The Big Idea

There are many factors to be considered in the operation and management of business. Capital and investment, employee performance, system efficiency and effective employee-employer relationships are just some of the many essential considerations in doing business. However, a lot of people dealing with business forget one important aspect that is deemed essential in business: culture.

Culture, as an interconnected system of meanings shared by one group, greatly affects the way people do business. Cultural orientation may vary depending on the ideas, meanings, and beliefs held upon by a group of people living together in a certain locus or situation. Hence, culture affects the way people do business in a particular location.

This book discusses the effect of cultural diversity in the way people do business. Since culture is not easily felt unless one is immersed thoroughly in the lives of the people around, it is important for businesses to carefully understand how the culture of partners and the location may optimize the operation of the business, and similarly enhance the way of interaction in business.
Culture in General

What is Culture?

A group of people understands and interprets the world, thus sharing these modes of understanding with one another. Thus, culture is a network of meanings that a particular group of people shares and understands together. Culture comes in various forms, which ranges from external products that are readily available to anyone, the norms and values believed and upheld in a society, to the fundamental assumptions about human existence.

Culture as a Side Dish

More often than not, most businesses overlook the relevance of culture in the success or failure of their operation. Culture thus becomes a side dish, or worst, a minute part in the considerations made by managers and executive officers in managing and running their business. Since culture supervenes every feature of human existence, it must then be understood, appreciated, and applied to the various facets of a business.

Culture’s Impact in Business

An understanding of culture, of how and why individuals and organizations act and think as they do, would only be possible if one will consider the cultural background of the environment, particularly the way people attribute meanings to the environment where they belong. Through this, businesses will foresee the differences between their native cultures and in turn reconcile them, which in turn would maximize every opportunity present within their situation.

Dilemmas from Interaction of Cultures in Business

Culture is a paradigm by which a group of people operates and lives in their environment. An interaction of cultures may point out difficulties and even conflicts in the understanding and action of each party involved in business.

Basically, there are types of dilemmas arising from this interaction, namely:
1. Universalism vs. Particularism, or rules vs. relationships
2. Individualism vs. Communitarianism, or individual vs. group
3. Neutral vs. Affective range of feelings expressed
4. Specific vs. Diffuse range of involvement in business relationships, and
5. Achievement vs. Ascription of status given to individuals.

Reconciling Cultural Conflicts

Relationships and Rules: Universalism vs. Particularism

The clash between universalist (rule-based) and particularist (relationship-based) orientations in business is inevitable. However, understanding the cultural patterns
involved in the business transaction will make such reconciliation possible.

- **Universalist Approach to Rules and Relationships**
  The universalist behavior gives more priority on the rules and restrictions than the relationships fostered in the business. Being rule-based means that it follows the law to the letter and tends to be consistent in order to avoid precedents brought about by exemptions. Obligation to follow the law is thus truthful, unbiased, and applicable to all regardless of position or achievement.

- **Particularist Orientation in Relationships and Rules**
  Compared to the universalist paradigm, particularist behavior presents the contrary. Much emphasis is given on the relationship and the ways to sustain and protect the person regardless of what the rules say. The rules may be compromised in order to promote the welfare of the person, which is considered a “friend.”

- **Reconciling Universal and Particular Orientations in Business**
  The universalist-particularist dilemma appears on four specific examples dealing with business, namely the contract, timing a business trip, the role of head office, and job evaluations and rewards. In these examples, universalists tend to overlook the importance of relationships, while particularists fail to take note of the relevance of the rules in all cases.

  This dilemma creates a vicious cycle, where both the universalist and particularist find solutions by presenting itself as the best answer, just to know that there are still conflicts created further in the process. In the end, it is neither an extreme side nor a compromise that will work out, but a synergy of values that would make both values work together for the good of both parties.

- **Culture in Relation to the Group and the Individual**
  A culture is considered individualist when there exists a prime orientation to the self, while a culture is characterized as communitarian when the stress is given on the welfare of the community or group rather than the self. Again, it is essential to reconcile these two extremes through the perspective of culture.

- **Individualist Approach to Business Relationships**
  In the individualist approach, the individual person is considered as the “end” of all action, while the improvements brought about by the community are its “means.” Thus, the individual finds its fulfillment in the communal, as the communal goals give value and benefit to the individual person.
The Communitarian Method

The communitarian approach presents the contrary of the individualist. The communitarian culture perceives the group as the “end,” while the individual is the “means” to achieve it. The good of the entire community is therefore possible through the individuals who contribute to the betterment of the community.

The Individual and the Group: What Comes First?

In this dilemma, a seemingly irreconcilable clash between the individualist and communitarian falls into another vicious cycle of presenting one value as solution to the opposite value. It must be made clear that it is a mistake to perceive the individualists as people who do not care for the community. Instead, individuals serve the community for common benefit, while the community in turn returns to the individuals what is due to them.

The reconciliation depends on the appropriate approach to be taken in a given situation. Individuals are expected to participate in order to be a better team member, while the group membership must support the individuals to become better individual persons.

