

Globalization and Business Culture

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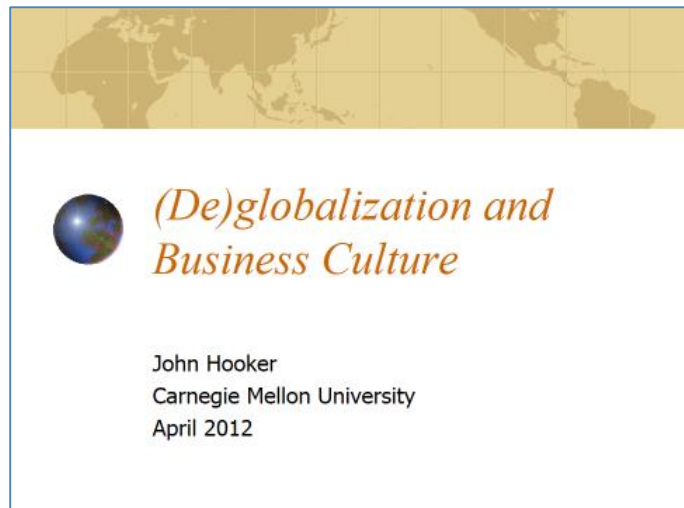
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Abstract

Globalization is often associated with the idea that world cultures are homogenizing, but the reality is the opposite. We are seeing cultural *deglobalization*, for two primary reasons. One is that a multipolar world economy has replaced Western economic hegemony, and the new economies are succeeding in part by leveraging their peculiar cultural traits. This removes any incentive to Westernize and reinforces cultural differences that promote success. A second reason is that modern communication technology, far from homogenizing the world, accentuates cultural difference. These trends heighten the importance of knowing how to operate in diverse business cultures.

Introduction

I am here to talk to you about globalization, or as I prefer to say, *deglobalization*. My aim is to suggest that globalization is actually what is *not* happening in the world. It's the opposite, and I predict that that this trend will strengthen as we go along. There are a couple of reasons for this. One is that we have a new economic order in the world, a multipolar economic order in which there are a number of rising economic powers, as opposed to the old system in which the West was basically running the show. Another is that communication technology tends to reinforce cultural differences. We tend to think of communication technology as something that brings us together and homogenizes our cultures, but I will make a case that it is just the opposite.



We have two strong trends here that I believe are differentiating our cultures by reinforcing their historical characteristics. This makes it all the more important that we know how to navigate these multicultural waters around the world.

A Multipolar World Economy

First, as you probably know, we now have a number of economic power centers. Perhaps the newest one is Brazil. I will spend next semester at the University of Campinas in Brazil and am really looking forward to it. What's going on here is that some countries have discovered how to leverage their economic and cultural advantages. We tend to think that these economies are developing because of cheap labor, and that's what is driving this phenomenon. Cheap labor is a catalyst, but many countries have cheap labor, and only a few of these countries have become economic powerhouses. What makes the difference? One factor, I suggest, is that these few countries have leveraged their peculiar cultural advantages for success. I will take you through some examples of this dynamic, beginning with the Japanese in the 1970s and 1980s, and moving through several others, ending up with us here in the West.

Japan

The Japanese became famous for their manufacturing quality and efficiency back in the 1980s. You may not realize it, but much of our productivity today, particularly our growth through the nineties, is due in large part to Japanese ideas. People talked about "total quality management" and used other such buzzwords back in the eighties, but these were more than buzzwords. They were real phenomena. The efficiency of manufacturing has improved by an order of magnitude over the last thirty years or so, and we all benefit from that. The credit must go in large part to the Japanese. Why? They have some cultural traits that make them very good at efficient manufacturing.



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**.



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.

One trait is a group-oriented culture. If you are working at a Toyota plant, where all of this got started, sometimes your fellow employees have ideas about how to improve the process. It may be only a little idea for a minor improvement, but in a Japanese group, you lose face if your idea is rejected. I recently read a story about an American who took his family to Japan and enrolled his young daughter in an international school where most of the students were Japanese. The question came up in her first-grade class: what is the capital of the U.S.? Most of the little kids thought it was Hollywood, but the American girl said no, it is Washington, D.C. Yet the group decided it was going to be Hollywood, because it's more important to preserve group harmony, to save face, than to be right. It's more important to be nice than right.



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*

Maintaining harmony is important in Japanese culture, and one way to do that is to honor the ideas and suggestions of your employees. Toyota was famous for suggestion boxes. People put little suggestions in the box about how to improve their workstation, and the company honored those suggestions and implemented them. One suggestion made very little difference, but over ten or twenty years, Toyota built the most respected manufacturing plants in the world. Detroit auto executives were flying back and forth constantly to learn from them.

