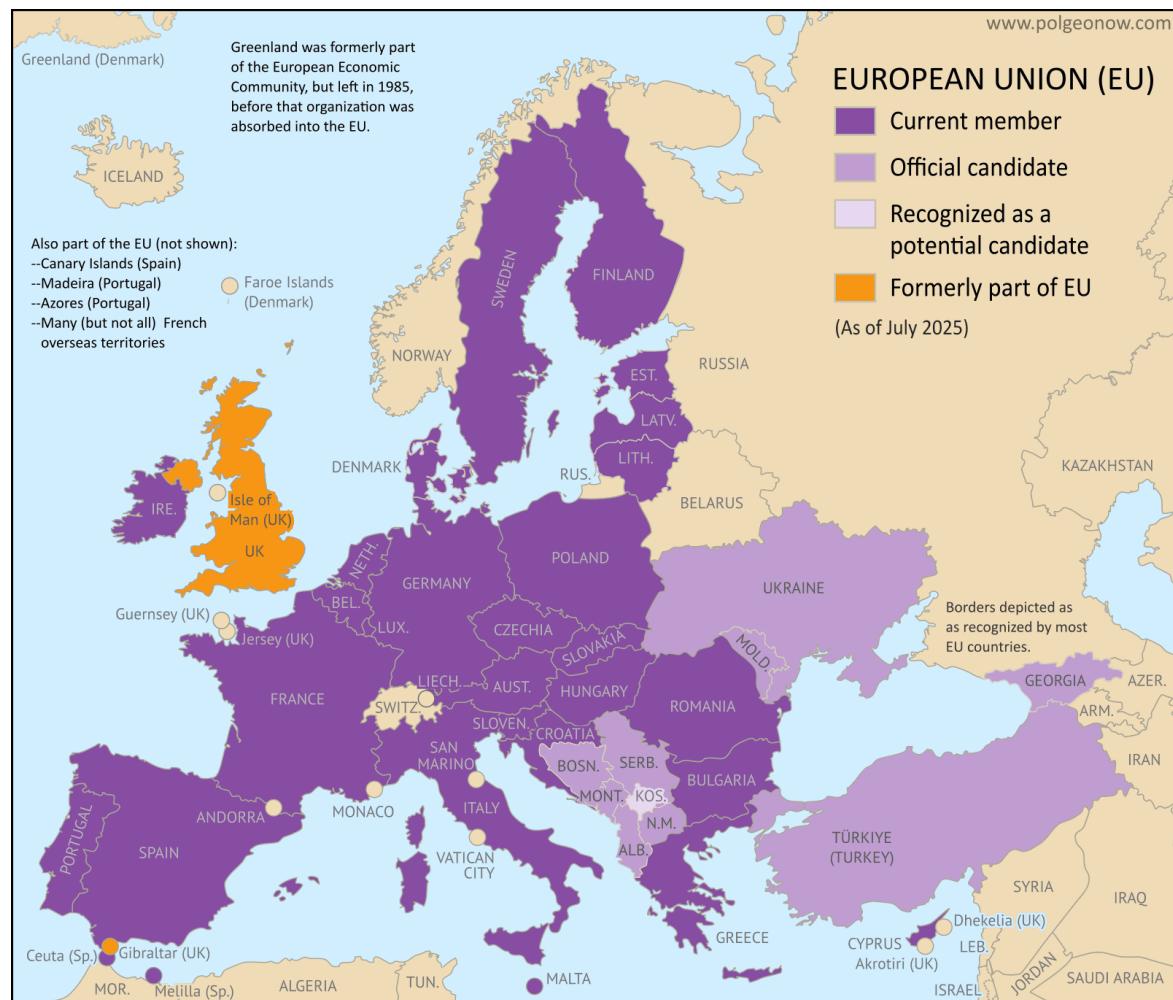
Migration of Turkic peoples

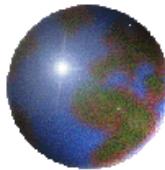




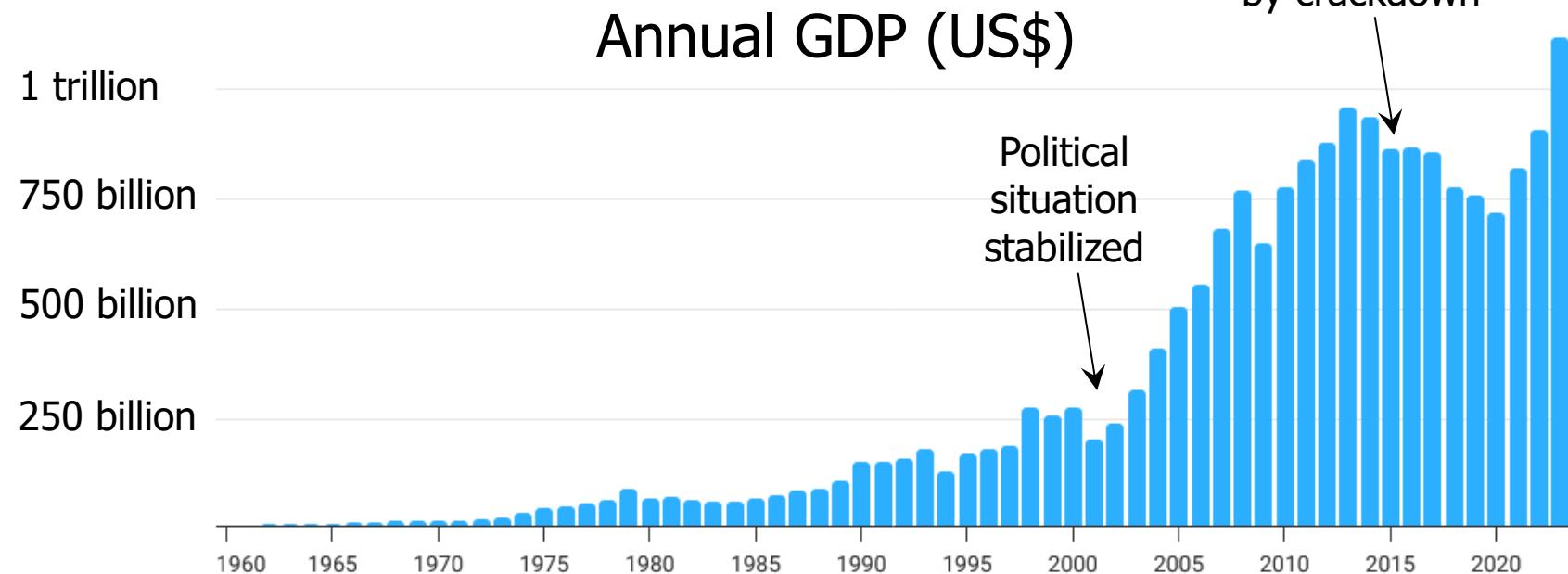
# Turkey

- A candidate for EU membership
- But negotiations stalled since 2016
  - Currency is Turkish *lira*



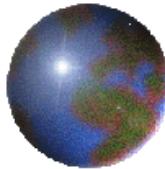


# Turkey



Top trading partners: Germany, China, Russia

A fair number of Turks speak German, due to work experience there. Business professionals and academics commonly speak English.

