



# Intercultural Communication

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## 4: Eastern Business Cultures

# Recap: last time

- We considered:
  - culture clusters in Europe and in other countries historically linked
  - problems regarding the definition of Europe, particularly with regard to Russia and Turkey
  - the influence of European business cultures worldwide, including Australasia and the Americas

# Next

- To distinguish essential differences and similarities between four GLOBE Eastern culture clusters:
  - Confucian Asia
  - Southern Asia
  - Sub Saharan Africa
  - the Middle East
- To gain insight into the cultural factors that influence business



# Clusters of cultures

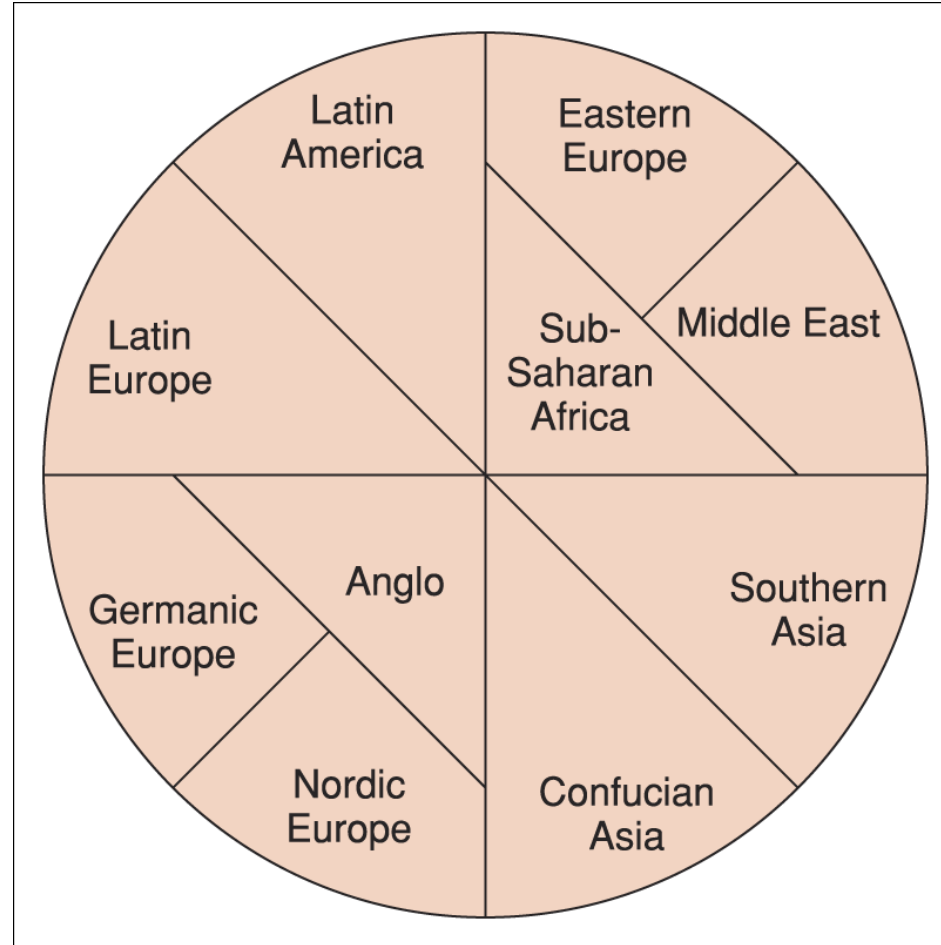


Figure 2.2 Clusters of cultures

Source: House et al. (2004): 2001

# Asian cultures

- Two Asian clusters:
  - Confucian Asia: countries that have undergone influence of Confucian ideology
  - Southern Asia: countries with different religions and ethnic groups living in peaceful co-existence.

Both clusters share similarities regarding the way relationships are managed: concern for respect and harmony.

Doing business therefore involves establishing a good relationship.