This is called continuous improvement, which reflects the long-term perspective of Japanese culture. They use the analogy of walking through a swimming pool. Suppose you want to get to the other side of the swimming pool and you're in deep water. If you try to do it in a hurry, you will meet a lot of resistance from the water. But you can also get to the other side very slowly, in which case it is almost effortless. You expend no energy but get there just the same, if you're patient. The idea of continuous improvements is to make small changes that have essentially zero cost. In fact, they may have negative cost, because they keep the workforce engaged. Yet the eventual destination is quality that's unmatched around the world.

The Japanese also have a concept of *nemawashi*, which is the way they traditionally make decisions. I was once on a committee that operated by *nemawashi*. The chair of the committee would pass around a memo to which we could all contribute our own ideas. We used the correction facility in Microsoft Word for this. By the time the memo had finished going around, it was almost unreadable because of all the corrections and annotations, which the chairman honored and incorporated into the final draft of the memo. Everyone felt they were part of the game.

You have probably heard of just-in-time inventory management. It's real, as are Kanban systems. The Japanese reduced in-process inventory costs and setup costs by orders of magnitude, by using small ideas—and by using old-boy networks that Japanese executives form among themselves. This kind of network gave rise to the vertically integrated *keiretsu*. If you run an auto factory, you source your radiators from someone you went to school with at Tokyo University, play golf with, and go to karaoke with. Rather than taking bids for the radiators, you do business with him. In fact, you share production schedules and technical information because you trust each other as old buddies. This means you can coordinate your activities very closely, and you can really have just-in-time inventory management. The parts arrive just when they are needed.

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

Japanese quality and efficiency, which the world now imitates, therefore grew directly out of two or three very distinctive Japanese cultural traits they leveraged. Why should they try to be like us, when they did so well being like them?

India

India is the information technology powerhouse. What's going on there? Indians tell me that they are Westernizing and becoming like everyone else, but I disagree. Indians are Indianizing. They are tapping into their ancient culture to leverage it in today's economy. Let me explain.

We in the West are secularists, because we distinguish the divine from the secular. The concept of secularity developed only in the Middle East and the West and doesn't exist elsewhere. The rest of the world is pantheistic, which means the universe is infused with spirit. In practice, this means is that people cope with life a different way. We in the West cope with life by engineering our environment. We go out there and take control of the world, which we see as possible because nature is secular rather than divine. We build roads, electrical

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

systems, and engineer the world in general, because it makes us feel like we're in control. In Indian culture, people don't have to do that. Rather than control the external world, they control what's up here in the mind. The ancient art is called yoga. There are not too many people

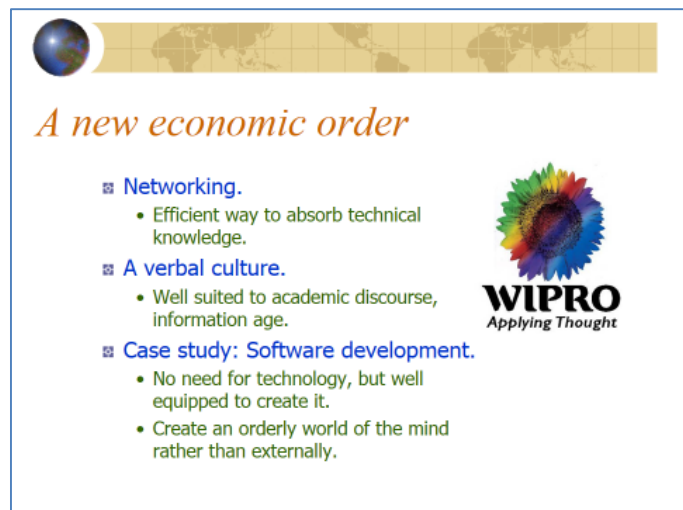
practicing traditional yoga now in India, although there are some yogis around. Today, yoga takes the form of academic discipline, of studying for exams to get into the IITs, which by the way are much more competitive than our schools. It's much harder to get into an IIT than to get into MIT. These guys discipline themselves intellectually, and you have an annual crop of thousands of PhDs. Just around Bangalore, there are thousands of PhDs who studied for grueling exams, and they have trained their minds in the process. No wonder they can write software, which requires enormous discipline. I have written thousands of lines of software myself and can tell you about it. You have to have that mental world under control, and this is what Indians are good at. They have been good at it for thousands of years, and they are exploiting that trait today.

Another thing Indians are very good at is networking, which is how they get things done. They don't operate by reading the rulebook or going through procedures. They may have to follow procedures, but that's not how they get things done. They do it by networking with their friends and family, by working through people they know. Indians are the masters at this.