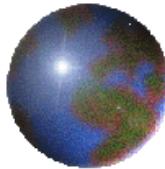


# Turkey

## ➊ Getting started.

- Begin with hearty greeting
  - Show that you like your Turkish hosts and enjoy their **hospitality**.
  - Relate to your hosts as human beings as well as business people.
- Business presentation can be similar to Europe or USA.
  - Turkish business people are **cosmopolitan** and adapt to different styles.
  - Dress is formal business attire.
- Register a business in Turkey.
  - Usually LLC (Ltd Şti) or joint stock company (A.Ş.)



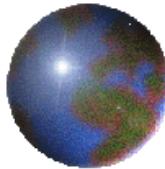


# Turkey

## ❖ Business relationships.

- ❖ Can do business soon after getting acquainted.
  - But **personal relationships are important in the long run.**
  - Networking may stem from school and military.
- ❖ Comradeship is important
  - Honesty is essential.
  - No pretense.
  - Possible lifelong friendship.
  - Note that Turks are extremely patriotic.





# Turkey

- Business relationships.

- An Islamic country.

- But many smoke and/or drink alcohol.
    - No problem if you abstain.
    - Ramadan not strictly observed in cities.



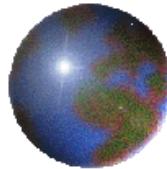
Candy store stocked for *Şeker Bayramı*, celebrated at end of Ramadan



*raki*, said to be national drink



*çay* (tea), truly a national beverage



# Turkey

## ➊ Employee management

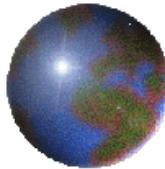
- **Top-down** management style.
  - But employees may want to **negotiate** with the boss.
  - **The boss should oblige!**
  - But make the final decision.
- Domestic education is **world class**.



Bilkent  
University



Middle East  
Technical University



# Turkey

- ➊ Preference for **high-context** commerce

- That is, one-on-one **negotiation**.

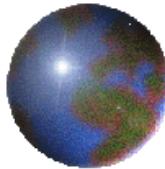
- As opposed to posted prices, as in low-context cultures.
    - Can negotiate even in department stores.

- Turks are master negotiators.

- Haggling over price is a **favorite sport** and a kind of cultural glue.

*Example:  
Carpet shop*





# Turkey

## Skit: The Carpet Shop

*Swedish tourist walks into a carpet shop.*

*Salesman: Buyurun, efendim. Oturun.*

*Tourist remains standing.*

*Salesman (offering cigarette): İçiyor musunuz?*

*Tourist: Teşekkür ederim. Sigara kullanmıyorum.*

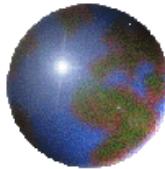
*Salesman: Çok iyi. Ben de bırakmak istiyorum. Çay?*

*Tourist: Teşekkür ederim. Kilimlere bakmak istiyorum.*

*Salesman: Tabii efendim. Buyurun, oturun.*

*Tourist remains standing.*





# Turkey



*Tourist:* Acelem var. İşime gidiyorum.

*Salesman:* Taman abi. Kilim mi, halı mı istiyorsunuz?

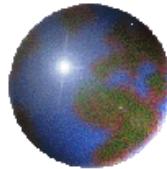
*Tourist:* Kilim.

*Salesman:* Hangi renk? (*Holds up a rug.*) Bu mavi kilim çok güzel.

*Tourist:* Güzel. Ama ben yeşil istiyorum.

*Salesman:* (*pulls out a green rug*) Bu motif nasıl?

*Tourist:* Şu motif çok güzel. Çok iyi, ama kilim çok büyük.



# Turkey

*Salesman:* Bir dakika. Daha küçük istiyorsunuz....

*Salesman finds a smaller version.*

*Salesman:* İşte! Hemen hemen aynı, ve daha küçük.

*Tourist:* Evet, çok güzel. Ne kadar?

*Salesman:* Bu kilim çok özel, kaliteli.

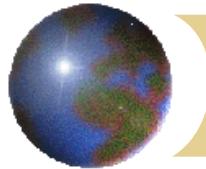
*Tourist:* Kaç para?

*Salesman:* Bin Türk lirası.

*Tourist:* Allah Allah! Şaka yapıyorsunuz. Dokuz yüz?

*Salesman:* Bin lira efendim. Pazarlık yapmıyoruz bu dükkannda.



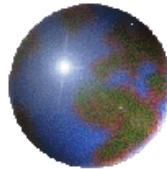


# Africa

## Zimbabwe

Named for *Great Zimbabwe* = royal *palace of stone* in medieval capital city





# Zimbabwe

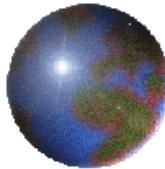
HeraldOnline

## US\$19 billion investment windfall . . . Qatar's royal family arrives for strategic partnerships

 Online Reporter • Herald • August 23, 2025 •  0 Comments



Rutendo Nyeve in VICTORIA FALLS



# Zimbabwe

## ➊ Land of **Shona** and **Ndebele** peoples.

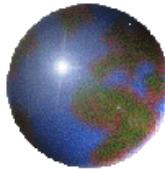
*Example: Ian Smith*

### ▣ Formerly, British colony Southern Rhodesia.

- Independence in 1980 following **civil war** against Ian Smith.
- Still recovering from massive **culture clash** during colonial era.
- The dominant Shona culture has experienced **less disruption** than most post-colonial African cultures.
- A “**forgive & forget**” culture, Zimbabweans don’t hold a grudge against former colonial masters.



Harare, capital city



# Zimbabwe

- ➊ Land of Shona and Ndebele peoples.

- ▣ Ethnic makeup (estimates)

- 71% Shona
    - 16% Ndebele
    - 11% other African
    - 1% mixed
    - <1% European

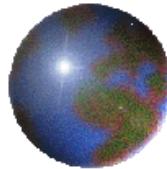
- ▣ Primary languages

- chiShona (75-80%)
    - English (60-90%)
    - isiNdebele (10-20%)

- ▣ Focus here is on Shona culture.

Shona family in rural village, Manicaland





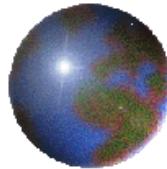
# Zimbabwe

## ❖ Business prospects.

- ❖ Substantial growth in recent years
  - After currency stabilization.
- ❖ Development potential
  - Minerals, solar energy, agriculture
  - Population is keenly pro-education.
- ❖ But risk of instability
  - Economic & political