# Confucian Asia: China

- The Chinese and *guanxi*
  - *Guanxi* = building a strong network of relationships
  - Network provides information, expertise, enables new business partners and new deals
  - *Mianzi* = face: maintain your own dignity and that of others
  - Helping friends within a network is a moral and social obligation.

<http://youtu.be/loL97DgsvdE>

<http://youtu.be/JKKsRc5O5eo>



# Confucian Asia: Japan



- The Japanese and *wa*
  - *Wa* is the spirit of harmony, applied to all relationships, including those with nature
  - Seen in collaborative behaviour and consensus-building in an organisation
  - Reflected in mutual commitment and loyalty between company and employee
  - Loyalty: individual>group>company>country.

# Confucian Asia: Korea

- The South Koreans and the *chaebol*
  - Focus on family life and enhancement of its fortunes has influenced the rapid development of the economy
  - The role of the extended family in developing a network of conglomerates (*chaebols*)
  - There are around 60 *chaebols*, held together by cross-ownership and cross-subsidies.

<http://youtu.be/ssQ1hoEdTXE>



# Southern Asia

- India and Thailand both embrace the principles of the Buddhist religion.
- This is reflected in the notion of 'Karma capitalism' whose proponents included C.K. Prahalad. He talks of corporations being able to create value and social justice simultaneously. He advocates a capitalism which 'puts the individual at the centre of the universe'.



# Southern Asia: India (1)



## The Indians and family

- Every company employee works for the family to maintain and enhance its fortunes
- Loyalty to the (extended) family takes priority over loyalty to the company
- Success in your profession will give your family added status.

## Southern Asia: India (2)



- The family business: material success is important more for the sake of maintaining the family's honour and ensuring a sound future for the offspring.
- Being successful involves not just working long hours but also being creative
- Failure possible, but this is less to do with personal competence, more to do with fate, so stigma.

<http://youtu.be/VV7oVfT65dl>

## Southern Asia: India (3)



- Indians accept social and business hierarchies, just as hierarchy of gods in their religion. They not only show considerable respect towards their seniors in all aspects of their lives, but also expect these to fulfil the obligations that power bestows.
- Ongoing changes in the nature of Indian society
  - weakening of the caste system
  - liberalization and restructuring of the economy.
- Manager has to contend with both collectivist and individualist values within a formal system of management.

# Southern Asia: Thailand (1)

## Thailand and *karma*

- Buddhism plays dominant role: Buddhists assert personal/social responsibilities to ensure peace and serenity.
- By doing so, accumulate sufficient positive karma (action and result) to ensure rebirth in another, happy, state of existence.
- Thai Buddhist economic model
  - Avoidance of extremes
  - Create sustainable profit.
  - <http://youtu.be/MiUSbcuSpkc>



## Southern Asia: Thailand (2)

- Notion of *karma*, whereby the 'the cumulative net effect of merit and demerit' over a person's life determines his intermediate and ultimate fate' leads to a particular kind of paternalism.
- The leader is considered to have accumulated good rather than bad *karma*.
- Leadership requires exercising personal responsibility towards the community, being its leader and servant.
- Thai Buddhist economic model: creating sustainable profit.



# African and Middle East countries

# Sub-Sahara Africa

According to Shepherd Shonhiwa, the fundamental African personality traits are:

- Non-discriminatory, not promote prejudice, seeks reconciliation in politics and business
- Inherent trust and belief in the fairness of humans
- High standards of basic morality, based on historical precedent and bolstered by extended family system
- A hierarchical political ideology, but based on an inclusive system of consultation
- perpetual optimism, mainly due to strong religious beliefs.



# Sub-Sahara Africa (1)

According to Mutabazi (2001), the culture base of Africa is characterised by its

- relationship to time
- (organised) work
- other people (family, hierarchy, colleagues, subordinates, outsiders).

