

(De)globalization and Business Culture

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Outline

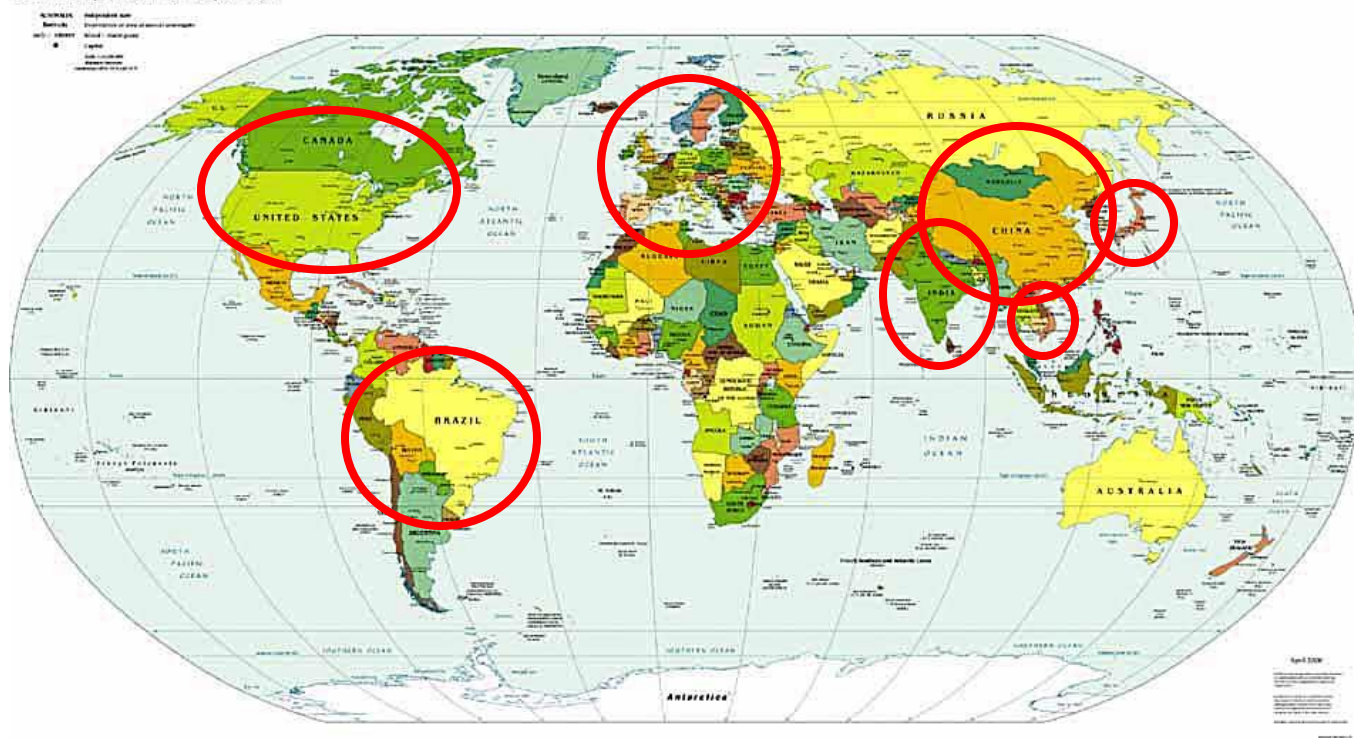
- ⊕ A new economic order.
 - ⊞ Based on cultural comparative advantage.
 - ⊞ Japan, India, Korea, China, the West
- ⊕ Cultural deglobalization.
 - ⊞ Economic and technological basis.



A new economic order

- ✚ Movement toward a **multi-polar equilibrium**.

Political Map of the World, April 2000





A new economic order

- ✚ Based on **comparative cultural advantage**.
 - ✚ Much more than “outsourcing.”
 - ✚ Many countries have cheap labor.
 - ✚ Only a few have become economic powerhouses.



A new economic order

- ✚ Based on **comparative cultural advantage**.
 - ✚ Much more than “outsourcing.”
 - ✚ Many countries have cheap labor.
 - ✚ Only a few have become economic powerhouses.
- ✚ Such as...
 - ✚ Japanese quality.
 - ✚ Indian information technology.
 - ✚ Korean manufacturing.
 - ✚ Chinese entrepreneurship.
 - ✚ Western technological innovation.