It turns out that networking is an ideal way to absorb technical knowledge. Think about the guy who fixes your computer. How did he learn to do this, by reading the manual? No, he learned it from his friends. These guys hang out with each other, exchange tricks and information, and network with each other like crazy. Technical information is much more efficiently conveyed by networking through personal relationships than through some more formal method. This is, after all, how people learn to play the violin: from a master, by networking, so to speak, on a personal basis with someone, through a high-bandwidth personal connection.

Also, India is traditionally a highly verbal culture, because the Aryan people who migrated from central Asia to India were nomadic and relied very much on verbal ability. This trait is well suited for today's economy.

As I mentioned, software is a perfect example of Indian comparative advantage. While we Westerners go out there and build a bridge, the Indian IT expert is building something in the world of the mind, and software is the perfect example. This is why you can walk into



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.

WIPRO
Applying Thought



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**.

WIPRO
Applying Thought

any IT lab in the world and see Indians all over the place. They are good at this, and I would argue that they are tapping into an ancient cultural trait.

Korea

Korea is a manufacturing success story. Perhaps you've heard of the Asian financial crisis of the late 1990s. Korea was right in the middle of it, but they manufactured themselves out of the crisis. Even though their currency had gone through the floor, their manufacturing sector is so efficient that they could lift themselves out of the crisis by selling manufactured goods at rock-bottom prices.

Korea's successful manufacturing sector was built up from a third world economy in about twenty years. It started with Park Chung Hee, a dictator. Mr. Park attended a Japanese military school when he was a young man and learned about the vertically integrated Japanese *keiretsu* I told you about, which at that time were called *zaibatsu*. He said to himself, "We should do that in Korea." But Korea has a different business culture. It has large family-owned conglomerates called *chaebol*, such as Samsung, Daewoo, and LG. These are huge companies controlled

by families. Park resolved to build a relationship with these families. If you were in Germany, you would write regulations, and Germans have regulations by the thousands. You would regulate the economy to build the industrial sector, as the Germans did. You don't do that in Korea. In Korea, you do it by building relationships with the leading industrial families. "Do this for me, and I'll do that for you." Park developed a cozy relationship with the *chaebol*, and by exploiting this aspect of Korean culture, he put into effect an industrial policy that was a spectacular success.

Another cultural trait in Korea is that a company is driven not so much by the bottom line (a fact that is hard for us to understand) but by loyalty to the boss. If you go into Seoul and offer someone a higher salary than he's making now, there's a good chance he won't take it. He doesn't want to leave his boss. In a Confucian culture like this, the boss is more than a boss. The boss is like a father figure who cares about you—or at least a good boss does. He will talk to you about your personal life, your family problems, and so forth. On the other hand, the boss is authoritarian. He doesn't lead by a consultative management style. He gives the orders. It's authoritarian, but it's Confucian, which means there is mutual loyalty between the boss and the subordinate. This emphasis on loyalty encourages long-term planning. You don't have to worry about each quarter's bottom line, which is good for business in the long run.



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

Another factor is that Korean businesses are run like an army. There's an age-based hierarchy in which even one year difference in age is significant. Just ask our Korean students walking around campus. They will tell you that when they meet other Koreans, the first thing they do is ask how old everyone is. The younger one has to use respectful language to the older one, even if they are a sophomore and junior. They use a different form of verbs and even say "yes" a different way in the Korean language, so as to show respect.

Companies are built on this hierarchy of respect as well. You say, "Yes, sir," when you receive an order. You don't complain, you don't bitch, and you do what you are told. It's like military discipline, and this gets things done, particularly in the manufacturing sector, much as an army accomplishes the mission.

Korea is also a "masculine" culture, which is actually a term from the anthropological literature. This means that competition and aggressiveness are part of the culture, and it helps in a competitive business world. Koreans are also very patriotic people.

China

Over a period of twenty years, the Chinese accomplished economic growth that has not been duplicated in world history. This gigantic nation of 1.3 billion people quadrupled its GDP in two decades. How did they do it? For one thing, they were coming out from the vestiges of colonialism and freeing themselves of that burden. But in addition, Chinese are an entrepreneurial people, particularly along the coast. It's an ancient cultural trait, particularly of Fujianese-speaking, Cantonese-speaking, and Shanghaiese-speaking Chinese.

They have a long history of entrepreneurship and risk taking. What's the favorite sport in Hong Kong? Right, betting on the horses and taking a risk with one's money. (People also bet on their lucky numbers, due to superstition.) This willingness to take risk is good for business. In Hong Kong, new businesses start up every day, and some of them succeed. This is called an uncertainty tolerant culture, and it leads to entrepreneurship.

