

Cross-cultural business

J. Hooker

Carnegie Mellon University

VCU, Doha, December 2004



Cross-cultural business

- ❑ To understand the enormous variation in **business practice** around the world...
- ❑ You must understand the **cultures** that shape business practice.
- ❑ In **Doha**, you can work with people from countries around the world.



Cross-cultural business

- The aim is not to say that one culture is **better** than another.
- The aim is to show how one culture is **different** from another.
 - *Very* different.
- Every culture has a **logic** of its own.



Cross-cultural business

- There are at least **5000** cultures in the world.
- But they can be roughly classified as *relationship-based* and *rule-based*.
- The most important differences lie in how people **think**.
 - Not what they wear, what they eat, or what language they speak.



Relationships vs. rules

- *Relationship-based* = life is organized primarily around **personal relationships**.
 - Africa, Asia, Middle East, South America
- *Rule-based* = life is organized primarily by **rules**.
 - Australia, Europe, North America
- Many cultural traits **correlate** with these two.

Relationship-based	Rule-based
High power distance	Low power distance
Shame-based	Guilt-based
High-context	Low-context
Polychronic	Monochronic
Polite	Rude
Corruption as bribery	Corruption as cheating



Relationships vs. rules

- Business meetings
- Business deals
 - Personal trust vs. contracts & law
- Traffic behavior
 - Negotiation vs. regulation
- Dealing with stress
 - Family & friends vs. technology & engineering



Power distance

- **High power distance** = hierarchy, authority
are accepted
- **Low power distance** = equality preferred
- Parents
 - Authoritarian vs. lenient
 - Protection vs. independent.
- Government
 - Personal authority vs. legal authority.



Shame vs. guilt

- **Shame-based** = behavior is regulated by personal supervision
- **Guilt-based** = behavior is regulated by guilt.
- Employee supervision
 - Constant vs. occasional
- Security
 - Personal presence vs. laws



Context

- **High-context** = information about what to do is implicit
- **Low-context** = information about what to do is spelled out
- Signs & instructions.
- Personnel management
 - Personal decision vs. company policy



Time

- ❑ **Polychronic** = people do many things at once.
- ❑ **Monochronic** = people do one thing at a time.
- ❑ Queues
- ❑ Appointments and punctuality
- ❑ Mobile phones



Courtesy

- In a **polite** culture, people are courteous to associates and deferential to superiors.
 - But rudeness to *strangers* may be tolerated.
- In a **rude** culture, people are more interested in being right than being nice.
 - But courtesy to *strangers* may be required.
- Saving face vs. in-your-face.



Corruption

- Corruption as **bribery**
 - Short cut to relationship building.
- Corruption as **cheating**.
 - Violation of rules.
- Business dealings and hiring
 - Nepotism & cronyism vs. transparency
- Plagiarism.