

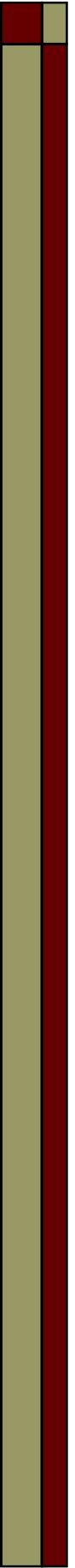
# Cross-cultural business

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J. Hooker

Carnegie Mellon University

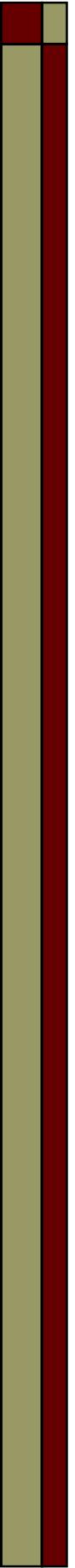
VCU, Doha, December 2004



# Cross-cultural business

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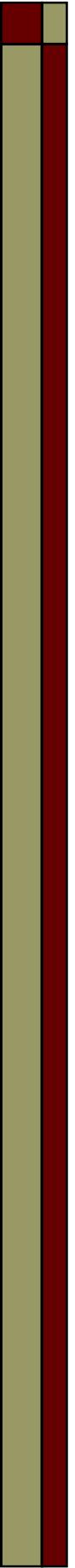
- To understand the enormous variation in **business practice** around the world...
- You must understand the **cultures** that shape business practice.
- In **Doha**, you can work with people from countries around the world.



# Cross-cultural business

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- 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

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- 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.



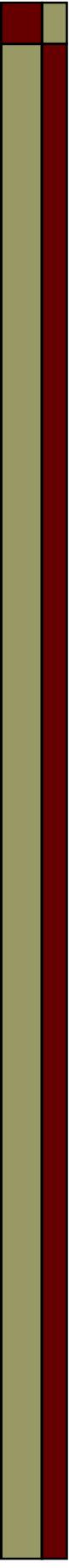
## Relationships vs. rules

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- 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.



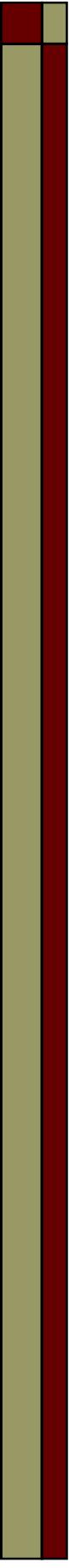
| <b>Relationship-based</b> | <b>Rule-based</b>      |
|---------------------------|------------------------|
| High power distance       | Low power distance     |
| Shame-based               | Guilt-based            |
| High-context              | Low-context            |
| Polychronic               | Monochronic            |
| Polite                    | Rude                   |
| Corruption as bribery     | Corruption as cheating |



# Relationships vs. rules

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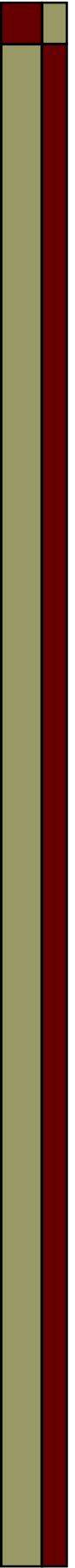
- Business meetings
- Business deals
  - Personal trust vs. contracts & law
- Traffic behavior
  - Negotiation vs. regulation
- Dealing with stress
  - Family & friends vs. technology & engineering



# Power distance

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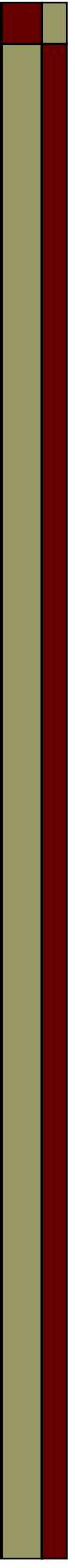
- **High power distance** = hierarchy, authority are accepted
- **Low power distance** = equality preferred
- Parents
  - Authoritarian vs. lenient
  - Protection vs. independent.
- Government
  - Personal authority vs. legal authority.



# Shame vs. guilt

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- 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

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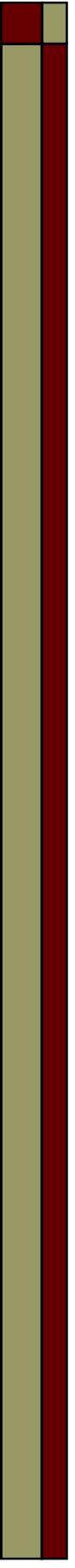
- **High-context** = information about what to do is implicit
- **Low-context** = information about what to do is spelled out
- Signs & instructions.
- Personnel management
  - Personal decision vs. company policy



# Time

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



# Courtesy

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- 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

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