A new economic order

✚ Japanese quality

✚ Continuous improvement

- Group oriented, rather than requiring individual reward.
- Maintain group harmony by honoring everyone's ideas.
- Long time horizon.
- *Nemawashi*



Hanko stamp

Traditionally a part of
nemawashi



A new economic order

- Superior operations management
 - Just-in-time inventory management
 - *Kanban* systems minimize rework, maximize flexibility.
 - Lean manufacturing, reduced setup times.



Toyota factory in Japan



A new economic order

❏ Superior operations management

- Just-in-time inventory management
- *Kanban* systems minimize rework, maximize flexibility.
- Lean manufacturing, reduced setup times.

❏ Outgrowth of *keiretsu* (formerly *zaibatsu*).

- Old-boy networks, trust relationships.
- *Keidanren*.



Toyota factory in Japan



A new economic order

❖ Indian information technology

❖ Pantheism vs. secularism

- No need to maintain & manipulate nature.
- Other coping mechanisms

❖ Inner discipline

- Get control of one's mind rather than the environment.
- Modern form: intellectual discipline, academic competition.



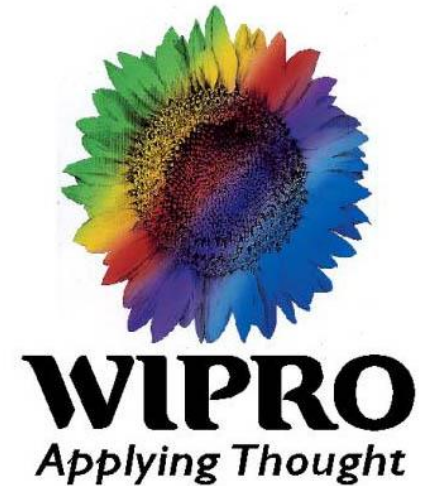
IIT Mumbai



A new economic order

❏ Networking.

- Efficient way to absorb technical knowledge.





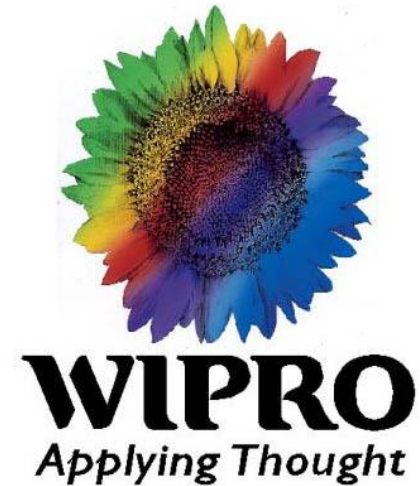
A new economic order

❏ Networking.

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❏ A verbal culture.

- Well suited to academic discourse, information age.





A new economic order

❏ Networking.

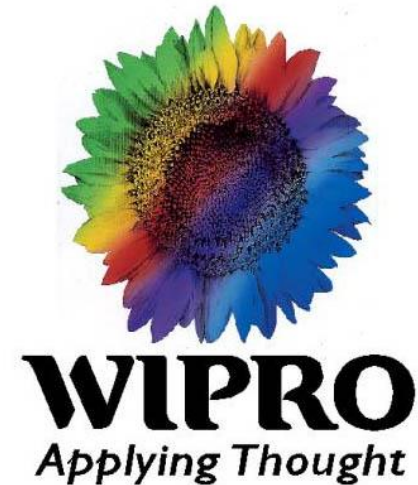
- Efficient way to absorb technical knowledge.

❏ A verbal culture.

- Well suited to academic discourse, information age.

❏ Case study: Software development.

- No need for technology, but well equipped to create it.
- Create an orderly world of the mind rather than externally.