A new economic order

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

SAMSUNG
LG **DAEWOO**
HYUNDAI **SSANGYONG**
Korean *chaebol*

A new economic order

- ❖ **Chinese entrepreneurship**
 - ❑ **A cultural trait of coastal Chinese**
 - Particularly speakers of *Yue* (Cantonese), *Min* (Fujianese), and *Wu* (Shanghaiese) dialects.
 - ❑ **Uncertainty tolerant culture.**
 - ❑ **Self-esteem tied to wealth and status.**
 - "To be rich is glorious" (Deng Xiaoping).
 - ❑ **Masculine culture, competitive.**

Guangzhou

In addition, self-esteem is tied to wealth. Deng Xiaoping said it best: “To be rich is glorious.” To show you are worth something, you have to be worth something! We also have a competitive masculine culture at work here.

China’s potential was unleashed when Deng Xiaoping reformed the agricultural sector and Mao Zedong passed away. The result was fantastic economic growth. Now, of course, we are in hock to China. We do whatever they say, because they own us.

Another characteristic of Chinese culture is relationship-based business. Although it’s under our radar, the Chinese are all over the world doing business. The slide pictures an example from Hosni Mubarak’s time, when the Chinese were moving into Egypt and elsewhere in the Middle East. They are operating successfully in Africa, Latin America, and practically everywhere else, partly because they don’t do business so much by the book or the rules, as by relationships. They form trust relationships called *guanxi*, a word that

means relationship or connection in Mandarin Chinese. They do business with people they trust, even though it sometimes takes years to build *guanxi*. Most of the world is more comfortable with the Chinese mode of doing business than with our mode. They have gotten used to our contracts and legal system, particularly since the colonial era. They can deal with it, but they don’t like it and don’t feel comfortable with the way we do things—transparency, contracts, legal rules. They are more comfortable dealing with people and working through relationships, which is the way the Chinese like to do business, too. So the Chinese have a natural advantage there, and they are exploiting it.

The West

How about us? What are we good at? Max Weber put his finger on it. You may have heard of him as the father of sociology and a famous German thinker. He put his finger on what is distinctive about the West, and he called it disenchantment of nature. I mentioned a few minutes ago that we like to go out there and control our environment, building bridges, roads, systems, and so forth. That’s because we see the world around us as a mechanism, as atoms and molecules to be manipulated. It’s under



A new economic order

- ❏ Relationship-based business.
 - Family-based investment financed the boom.
 - *Guanxi* 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.
 - ❏ Technology as coping mechanism
 - Controlling the environment rather than oneself.
 - Support from family, friends less important.

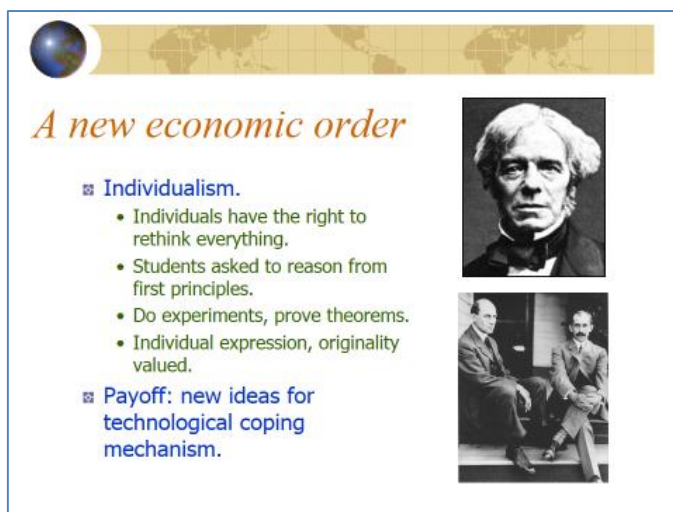
Max Weber

our control, and we have permission to go out there and control it, because our controlling divine figure is up there somewhere, not down here in the secular realm. Judaism, Christianity, and Islam share this perspective. Due to our cultural background, we feel free to manipulate nature, more so than most cultures, and we have the technological means to do it because of our Greek heritage. The Greeks were into science and technology. Even most of our words for the sciences are from the Greek, such as physics, psychology, and chemistry.¹

Due to this perspective, we find it natural to get control of life and destiny by controlling our environment. That becomes our coping mechanism. Most of the world copes with life through relationships, by relying on the family for the most part, or maybe on the village through village solidarity, or perhaps national patriotism as in Japan, while we get control of life by controlling our environment. This is why the West colonized the world, and why a few Portuguese and Spaniards sailed the seas to establish far-flung colonies. The Chinese could have done the same, because in that day, the Chinese fleets were far more powerful than those of the Portuguese and Spanish. They wouldn't even trade for Portuguese goods because the Chinese already had everything they wanted, and they regarded the Portuguese as a backward people. But the Portuguese felt compelled to go out and control the world, as did several European nations eventually, because this is the way we Westerners get control of our environment. This is who we are.