Feelings and Relationships in Culture and Business

The interplay of reason and emotions is important in making business relationships work. Affective relationships are characterized by a free expression of emotions, while neutral relationships are impersonal and thus professional in its approach. Once again, the reconciliation of both approaches can be done through culture.

Affective Associations in Business

Highly affective people are influenced by the culture around them. A free and unrestrained expression of feelings is considered as an outlet for associating with people around them. Direct emotional response is similarly expected from the people whom they interact with in a given situation. People involved in this kind of relationship have an intimate bond with one another in the workplace.

Neutral Way of Dealing with Business Matters

People who belong to affectively neutral cultures control and hold back their feelings, thus not expressing them easily over people or a situation. These people relate with their colleagues in a more professional sense, since the response sought is rather indirect compared to the direct response from affective cultures.

Degrees of Affectivity and Its Expression

There are various degrees of affectivity depending on the various cultural patterns followed by people. On the one hand, people may exhibit their emotions and join it with the objectives of the business. On the other hand, people may exhibit their
emotions, and in turn separate their emotions in order to handle a situation in a professional manner.

- **Verbal and Non-Verbal Communication as Basis for Affectivity**

Various styles of verbal and non-verbal communication also depict the level of affectivity, where in the course of exchange in information, the meanings carried by the carrier of the message must be carefully identified and assessed lest misinterpretations occur in the transaction.

- **Negotiating with People and Business: Affective or Neutral?**

When these two entirely different cultures meet, it is necessary to recognize the difference in their manners of expression, and to desist from making judgments based on emotion or the lack of them. A free expression of emotions may not really present lack of control over emotions, while a neutral emotion does not postulate a rather emotionless person.

**People Involvement and Cultural Orientation**

Engaging with people will enable a person to have access on certain areas of life, either it is specific or single levels of a person's character, or it is multiple areas of one's personality. These directly involve the life space or levels of personality that a certain alliance is founded upon. Culture will help one to understand how to deal with people whose relationships may vary from one person to the other.

- **Specific Relationships**

People in specific-oriented cultures tend to segregate their relationships and simply allot a particular area of one's private life for a particular partnership. There are areas of one's life space where certain people have no access, and the person limits such access to the specific job and purpose that this alliance is made.

- **Diffuse Partnerships**

In diffuse cultures, it is relatively difficult to barge into the "large" private aspect of one's life, thus limiting persons to the "small" public areas of one's life space. However, once a person is able to get through a diffuse culture-bred person's public space, one is also admitted to all the other private areas in one's life space.

- **Resolving Specific-Diffuse Dilemma**

Both diffuse and specific cultural paradigms are actually strategies used to know other people. On one hand, one may start with the specific position and then get to know the other person more, making mutual benefits for both parties. On the other hand, one may start with the people whom they have access on multiple life spaces.
before going to a specific partnership. Therefore, the interplay of both approaches is recommended because business is done professionally and deep relationships breed strong affiliations among partners.

- **Ascription and Achievement in Relation to Status**

A person’s status in a company or group is considered indispensable, for this is conferred upon a person through titles, roles, and responsibilities. Status depends on two different yet interconnected things, namely, ascription and achievement. In relation to status of persons, what should be stressed upon, ascription or achievement? Culture will elucidate our way of understanding this.

- **Ascribing and Involvement**

Ascribed status refers to being to what or who a person is. This could be based on age and experience, education and professional qualifications, and the like. The conferment of status has a positive effect on the person, for this may lead to a self-fulfilling prophecy, as the person lives up to the status ascribed by the people around him. In that regard, the person “deserves” the status given to him before he actually earns it.

- **Achievement and Performance Perspective**

While ascribing refers to being, achieved status refers to doing, to what a person does. Status is conferred upon the accomplishment of a certain task or goal. Unlike ascribed status, achieved status requires the person to earn what he deserves to have his status bestowed upon him, he has to work his way through it and prove that he deserves it.

- **How to Accord Status: Ascription vs. Achievement**

Companies usually pay particular attention to ascription and achievement in the hiring, employment, and promotion of employees. These two factors actually develop together, and should not be considered as separate from each other. On the one hand, if a person begins with ascription, it is important to work and achieve the goals, to prove that what was granted was rightfully deserved. On the other hand, if a person started with achievement, ascription enters as a guide to successful projects or persons, towards which achievement could be done.

**The Concept of Time and Nature in Cultural Diversity**

Two key terms in the discussion of culture are time and nature. Time refers to a line of sequential events that forms a continuum of experiences. Nature is defined as the environment where human existence takes its actuality. The various understandings of time and nature can be attributed to the various cultures whose meanings are shared with one another in a group. This, in turn, is also necessary in
the enculturation of business in a certain situation.