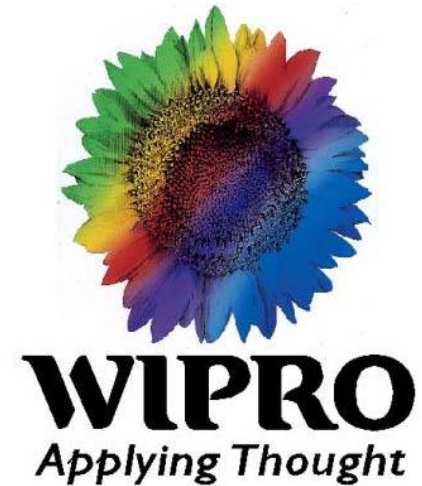




A new economic order

■ Indians see themselves as Westernizing/globalizing

- There is a reliance on rationality, as in the West.
- But Indians are leveraging their **own cultural traits**.





A new economic order

✚ Korean Manufacturing

- ✚ Initially an imitation of Japanese *zaibatsu*.
 - High power distance culture allowed Park Chung Hee to create the *chaebol*.
- ✚ Cozy relationship between leading industrial families and the government
 - Allowed Korea to build major private corporations in a relationship-based culture.



Park Chung Hee
Korean dictator 1961-79



A new economic order

❏ Loyalty to the boss.

- Paternal relationship.
- Bottom line and short-term profitability are secondary.



LG



DAEWOO



HYUNDAI



SSANGYONG

Korean *chaebol*



A new economic order

- ❏ Loyalty to the boss.
 - Paternal relationship.
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- ❏ Highly disciplined, hierarchical groups.
 - Organized by age.



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A new economic order

- ❏ Loyalty to the boss.
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 - Bottom line and short-term profitability are secondary.
- ❏ Highly disciplined, hierarchical groups.
 - Organized by age.
- ❏ Highly competitive, masculine culture.
 - Strong national solidarity.



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DAEWOO



HYUNDAI



SSANGYONG

Korean *chaebol*



A new economic order

☉ Chinese entrepreneurship

☒ A cultural trait of coastal Chinese

- Particularly speakers of *Yuè* (Cantonese), *Mǐn* (Fujianese), and *Wú* (Shanghaiese) dialects.



Guangzhou



A new economic order

☉ Chinese entrepreneurship

- ☒ A cultural trait of coastal Chinese
 - Particularly speakers of *Yuè* (Cantonese), *Mǐn* (Fujianese), and *Wú* (Shanghaiese) dialects.
- ☒ Uncertainty tolerant culture.



Guangzhou



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- Particularly speakers of *Yuè* (Cantonese), *Mǐn* (Fujianese), and *Wú* (Shanghaiese) dialects.

☒ Uncertainty tolerant culture.

☒ Self-esteem tied to wealth and status.

- “To be rich is glorious” (Deng Xiaoping).



Guangzhou



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☒ Uncertainty tolerant culture.

☒ Self-esteem tied to wealth and status.

- “To be rich is glorious” (Deng Xiaoping).

☒ Masculine culture, competitive.



Guangzhou



A new economic order

❖ Relationship-based business.

- Family-based investment financed the boom.
- *Guānxi* is a time-tested mechanism.
- World's largest economy for 8 of last 10 centuries, soon to be again.



President Hosni Mubarak of Egypt with Chinese Trade Minister Bo Xilai, who headed a delegation of 150 Chinese businessmen.



A new economic order

❖ Relationship-based business.

- Family-based investment financed the boom.
- *Guānxi* is a time-tested mechanism.
- World's largest economy for 8 of last 10 centuries, soon to be again.

❖ Making inroads into South America, Africa, Middle East.

- More comfortable with Chinese relationship-based business style than Western rule-based transparency.



President Hosni Mubarak of Egypt with Chinese Trade Minister Bo Xilai, who headed a delegation of 150 Chinese businessmen.



A new economic order

- ✚ Western technological innovation
 - ✚ Disenchantment of nature.
 - Opened the way to manipulation of a secular world.
 - Greek rationality.



Max Weber



A new economic order

- ✚ Western technological innovation
 - ✚ Disenchantment of nature.
 - Opened the way to manipulation of a secular world.
 - Greek rationality.
 - ✚ Technology as coping mechanism
 - Controlling the environment rather than oneself.
 - Support from family, friends less important.