We achieve control through technology. The Portuguese could navigate the ocean because they had the compass. Of course, the compass was invented by the Chinese, as was the rudder on the ship. Much of the technology that was so important to European development was invented by the Chinese, such as the printing press, paper, and—not least—gunpowder, which allowed Europeans to force their way in and establish colonies. The Chinese had gunpowder a thousand years earlier but didn't use it to take over the world. They didn't need to, while Europeans felt a compulsion to use it for that purpose. So we Westerners have a technology-based coping mechanism.

If we are to be good at technology, we have to be innovative. We have to keep inventing technology that accomplishes our purposes. We have always been good at this, going back to the ancient Greeks. Alexander the Great conquered the known world partly because he had a secret weapon, some kind of incendiary material that he could launch toward a ship and burn it to the water line. To this day, we don't know what it was, but that technology allowed him to build an empire. We still build empires through technology today.



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.**

¹ The word *chemistry* derives from *alchemy*, which is from the Arabic *al-kimia*, which in turn is derived from the Greek *chemia*, which is from *kimi*, the name for Egypt in the ancient Egyptian language.

We can invent technology because we are individualists. Think about your high school chemistry course. Did you have to memorize the textbook and the formulas? No, you had to go to the laboratory, work with the test tubes and beakers, and verify the laws of chemistry for yourself. In geometry class, we don't memorize the textbook, but prove the theorems to make sure they are true. In Singapore, students may memorize the textbook. Even some of my Asian students here on campus learn the material essentially by memorizing the textbook. This is the way they view education. It works for them, while we have a different way. We want you to rethink the material for yourself and convince yourself it's true. Most people don't actually do this, but some do. Some people go to the material and rethink it from the ground up, and they make rethink it a different way and come up with a new idea. This is a big investment, but it pays off. For example, Michael Faraday [pictured on the slide] went into the laboratory to see for himself what electricity and magnetism are all about, and he discovered electromagnetism. That's why we have computers and all the other equipment in this room. It is because Faraday wanted to see for himself, and most of our technology today is based on the fact that he walked into a laboratory. The Wright brothers [pictured on the slide] didn't just tinker with airplanes. They reinvented fluid mechanics from scratch, rethought the whole field. That's how they could design propellers that work. Thomas Edison, a very inventive guy, didn't even go to school, because he didn't want to absorb what everyone else was learning. He was home schooled by his mother, and he came up with original ideas.

Here at CMU we encourage our students to be creative and individualist, because it's part of the larger culture. It may not be the best way to learn, I don't know, but it is the best way to come up with new ideas. This is what we are good at, and we are good at it because of the long cultural tradition I told you about, going back 2300 years to the to the ancient Greeks, and even before that to the ancient Middle East, where we obtained our secular view of nature. This is our cultural foundation.

Cultural Comparative Advantage

I have tried to show that the world's economic power centers have succeeded by being who they are, not by being who *we* are. It's true that people borrow Western technology, such as the mobile phone. Yet civilizations have been borrowing from each other since they existed. The Sumerians and the Egyptians borrowed from each other all the time, but they remained who they were. Although many countries borrow technology from the West, now there's every reason for them to be who they are, if they are succeeding, as some are. There's no need to homogenize or Westernize. Why should they, if they are doing great by being who they are? I predict that this is going to be the way of the 21st century: deglobalization. We'll see if I'm right. As a result, if we are going to operate in this environment, we have to know who they are, too.



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

Information technology is supposedly a force that brings us together culturally and makes this a small world. Again, it's just the opposite. Information technology reinforces cultural differences. Let me try to explain why.

Rather than homogenizing the world, information technology works in two ways to emphasize our differences. One is that it appeals to market microsegments. We can specialize ads and other messages not only to every subculture, but to every individual surfing on Google. Google knows exactly what you bought in the past which websites you've seen, and it directs ads to you as an individual. We don't need homogeneous culture for the information age, because we can individualize online communication.



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



A second factor is that modern communications technology supports a cultural difference that distinguishes us from much of the world. This is the difference between high-context and low-context communication.