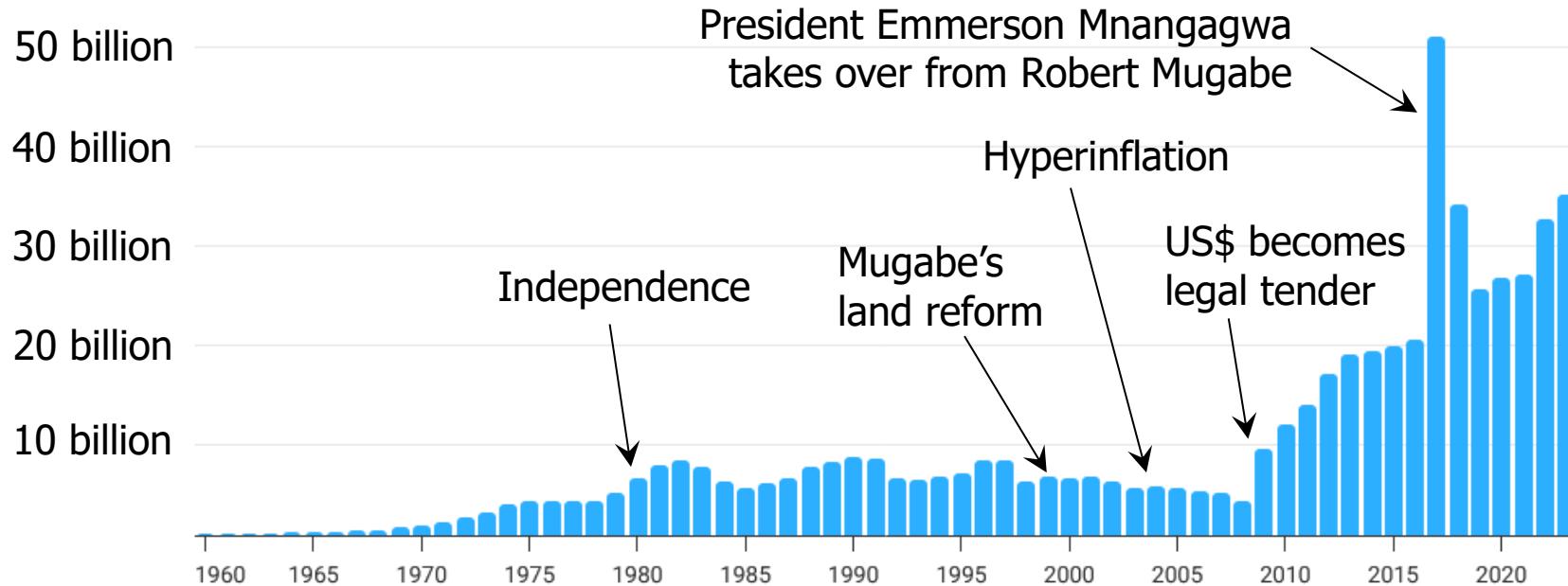
Chinese ambassador promoting business with Zimbabwe





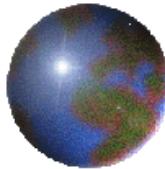
# Zimbabwe

## Annual GDP (US\$)



ZiG (Zimbabwe Gold) became official currency in 2024. Unclear whether it will eventually replace US\$.





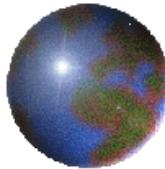
# Zimbabwe

## ➊ Getting started

- ▣ **A relationship-based, top-down business culture**
  - **Start at the top:** Make contact with high government officials and influential business people.
  - This is easier for **large corporations**.
  - Send your **CEO or other high ranking company executives**.
- ▣ **100% foreign-owned business is possible**
  - But registration, investment license, etc., are necessary
  - Include **locals on board of directors** to make personal connections and navigate regulatory environment



Kudakwashe Tagwirei, influential businessman



# Zimbabwe

## ➊ Employee management

- The boss is **the boss**.
  - Can be harsh at times.
- But the culture is **strongly collectivist**
  - Ethic of **cooperation** and **mutual support**.
  - **No interest in competition** among employees.
  - Incentives that inspire competition are **seriously disruptive**.
  - Emphasize the well-being of the **staff as a whole**.
- Keen interest in **learning**.

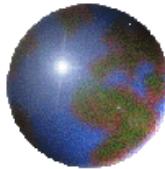
*Example: Greeting ritual*

*Example: School fees*

*Example: Class presentations*

*Example: Class attendance*





# Zimbabwe

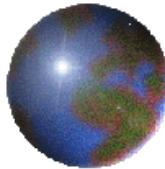
*Example: Textbooks*

- ➊ Employee management

- ▣ Employees are deferential individually, but not collectively.
    - **Strikes** are common.



Union-sponsored teachers strike



# Zimbabwe

## ➊ Personal relations

### ▣ Acknowledging others

- During a business presentation, recognize some members of the audience **by name** for their accomplishments.
- Greet coworkers you pass in the hall, even 2 or 3 times a day.

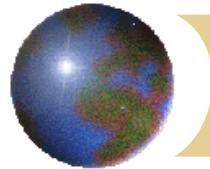
### ▣ Laughter and amusement

- are a distinctive Shona **coping device** for getting through the day.

### ▣ Enjoy Shona courtesy, empathy, and concern for others.



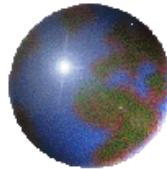
*Example: Laughter on bus*



# Latin America

## *Brazil*





# Brazil

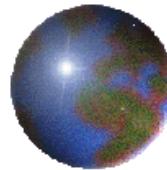


وكالة الأنباء القطرية  
QATAR NEWS AGENCY

## **Qatari-Brazilian Business Meeting Discusses Strengthening Investment Partnerships**

30 Sep 2025 4:46 PM

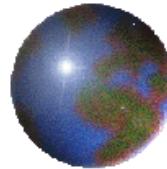




# Brazil

São Paulo, business center of Brazil

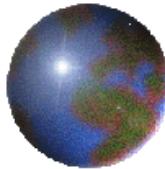




# *Brazil*

## Rio de Janeiro



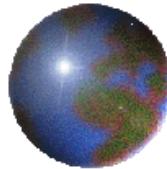


# Brazil

## ➊ A blend of ethnic groups

- ▣ Portuguese, German, Italian, Lebanese, Japanese, etc.
  - About 55%
- ▣ African, indigenous
  - About 7%
- ▣ Mixed background
  - About 38%





# Brazil

## ■ Example: Ethnic diversity of recent Presidents



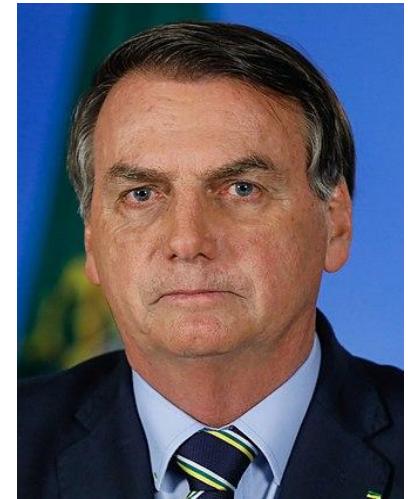
Luiz Inácio  
Lula da Silva  
2003-2011, 2023-  
**Portuguese**



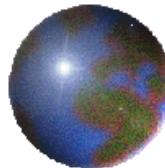
Dilma Rousseff  
2011-2016  
**Bulgarian**