This applies to regions either geographically very distant from each other, or very different to each other in terms of climate, religion or language

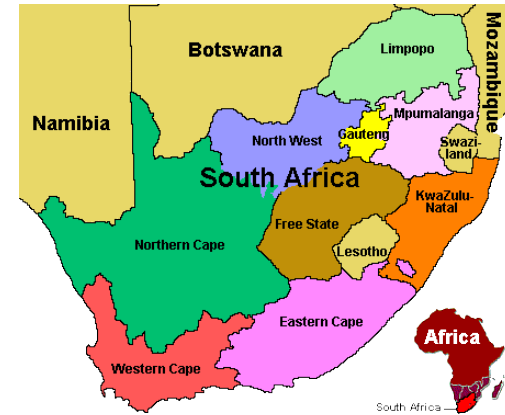
## Sub-Saharan Africa (2)

Example: Ivory Coast and Rwanda have similar attitudes as to

- how decisions should be made, how managers should give orders
- how employees behave towards the company (high absenteeism and lack of initiative).
- Majority of local companies reject interpersonal competition among employees (no bonuses).
- Also reject contracts and other written directives, preferring verbal commitments.

# South Africa (1)

- Huge cultural diversity: indigenous black peoples, white Europeans, Indians, Chinese and other immigrants from various countries in Asia.
- Since the dismantling of apartheid, the country has promoted its multicultural society, trying to draw the diverse groups into the social and economic development of the country.
- Sharp urban/rural contrast: in rural areas, the head of the family determines how business is run. Important role of tribal/family connections.



## South Africa (2)



The managers there face a dilemma, according to Booysen and Van Wyk (2008): should they choose an 'Eurocentric' or 'Afrocentric' approach?

- 'Eurocentric' approach: reflects high performance orientation and high assertiveness.
- 'Afrocentric' approach reflects high collectivism, humane orientation, below average assertiveness.
- The authors call for both approaches to be embraced, conciliation rather than confrontation, reflecting the need to maintain social harmony in a multicultural environment.

# Middle East and North Africa (1)

- The present Arab states were formed following the break-up of the Ottoman Empire during World War 1 (1914–18).

<http://youtu.be/U9XoD9V9Bvg>

- Language and culture are unifying factors; Islam religion providing an overarching body of belief and a strong sense of identity and community.
- The broader notion of family – a kin group or clan involving several households and cousins on the father's side – remains at the basis of Arab social structure.
- Family welfare is of primary concern. Family ties not only bring security but also commitments.
- The family is run by an authoritarian father and the family clan by the oldest, competent member..

## Middle East and North Africa (2)

- Arabs are highly sensitive towards traders – they may turn down a lucrative business deal because they dislike the people they are dealing with, particularly if these people do not enhance their personal reputation.
- Damage to one member of the family damages the whole family.
- It is often argued that a family concern's dealings with government is more like two family businesses coming to terms with each other. The members of the ruler's family are most likely to hold all the main government posts; outsiders, however talented, are put in less important positions.

## Middle East and North Africa (3)

- The face or image conveyed to others, especially in public, is given considerable attention, even when this involves dealing with relative strangers.
- The Arabs are renowned for their generosity and hospitality, but these 'duties' may also be a prelude to seeking some kind of commitment or request.
- Management paradox referred to by Hickson and Pugh (2001): Arabs handle authority centrally with high power distance, yet at the same time they aspire to an 'open door' for all comers, high or low.

# Middle East and North Africa (4)

- Aspects of Western culture now in many Arab countries. But this process is being controlled to prevent abuse of civil/religious norms and values.

<http://www.bbc.co.uk/news/world-middle-east-24681896>

- Arabic companies are facing a dilemma that brings the globalisation of the economy into conflict with affection for cultural values of the past.
- However, a growing middle class which is trying to reconcile the process of economic modernisation with the development of new values, such as tolerance, individualism and concern for the future.

# Recap

- It has highlighted some key features of the (business) culture of countries within the Asian, African and Middle East clusters.
- It has highlighted the importance of relationships and networks in these clusters, expressed, for example, in the form of *guanxi in China* and the *chaebol* in South Korea, and has shown generally how Confucianism and Buddhism influence economic activity.