High Context and Low Context

We have a so-called low-context culture here in the U.S., which means that we like information to be transparent and explicit. We like to have rules written down to tell us what to do. If you go almost anywhere in the U.S., you will find this. If you go to a swimming pool, you will see a long list of rules posted. If you go to a swimming pool in Karachi, I don't think you will find rules written down, although there may be rules, and people may call you down for breaking them. We like to have everything written down in manuals and rule books, have a big legal establishment, and so forth. Most of the world has a high-context culture, in which you find out what you're supposed to do by absorbing it from the people around you. You acquire information by osmosis from other people, through your relationships, as opposed to looking at the rules.

My favorite example of this occurred when I was waiting in Terminal 3 at Heathrow. I think I've spent a large fraction my life in Terminal 3 of Heathrow. I'm sure you have all been there. I went to the men's room, and there was a sign on the door that said, "Out of order. Please use the other men's room." So I went to the other men's room, and when I came back to my seat, I noticed people going up to the men's room door. Some ignored the sign and went in, while others read it and went to the other men's room. Who do you suppose read the sign? Well, you can basically tell where people are from, from the way they walk, and so forth. For example, even though we all look different in the U.S., I can recognize Americans 100 yards away, based

on body language. The men from low-context cultures, without exception, read the sign and went to the other men's room, and the others, without exception, walked in without reading the sign.

We Westerners live in a world where we pay attention to written rules, while much the world is not taught to do this. If you lay down written rules for your employees, they are just going to ignore them. You have to enforce the rules through personal communication and personal supervision. That's the difference between high- and low-context cultures. My point is that communications technology supports both kinds of culture, high and low context. I will try to explain this.

Market Microsegments

First, let me come back to market microsegments. When I was living in the Middle East, I had one satellite dish on my roof. Many people in the Middle East have five or six dishes to receive television signals. If you go to a city like Beirut, from the air it looks like a sea of television dishes. Even with my one dish, I got 350 Arabic-language channels. One or two were English-language channels, BBC and maybe one other. People there aren't watching Hollywood, but are watching their own stuff. Why should they watch our programs, when it's cheap to set up a satellite TV channel? They have their own content and are watching it. It's true that everyone watches the same blockbuster movies, but that's about as far as it goes. People watch their own material, because it's easy to provide it with modern technology.

Information technology

- Market microsegments
 - Satellite channels.
 - Easy to set up
 - Can cater to every ethnic group
 - 350+ Arabic-language channels

The slide displays a grid of logos for various Arabic satellite TV channels, including:

- Al Arabiya (العربية)
- Al Jazeera (الجزيرة)
- Al Jazeera English (القناة العربية)
- Al Jazeera Documentary (الجزيرة الوثائقية)
- Al Jazeera Sports (الجزيرة الرياضية)
- Al Jazeera News Channel (القناة العربية)
- Al Jazeera Documentary Channel (القناة الوثائقية)
- Al Jazeera Sports Channel (القناة الرياضية)
- Al Jazeera News Channel (القناة العربية)
- Al Jazeera Documentary Channel (القناة الوثائقية)
- Al Jazeera Sports Channel (القناة الرياضية)

It's the same with search engines. Google is only one of many search engines worldwide, and even Google is country specific. At last count, there are 275 country-specific and language-specific Google sites, some of which are illustrated on the slide, and they all return different search results that are specialized to that subculture. Do you recognize some of the languages on the slide? There are Telugu, Chinese, and so forth. Do you know what the language is in the lower left? No one knows? It's Amharic, spoken in Ethiopia. So there is a Google site for everyone, for every microsegment.

Information technology

- Culturally-specific websites.
 - e.g., 275+ Google sites

The slide displays several Google logos in different languages and scripts:

- Google (English)
- Google (Hindi)
- Google (Telugu)
- Google (Tamil)
- Google (Amharic)
- Google (Chinese)

Google is allowing people to be who they are. They don't have to use our Google, and they don't. In fact, when you go to Google, it reads your IP address and directs you to the search database that suits your cultural region. This presents a problem when I do international research. If I try to read *India Times*, it redirects me to the U.S. edition. You have to be clever sometimes get around that mechanism, and get *over there* electronically. The electronic world is so provincial now! It is actually reinforcing our cultural differences.

Support for High- and Low-Context Cultures

Earlier I mentioned that communications technology supports both high- and low-context cultures. The mobile phone is a perfect example. It was introduced in Finland, which has a low-context culture. The main reason was the weather. The phone lines kept falling down in snowstorms, and so people switched to mobile phones. The next place the mobile phone went was Hong Kong, a high-context-culture, and I was living there when it arrived. Everyone was so proud of their mobile phone.