Michel Telmer  
2016-2019  
**Lebanese**

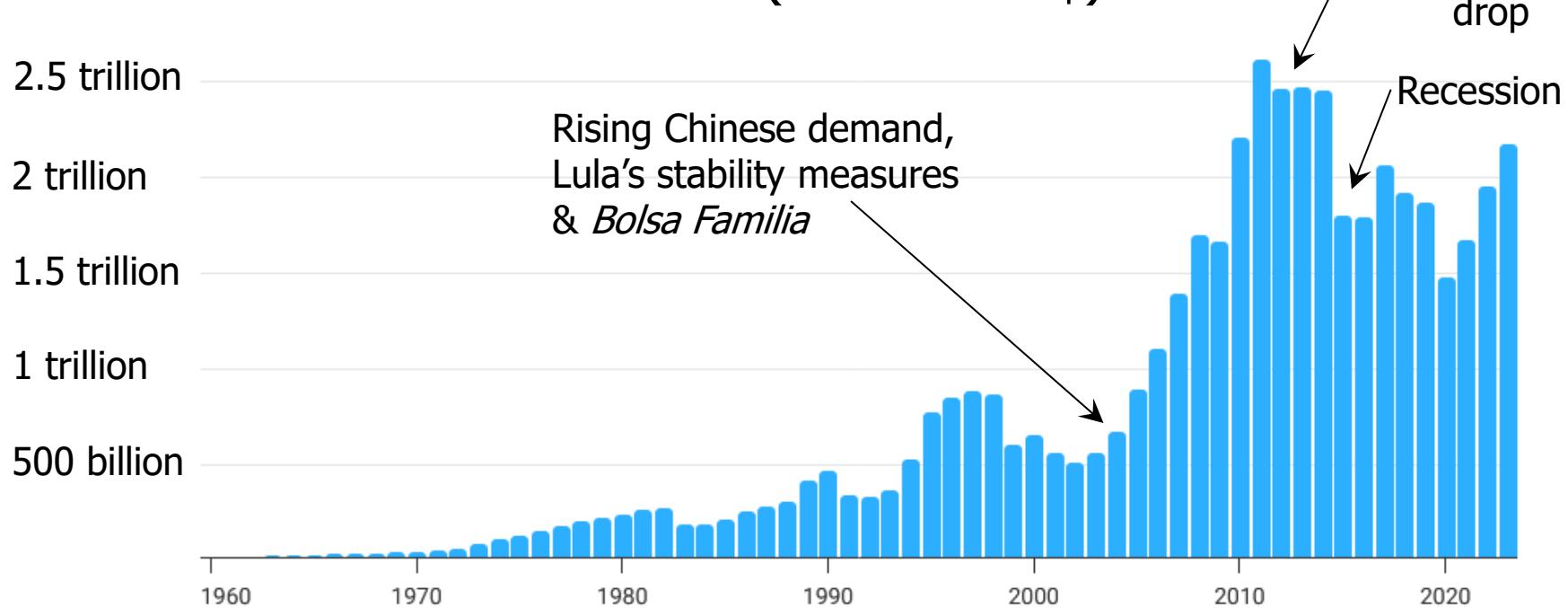


Jair Bolsonaro  
2019-2022  
**Italian/German**

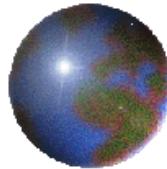


# Brazil

## Annual GDP (current US\$)



Largest economy in Latin America, followed by Mexico  
Excitement over BRICS (Brazil, Russia, India, China, S. Africa) has faded,  
but greater non-Western bloc continues to gain influence.



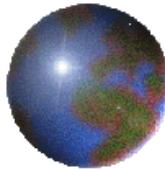
# Brazil

## ➊ Polychronic culture

- ▣ Expect interruptions
- ▣ Be late for social occasions
  - But on time for business, particularly in São Paulo.
- ▣ Expect last-minute arrangements, changes.
- ▣ Rely on ***jeitinho*** !
  - Relax, friends will take care of you.

*Example: Residence in Campinas*



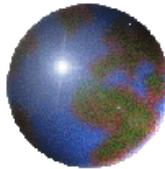


# Brazil

## ➊ Collectivist culture

- Family important
- Develop friendships quickly
  - Opposite of Europe.
- First-name basis
  - but titles important.
- Expect nepotism.
- Extremely proud of their country
  - And football (soccer) team!
- Friends will help you stay safe.





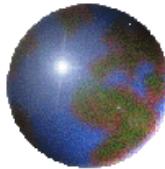
# Brazil

## ➊ Uncertainty avoiding

- May be reluctant to take risks.
- Decision making slow.
- Complicated bureaucracy
- Hire a *despachante*
  - Not the same as a *wasta*.

*Despachantes* are so important to making things run in Brazil that a holiday is dedicated to their honor.



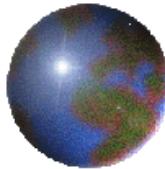


# Brazil

## ❖ Business meetings

- ❖ Shake hands with everyone.
- ❖ Formal business attire
- ❖ Direct eye contact
- ❖ Have business card handy.
- ❖ Expect backslapping, touching arm or shoulder.



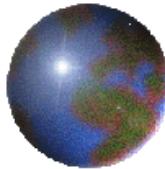


# Brazil

## ➊ Negotiation

- Negotiate with the person, not the company.
  - A new team may have to renegotiate everything.
- Spend **much time** going over details.
- Nonconfrontational
- Draw up contract later.





# Brazil

## ❖ Banking and money

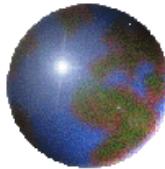
### ❖ High-tech banking sector.

- Relatively little cash used.
- Don't use ATMs
- You can make **your own international bank transfers**.

### ❖ Elections also hi-tech.

- Voting mandatory



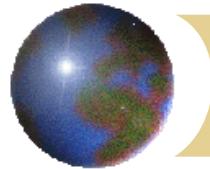


# Brazil

## ➊ Social occasions

- Essential for building relationships.
- Long lunch
  - Often the main meal, except for dinner party.
  - Office-related dinners in restaurants
- May be invited to home barbecue.
  - Arrive **late**.
  - Can bring gift or send flowers later.
  - Avoid sensitive topics – crime, corruption, rainforest, poverty, Argentina

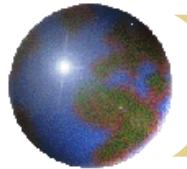




# North America

## USA





# USA

## USQBC Business Portal

The newly developed USQBC Business Portal is a one-of-a-kind platform that covers every single US state and the Qatar market and is your first step to doing business between the two countries.

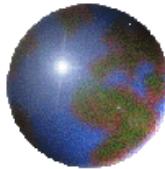


This website provides **comprehensive state-specific guidance** for doing business in or with the USA



**USQBC Hosts Evening Reception with Senior US and Qatari Officials on Sidelines of SelectUSA Investment Summit**

May 12th, 2025

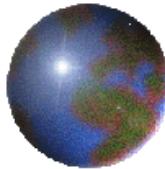


# USA

- ➊ **Strongly rule based**

- Decisions based on **law, efficiency, bottom line.**
  - **Highly litigious:** Lawsuits are routine.
- Hiring can be based on **resumes** rather than connections.
  - Now, AI-powered.
  - Connections often help, of course.



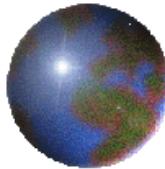


# USA

## ➊ Strongly polychronic

- ▣ Punctuality essential.
  - Apologize if 3 minutes late.
- ▣ Constant time pressure.
  - Frenetic lifestyle, deadlines.
- ▣ Long work hours
  - Short paid vacation (e.g., one week per year).
  - May be pressured to forgo holiday.
  - Expect to be on email at night, during holiday.