Max Weber

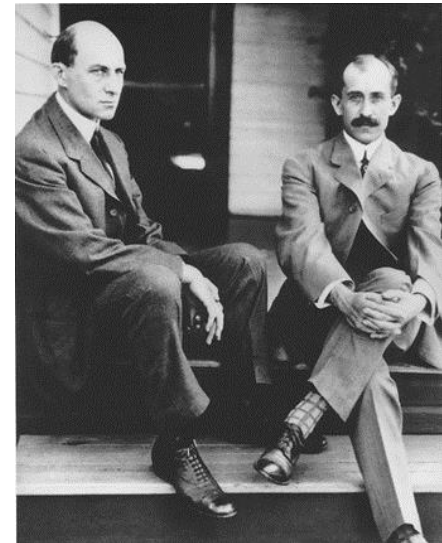
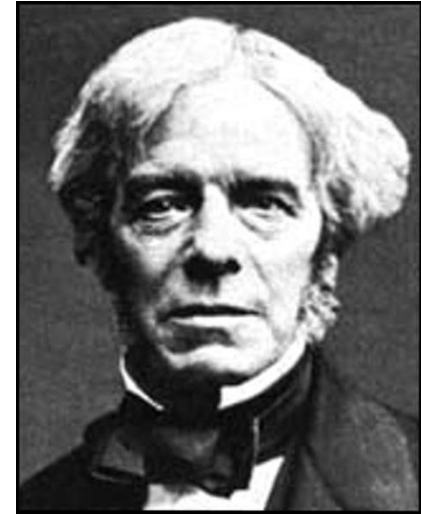


A new economic order

❖ Individualism.

- Individuals have the right to rethink everything.
- Students asked to reason from first principles.
- Do experiments, prove theorems.
- Individual expression, originality valued.

❖ Payoff: new ideas for technological coping mechanism.





Cultural deglobalization

✚ Economic basis

- ✚ Successful countries will retain and emphasize the cultural traits that bring them success.
 - Including their behavioral norms.
 - They may **see** themselves as Westernizing.



Infosys, Electronics City,
near Bangalore



Cultural deglobalization

⊕ Economic basis

- ⊞ Successful countries will retain and emphasize the cultural traits that bring them success.
 - Including their behavioral norms.
 - They may **see** themselves as Westernizing.
- ⊞ We must understand **their** norms and value systems.
 - ...to succeed in the new world order.



Infosys, Electronics City,
near Bangalore



Information technology

- ⊕ Deglobalization.
 - ⊞ Cultures adapt technology to their **own purposes**
 - Including **information technology**.





Information technology

- ⊕ Deglobalization.
 - ⊞ Communication technology **reinforces** cultural divergence.
 - Rather than homogenizing the world.





Information technology

✚ Deglobalization.

- ✚ Communication technology **reinforces** cultural divergence.
 - Rather than homogenizing the world.
- ✚ In two ways:
 - Market **microsegments**
 - Support for **high-context** as well as **low-context** communication





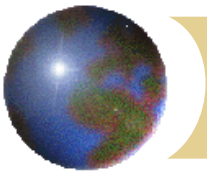
Information technology

✚ Market microsegments

❏ Satellite channels.

- Easy to set up
- Can cater to every ethnic group
 - 350+ Arabic-language channels





సంఖ్య

Information technology

❏ Culturally-specific websites.

- e.g., 275+ Google sites

Google™
hrvatski

Google™
ಕನ್ನಡ

Google™
谷歌

Google™
தமிழ்

Google™
Telugu

Google™
கமுகர்

Google™
हिन्दी



Information technology

- ☛ Support for high-context communication

- ☛ Connectivity

- ☛ Close supervision





Information technology

❏ Mobile phones.

- Constant contact with associates.
 - After Finland, took off in Asia.
- Close and constant supervision
 - By parents.
 - By employers.





Information technology

■ Text messaging, etc.

- Smart phones
- Instant messaging
- Email





Information technology

❏ Networking websites.

Low context



High context



Connect with friends and family using scraps and instant messaging
Discover new people through friends of friends and communities

Wildly popular in Brazil.



Information technology

❏ Country specific sites...

- China: Baidu is leading search engine.
 - Offers its own encyclopedia, music, and movie sites
- China: many social networking sites
 - Qzone, RenRen, Pengyou, Sina Weibo (includes twitter), Kaixin001, Douban, etc.
- Russia: many blogs
 - LiveJournal very popular
 - 1.15 million other blogs



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