Think about what you can do with a mobile phone in a high-context, relationship-based culture. For one, you can keep track of your family. You can get your kids on a mobile phone to make sure they are doing their homework, or to make sure they are in school. This is personal supervision, which you see in relationship-based cultures. The Asian students walking around this campus are on their phones with their parents in Hong Kong or Singapore, *every day*. The parents are saying, "Have you done your homework today? Did you make an A?" Let me tell you, they have to bring home an A, or else. In fact, most of our undergraduate grades in business courses are A's now, about 70%, and this is why. The students have no choice. Their parents are on the phone, demanding an A. "Do you know out how much I'm paying to send you to CMU, this exorbitant amount? I want to see an A!" The mobile phone is just perfect for this.

Or suppose you are a supervisor, and you have a business meeting in the morning. You can call up the shop to make sure your workers came in on time. They will expect you to supervise them. In the U.S., we basically leave people on their own, give them a job description, and say, "Do

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.




your job, or I will fire you.” In most the world, this won’t work. People expect you to stay on top of them, to care about them, and to watch them all the time That’s the way supervision is done in a high-context culture, and the mobile phone is made in heaven for this.

When everyone around the world adopts the mobile phone, they are not adopting Western culture, even though it’s a Western device. They are adapting this device to *their* culture, because it’s just perfect for it.

Social networking sites are similar. Facebook is only one among many, because there are social networking sites all over the world. One of the early big successes was Orkut. Maybe you have never heard of it, but it is still popular in Brazil. It was the main social networking site in Iran until the government shut it down. It was actually designed by a Turkish guy [Orkut Büyükkökten], who is from a relationship-based culture, and the site was originally designed for this kind of culture. The slide shows what appeared on the original masthead. Orkut was designed to allow you to work through your family and friendship connections, using old-fashion relationship-based networking.

The slide is titled "Information technology" and "Networking websites." It compares two social networking sites: Facebook and Orkut. Facebook is labeled as "Low context" and Orkut as "High context". The Facebook side features a globe and the text "Facebook helps you connect and share with the people in your life." The Orkut side features the Orkut logo and the text "Connect with friends and family using scraps and instant messaging", "Discover new people through friends of friends and communities", and "Wildly popular in Brazil." The slide also includes a small globe icon in the top left corner and a footer with "Facebook © 2008 English" and "Home Advertising Developer Help Feedback Privacy Help".

We have a different style of networking here in the West. For us, networking means that we have “friends” on Facebook, people we may have never met (which reduces the meaning of the word to nothing). Or, we go to a party or reception, shake hands, and meet a few people. Or, we go to a trade show, meet a few people, and put their contact information in our phones. That’s our style networking, namely, networking with strangers. This is this way we do it. The way *they* do it is to network through their family, through old friends, and to build organically along lines of connection and mutual commitment. There is always a kind of commitment with networking, a human relationship based on commitment. Orkut was designed for that, and it’s actually very good for that purpose. Some of my Asian students connect with their friends all the time—*real* friends, nor Facebook friends—and social networking sites are good for that.

So social networking suits their culture as well as it does ours. We put our whole personal life up for the world to see on Facebook, and post family photos for strangers to look at, while they don’t use social networking for that purpose. Some do, but not all. They also use it to maintain relationships people with whom they already have a mutual commitment or connection.

A Global Diversity of Web Tools

As I mentioned, there are other search engines. One of the major ones in the world is *Baidu*, the leading Chinese search engine. The Chinese have several search engines, of which this is the biggest. Chinese prefer *Baidu* to Google, because it suits their approach, and it is better with

Chinese characters. Of course, Google had a problem with the Chinese government as well. The Chinese have their own Wikipedia and their own YouTube in *Baidu*. They don't need us. Their content is Chinese, not Western. They historically consider us to be uncivilized anyway, so why should they bother with us? The Chinese also have their own versions of Facebook, such as *Ren Ren*, which means "People People," and *Peng You*, which means "Friends." They have a Twitter, and everything else.



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



As for blogs, probably the most enthusiastic bloggers in the world are the Russians. It's incredible. Someone counted 1.15 million blogs in Russia, and they are on these blogs all the time. You can look at LiveJournal, the most popular blog, which has an English-language version. You can find out what's going on in Russia this way, and in fact, this is how everyone in Russia finds out what's going on—although a Russian friend told me that the most popular blog in Russia is actually "Beautiful Breasts."

My thesis, then, is that communications technology is allowing us to be who we are, as individual cultures, as opposed to homogenizing world cultures. That is basically my show today. I'm sure you must have some comments or issues you would like to raise.

Q & A

[The comments from the audience are not clearly audible on the recording and are paraphrased here.]

I read somewhere that quite a few languages have died, and there are projections that technology may accelerate this trend. How is this consistent with the idea that world cultures are not homogenizing?