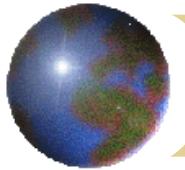
# USA

## ➊ Strongly individualist

- People are responsible for themselves
  - **Individual initiative** expected.
  - People are blamed even for **illness**.
- “**Can do**” culture.
- “**Masculine**” culture.
  - Business is fiercely competitive.
  - Coworkers compete for promotions and survival in the firm.
  - Firms try to encourage teamwork.
  - Huge literature on group dynamics.
- **Work comes before family.**
  - Constant struggle to balance them.



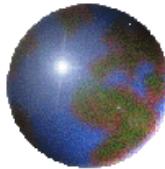
Myth of the cowboy and rugged independence 158



USA

- An extremely **low-context** culture
  - Written policies and instructions.
    - Everyone is expected to **read them**.
    - Time off, benefits, etc. are **by the book**.
  - Employees can speak **frankly**.
    - ...subject to “political correctness.”
    - But must **back up** claims with data.
  - **Contracts** are long and detailed.
    - Beyond ability of non-lawyers to absorb.
    - Nothing matters unless it is in the contract.
    - Strict accounting standards (GAAP).



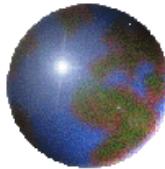


# USA

## ➊ An **uncertainty tolerant** culture

- ▣ Inherited from British
  - ...and population of adventurous **immigrants**.
- ▣ Steady stream of business **startups**.
  - ...even though most fail.
  - ...and despite dominance of large corporations.
  - Successful tech startups often sell out to tech giants.
- ▣ System made for **entrepreneurship**.
  - **Easy** to charter your own corporation.
  - Debt and equity financing available.
  - Many sources of **venture capital**.



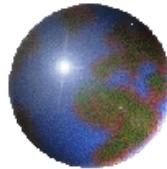


# USA

## ➊ Strong regional subcultures.

- ▣ ...which modify the cultural traits just described.
  - Regional differences today are **stronger than ever**.
- ▣ One's subculture is usually not determined by one's ethnic background.
  - Intermarriage has dissolved most ethnic groups.
  - Except for recent immigrants.
  - Regional subculture is largely determined by the ethnic group that first settled the area.





# USA

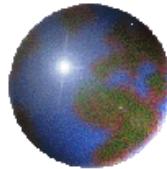
## Major regional subcultures

of U.S., Canada, and parts of Mexico

*Example: Texas*



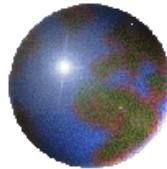
From *American Nations* by Colin Woodard  
The only book that gets it right



## **Part III**

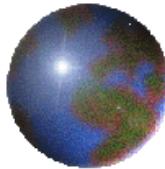
# **A Cross-cultural View of Corruption**

- ❖ What is corruption?
- ❖ Kodak in Taiwan
- ❖ Financial crisis of 2008
- ❖ Mattel in China
- ❖ Garment industry in South Asia



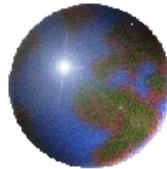
# *What is corruption?*

- ➊ **Corruption** is activity that **corrupts**.
  - ▣ It **undermines** the cultural or business system.
  
- ➋ Corruption occurs **everywhere**.
  - ▣ But takes **different forms** because the systems are different.



# *What is corruption?*

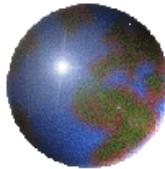
- ➊ **Bribery** is more common in **relationship-based** cultures.
  - A shortcut to true relationship building.
  - Occurs due to **importance of relationships**.
- ➋ **Cheating** is more common in **rule-based** cultures.
  - Undermines adherence to rules.
  - Occurs due to **light supervision**.



# *Kodak in Taiwan*

- ➊ Example of corruption in a **relationship-based** culture
- ➋ U.S. manager was posted in Kodak's Taiwan branch.
  - ▣ He met with a team representing a potential supplier.
  - ▣ When the team left, he noticed that one of them left his briefcase.



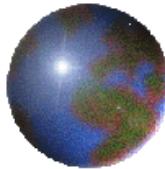


# *Kodak in Taiwan*

- While looking for the owner's name, he found the case to be full of **cash**.



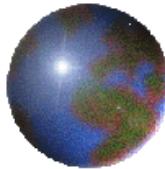
- **Kickbacks** ("commissions") are common in some industries.
- They are a form of **bribery**.



# *Kodak in Taiwan*

## ◆ Some definitions

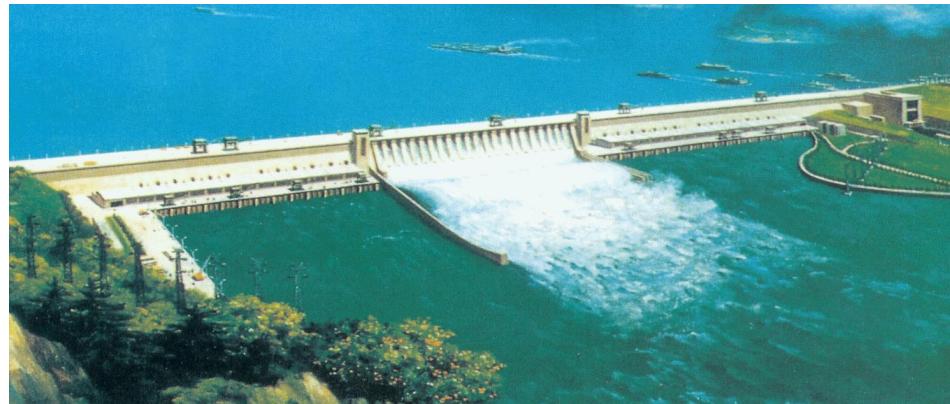
- A **bribe** is a side payment intended to influence a decision.
  - Such as a purchasing decision.
- An **extortion payment** is required to obtain something to which you are already entitled.
  - Such as a permit to do business.
- A **facilitating payment** is a small, routine extortion payment.
  - Such as to obtain timely customs clearance.

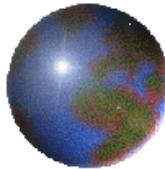


# *Kodak in Taiwan*

- ➊ Bribes and kickbacks **undermine *guānxì*.**
  - ▣ They don't provide the stable, long-term relationships required by a complex civilization.

Three Gorges Dam,  
Yangtze River, China





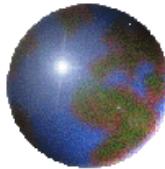
# *Kodak in Taiwan*

- ➊ Bribes and kickbacks **undermine *guānxì*.**
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Three Gorges Dam,  
Yangtze River, China



- ▣ U.S. manager's response.
  - He asked a trusted subordinate to return the briefcase to the owner.
  - Sent a vague-worded message to the owner's boss that he was returning "lost property." Otherwise, the manager would think the money was delivered.



# *Kodak in Taiwan*

- Lesson:

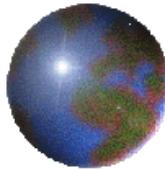
- **Bribery** is corrupting, ***guānxì*** is not.

- ***Guānxì*** is an example of **responsible cronyism**

- = dealing with friends because you **trust** them to **deliver for the company**.
  - Often **not corrupting** in relationship-based cultures.

- **Irresponsible cronyism**

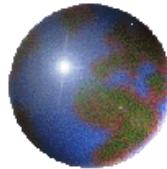
- = dealing with friends **simply because they are friends**.
  - **Corrupting** almost anywhere.



# *Financial crisis of 2008*

- ➊ Example of corruption in a **rule-based** society.
- ➋ U.S. “subprime” mortgage lenders granted loans to customers who were **unqualified**.
  - ▣ Why? The **lenders** didn’t care about the risk because they sold the mortgages to big banks.
    - The **big banks** hid the mortgages in complex securities.
    - **Ratings agencies** gave the securities AAA ratings to avoid losing the banks as clients.
    - When the borrowers **defaulted**, the securities became worthless.
  - ▣ A **global credit freeze** resulted.



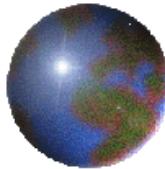


# *Financial crisis of 2008*

## ➊ Lesson:

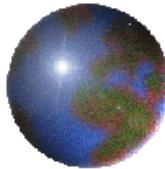
- Lenders, banks, and ratings agencies **cheated** by breaking the rules.
- This occurred because **no one was watching**.





# *Corruption when cultures mix*

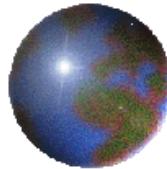
- ➊ Corruption can occur when rule-based and relationship-based cultures **interact**.
  - ▣ As when **supply chains** reach from one to the other.
  - ▣ Two case studies:
    - Mattel in China.
    - Garment industry in South Asia.



# *Mattel in China*

- ➊ Mattel discovered that many of its toys were coated with **lead-based paint**.
  - ▣ Toys were sourced **from China**.
  - ▣ Lead can cause irreversible **brain damage** in children.
  - ▣ Mattel recalled about **1 million** toys.
  - ▣ What went wrong?





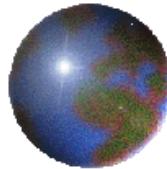
# *Mattel in China*

- ➊ Mattel sourced from Zhang Shuhong.
  - ▣ Manager of Lee Der Industrial Company.
  - ▣ Zhang was totally dedicated to his job.
    - He even lived in a small room at the factory.

Mattel/  
Fisher-Price

Lee Der  
Industrial Co.

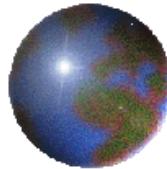




# *Mattel in China*

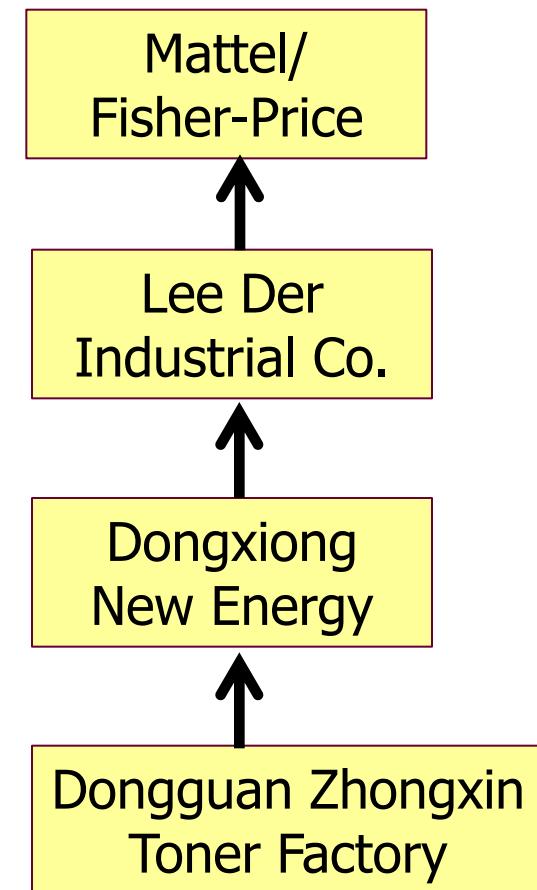
- ◆ Zhang ordered paint from a **trusted *guānxì*** partner
  - ▣ Liang Jiacheng at Dongxiong New Energy.

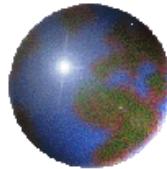




# *Mattel in China*

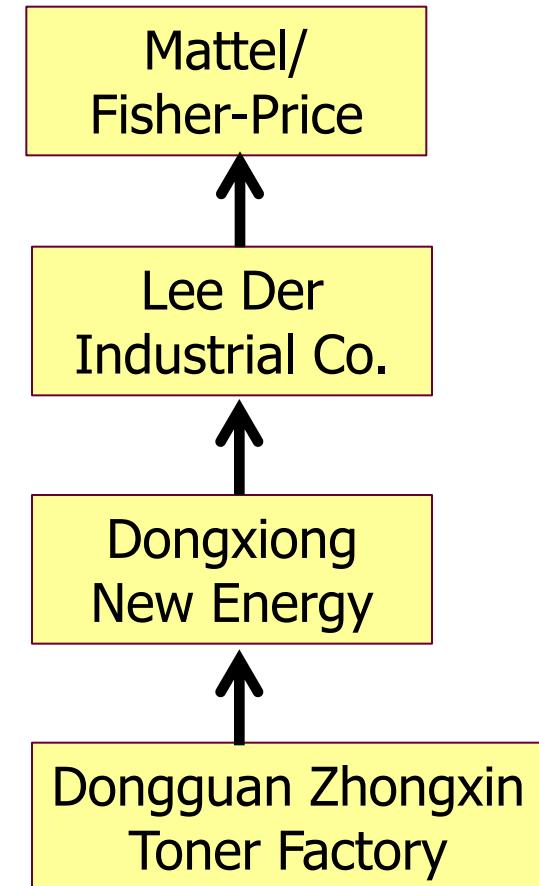
- ➊ Liang was short of pigment.
  - ▣ He ordered it **online** from people he **didn't know**.

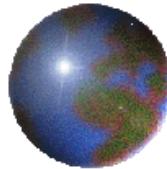




# *Mattel in China*

- ➊ The supplier sent **lead-based** pigment.
  - ▣ Along with a **forged** certificate..





# *Mattel in China*

- ➊ When Mattel discovered the problem...

- ▣ Chinese government **revoked** Lee Der's export license.

- Zhang said good-bye to his workers and hanged himself.



**Chinese Toy Exec Commits Suicide After Recall**



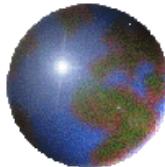
China banned exports from the company

Mattel/  
Fisher-Price

Lee Der  
Industrial Co.