You have a good point, and I can make a couple of remarks on it. First, it's true that languages disappear at a rate of about [one every two weeks]. But these are minor languages. For example, there is the Manx language, spoken on an island off the coast of the U.K. One old lady speaks it, and when she dies, it's gone.² So we are losing minor languages all the time, but that's not to say we are losing the major languages. Spanish is not going to go away. A large region of the world speaks nothing but Spanish, and they don't want to speak anything else because they don't need to. Chinese is not going to go away. Swahili and other Bantu languages are not going to go away. These languages will survive because they are major trade languages. We are going to have fewer languages, but not one language. That's one point.

² Actually, the last woman to speak Manx as a native, Sage Kinvig, died in 1962. She was survived by one other native speaker, Ned Maddrell, who died in 1974. UNESCO has officially declared Manx Gaelic extinct, although there are efforts to revive it, and a few hundred persons speak it with limited fluency.

The second point is that language and culture are two different things. The language you speak doesn't necessarily indicate what your culture is. People with widely different cultures speak English. This fact is historically rooted in bilingualism, which is as old as language. From the origins of language, apparently, people spoke their own language and a trade language. This means that people of different cultures spoke the same secondary language to facilitate trade. Today, people of different cultures speak such trade languages as English, or Chinese, or whatever, as their primary language. The choice of language is usually a matter of convenience, and not necessarily a matter of culture. People speak what they are brought up to speak. When different cultures occupy the same area, people often speak a common pidgin or creole out of convenience. The fact that people speak a similar language doesn't necessarily mean they have a similar culture.

There is an old hypothesis, called the Sapir-Whorf hypothesis, that suggests that language and culture are correlated. In a few cases, that's true. For example, the Japanese language has many politeness constructions in it, which are important in Japanese culture. But as a rule, language is not really a cultural indicator and is not closely tied to culture. So even if languages decrease in number, the number of cultures can remain large. That's my view, anyway.

How would you describe the comparative advantage of Latin America?

Brazil is the economic powerhouse in Latin America. What's their comparative advantage? I'm going to find out when I visit next semester! While living there, I will try to figure out what is going on in Brazil. I have talked to Brazilians about this, and they have different theories. They don't seem to know, either. Maybe you have an idea?

I was going to move on to another question. Do the university systems of different countries support your thesis? Are they developing on a Western model or evolving on their own?

Universities provide a tough case for me to deal with, because they are a lagging indicator of what's going on in the world. For example, British universities remained preeminent long after the British Empire collapsed and the country lost its global power. We see a lot of Westernization in universities, absolutely. It is still going on. But universities lag the rest of the world by a century or so. This has been true since the beginning of universities in the 1100s. So the Western character of universities can be misleading.

Despite this, we are seeing deglobalization even in universities. China graduates more engineers than we do, and they train them in the Chinese language using textbooks written by Chinese academics. I know of wealthy South Americans who prefer to send their kids to Fudan University in Shanghai rather than to Harvard. So I think we are beginning to see, even in the university sector, some parts of the world beginning to claim who they are at the academic level. At the research level, universities are still pretty Westernized, absolutely. Ironically, the research world tends to be *very* much a lagging indicator. You would expect research to be at the frontier, but it's not, culturally. So you gave me a tough case to deal with.

You said that language is not an indicator of culture. But when I took a class in Mandarin Chinese, I learned that there is no conjugation for tense, which is indicated by the context, while tense is explicit in Western languages. This suggests a correlation between the language and low- or high-context culture.

This is absolutely true. Chinese operates by conveying a sequence of ideas, while English operates by connecting those ideas explicitly with *but*'s, *and*'s, *therefore*'s, and the like. English has tenses and inflections, while there is very little inflection in Chinese. Much is implicit in spoken Chinese, because part of the message is gathered from the context, a perfect example of high-context communication. Here is a case where the language matches the culture.

However, high-context communication can reflect how language is used as well as the language itself. In China, people often speak indirectly. All the cross-cultural business manuals recommend never saying "no." If you don't like the offer, you don't say that you don't like the offer. They will never say "no" to you, because it's too direct, too impolite, and it breaks up the relationship. They will say, "I'll think about it," allow a moment of silence, or change the subject. So even if the language itself is explicit, as when Chinese are doing business in English, it is not used in an explicit way.

Body language can be very important. Japanese, for example, are famous for having long periods of silence in their meetings. There can be 30 seconds or a minute of silence. This makes us itchy because we can't stand silence. But during that silence, there is communication, based on body or facial language. Koreans have something called *kibun*, which is hard to translate into English but has to do with emotional control. An important skill for doing business in Korea is to be able to read *kibun*, to be able to read emotions and subtle cues in body language that would never be explicitly spoken. The Korean language is also like Japanese in that it reflects the relative status of speakers and allows one to show courtesy and deference.