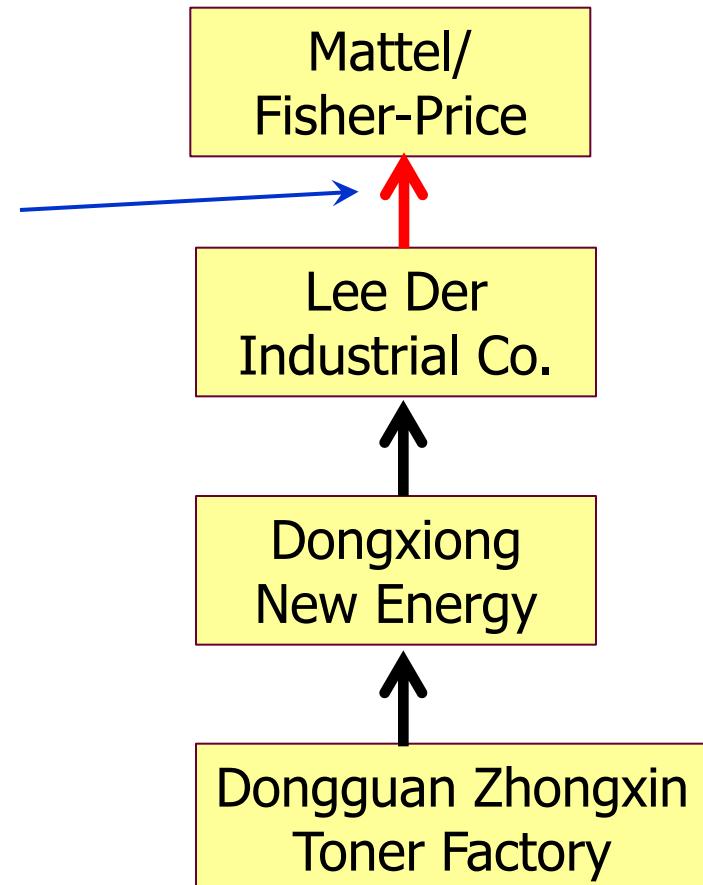
Dongxiong  
New Energy

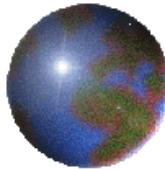
Dongguan Zhongxin  
Toner Factory



# Mattel in China

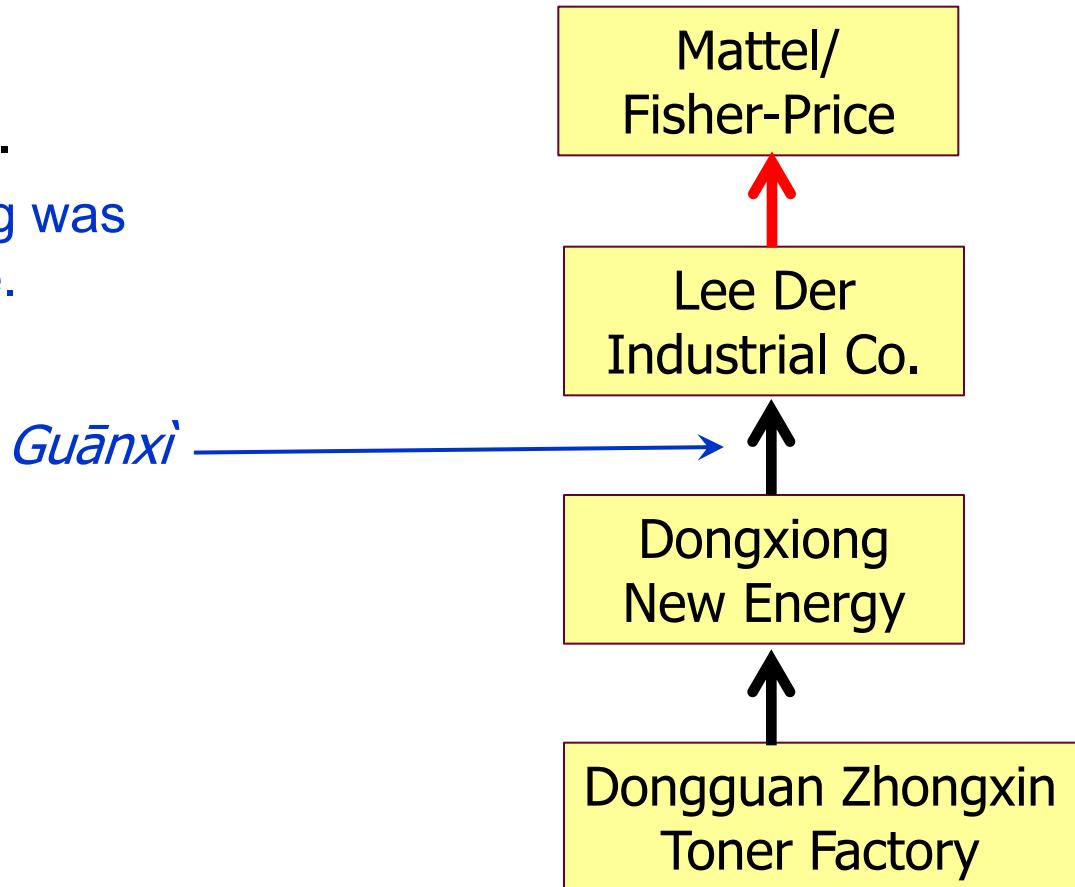
- Weak link in the supply chain.
  - Transition from **contract-based** to **relationship-based** business.
    - The **contract** called for **lead-free certification** testing by Zhang.
    - Zhang considered it sufficient to **trust** his supplier Liang.
    - A Mattel purchaser who had ***guanxi*** with Zhang could have learned this and asked Zhang to test the paint as a favor.

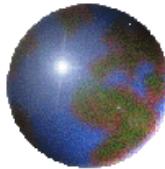




# *Mattel in China*

- ➊ Second link was OK.
  - ▣ Zhang's trust in Liang was culturally appropriate.

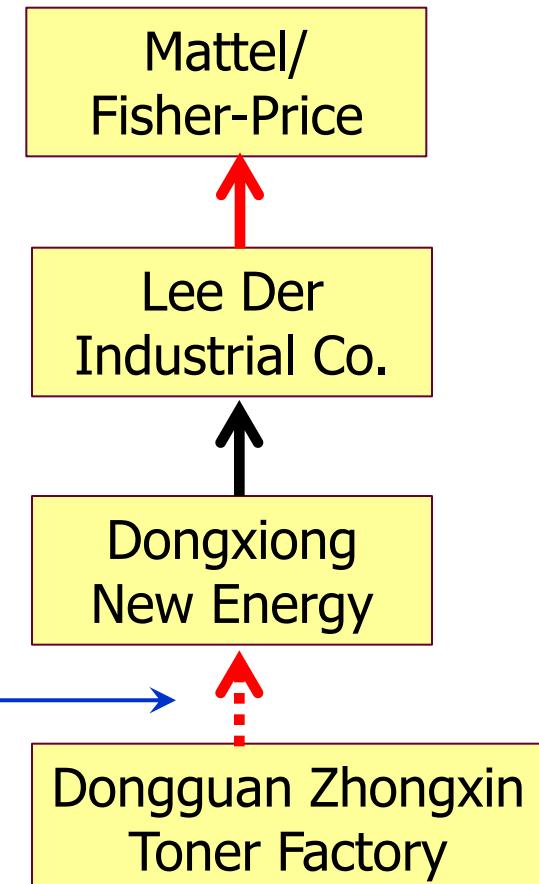


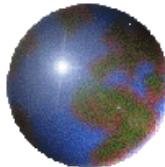


# *Mattel in China*

- ➊ The chain **broke** at the third link.
  - ➋ And tragedy ensued.

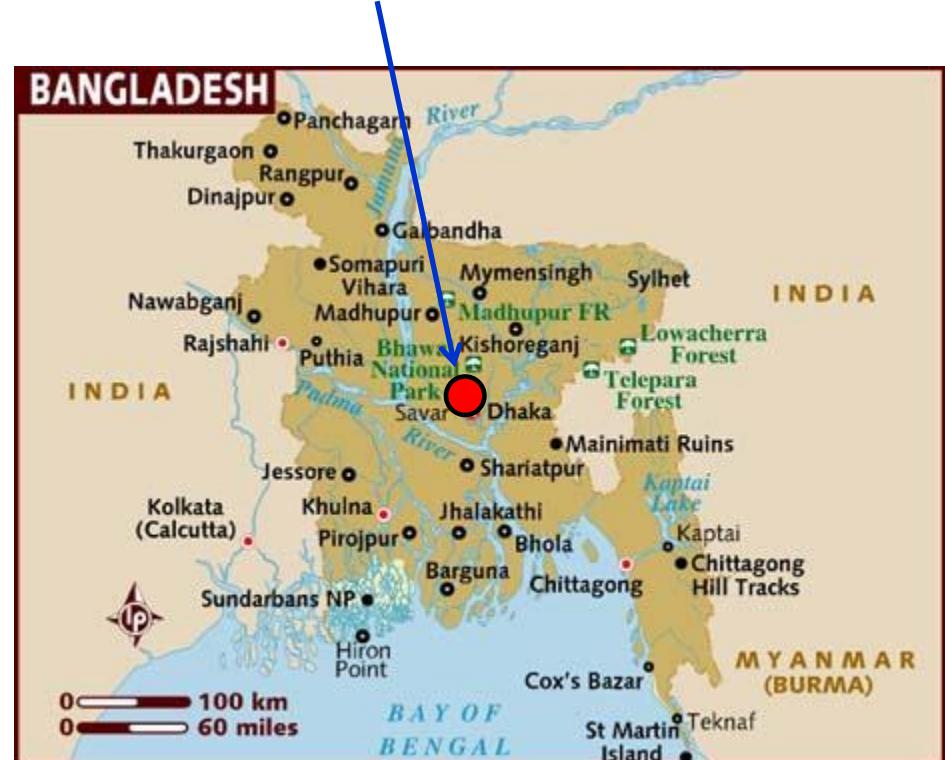
Culturally inappropriate  
trust of an unknown  
person online

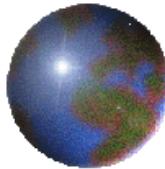




# *Garment industry in South Asia*

- ➊ In April 2013, garment workers in Rana Plaza heard a loud noise.
  - An **8-story complex** containing several **factories**.
  - A **large crack** formed in the building.
  - An engineer urged everyone to **evacuate**.



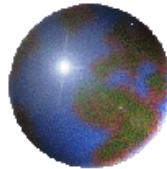


# *Garment industry in South Asia*

- ➊ Landlord Sohel Rana refused to close the building.

- ▣ Factory owners ordered workers to show up the next morning
    - or lose their jobs and several weeks back pay.



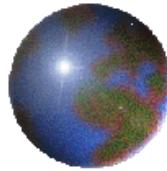


# *Garment industry in South Asia*

- ➊ At 8:45 am, the building collapsed.
  - ▣ 1129 workers killed, >2000 injured



Worst disaster  
in history of  
garment industry



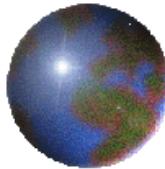
# *Garment industry in South Asia*

## ◆ Why?

- ▣ Multiple safety and building code violations.



Worst disaster  
in history of  
garment industry



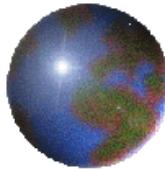
# *Garment industry in South Asia*

- ❖ Journalists found evidence in the rubble that **U.S. and European firms** were sourcing from these factories.
  - ❖ Unsafe factories offer the **lowest price**.
    - Factories are forced to **cut costs** to get contracts with buyers.
    - Yet the buyers **write safety conditions into their contracts**.
    - Why doesn't this work?



Calvin Klein



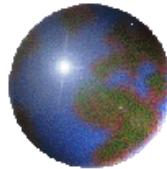


# *Garment industry in South Asia*

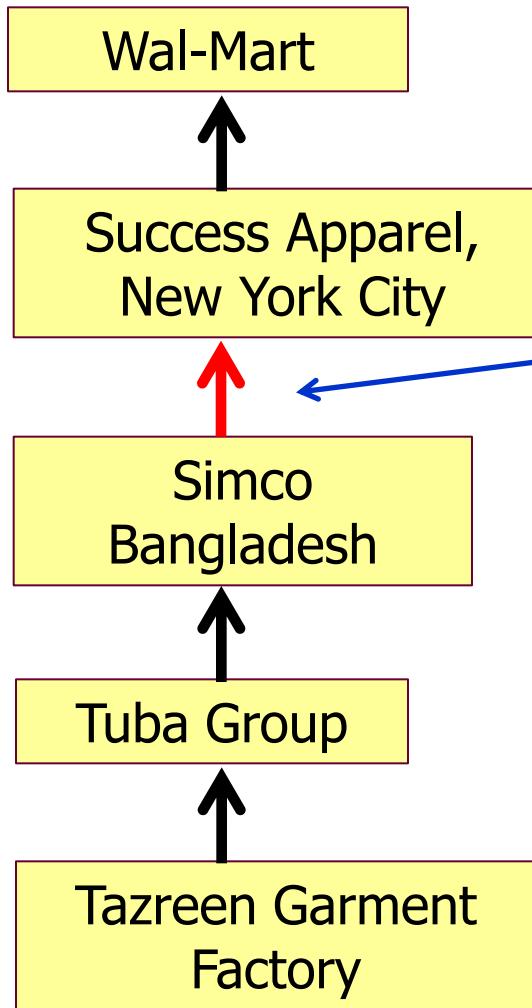
- ➊ Journalists found evidence in the rubble that **U.S. and European firms** were sourcing from these factories.
  - ▣ Unsafe factories offer the **lowest price**.
    - Factories are forced to **cut costs** to get contracts with buyers.
    - Yet the buyers **write safety conditions into their contracts**.
    - Why doesn't this work?
  - ▣ Another factory disaster clarifies the problem...

Tazreen factory fire,  
Dhaka, Nov 2012





# *Garment industry in South Asia*



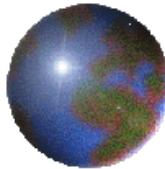
## **Supply chain from Tazreen factory to U.S.**

**Contractual** safety requirements didn't cross the cultural divide.

Tuba sourced from Tazreen because its own Wal-Mart compliant plant lacked capacity.

Desire for worker safety must become part of **relationships** down the chain

and buyers must be prepared to pay for safety.



# *Garment industry in South Asia*

- ◆ Relationships can also convey information about personal reputation.
  - Sohel Rana was locally known to be a corrupt political boss and drug dealer.



Sohel Rana apprehended as he tries to flee the country