- **Concept of Time**

**Sequential vs. Synchronic Time Orientations**
Sequential time refers to a series of passing events that arise from a certain action in a definite situation. On the other hand, synchronic time suggests that the past, present and future events are related with one another, and that the flashback of the past and the visualization of the future shape and mold the present time. People who observe sequential time tend to do one activity at a time and subordinate oneself to the schedule, while people who use synchronic time tend to do multiple tasks and schedules, and subordinate to various relationships.

**How to Manage Time**
Sequential and synchronic time orientations may vary from one another, but these two time orientations can merge together through scenario planning. Scenario planning is a method where the past, present, and future are synchronized and would eventually trace the point where the past has diverged upon to the present through the use of narratives and stories. Hence, each synchronic scene has different sequences of events included.

- **Concept of Nature**

At the center of human existence is the concept of nature, the very environment where human existence takes into being. Survival could only be possible through the presence of a setting that would promote and sustain human life. Man could either control nature or let nature take its course, the former being internal locus of control while the latter being external locus of control.

**Internal Locus and External Locus of Control**
Internal locus of control is characterized by man's control of nature by necessitating his will over it, thus directed towards the optimal use of nature for man's needs. External locus of control lets man go along with the laws, directions, and forces of nature that in turn will produce various products of nature to man.

**How to Relate with Nature: Managing the two Loci of Control**
Using both internal and external loci of control, man was able to change the view of nature according to his productive functions and respective focus of control. Primitive sciences, employing the external locus of control, were able to maximize organic nature into arts and forms. The renaissance witnessed a shift from external to external locus of control, thus producing a mechanistic nature that focused on techniques and transformations. Through the reconciliation of both internal and external loci of control, the modern era utilized cybernetic nature in order to develop a cybernetic cosmology of various applied sciences.

This synergy of internal and external loci of control made use of opportunities present in nature by making the most out of the present forces of nature and knowing those forces that ought not to be contradicted.
National Cultures and Corporate Cultures

The differences between national cultures help form and determine the corporate culture that a company chooses to take in business. Culture adapted by business organizations depends not only on the technology present and the market available, but also on the cultural preferences of those who run the organization itself. There are three aspects of the organizational structure that must be considered.

1. The general relationship between employees and their organization.
2. The hierarchical system of authority defining superiors and subordinates.
3. The general view of employees about the purpose and goals of the organization and their contribution to such.

In the beginning, a single dimension perspective presented the distinction between cultures (e.g. ascribed and achieved status, or specific and diffuse relationships). At this moment, the bases used to distinguish the type of corporate culture employed by nations are equality (egalitarian) vis-à-vis with hierarchy, and orientation to person vis-à-vis with orientation to task.

- **Egalitarian vs. Hierarchical Approaches**

On the one hand, the egalitarian approach emphasizes the system of equality involved in business, which deals on both the person in charge and task to be done. Specifically, fulfillment-oriented and project-oriented cultures give stress on the egalitarian aspect of relating in business. On the other hand, the hierarchical approach accentuates the flow of order coming from the chain of command (from the highest officials to the lowest employee) in business operations. Particularly, national-corporate cultures involving person-orientation and role-orientation adapt the hierarchical dimension.

- **Person-Centered vs. Task-Oriented Schemes**

The person-centered scheme in corporate cultures engages in the close face-to-face relationships with the people involved in the business. Both the fulfillment-oriented and person-oriented cultures are person-centered in orientation. While the task-oriented scheme in corporate cultures prioritizes the task-in-hand and its fulfillment as its primary goal. The project-oriented and role-oriented schemes emphasize the importance of the task as the purpose for doing business.

- **Different Corporate Cultures**

There are four types of corporate cultures, which were determined through the way nations think and learn, corporations change and motivate employees, and reward and resolve conflicts in their organizations. These are the following:

1. The Family (person-oriented)
2. The Eiffel Tower (role-oriented)
3. The Guided Missile (project-oriented)
4. The Incubator (fulfillment-oriented)
The Family
The Family corporate culture is both personal, in a sense that it deals directly in face-to-face relationships, and hierarchical, where a particular person is in authority over or through those under his jurisdiction, similar to that of the father's command over his children in the family set-up. Being power-oriented, the family culture is geared towards the person, in its quest for effectiveness (doing the right things) of every person involved in the job. Belgium, India, and Spain are just some of the national cultures applying the family model in their corporate culture.

The Eiffel Tower
This corporate culture is characterized by a co-ordination of functions prescribed in roles through a supervisor, who in turn has another immediate superior that reports up to the hierarchy. Symbolized by the Eiffel Tower due to its broad base and steep elevation that narrows as it goes on top of the tower, this corporate culture fosters specific relationships with statuses ascribed to the people, and obeys the rules prescribed by the hierarchy to which everyone is subordinate. Australia, Hungary, and Venezuela are just some of the many countries employing this cultural set-up.

The Guided Missile
Like a missile directed towards a definite target, the guided missile culture is oriented to the fulfillment of projects undertaken by groups. It is egalitarian in approaching its people, yet it is basically task-oriented in dealing with goals. People involved in this corporate culture are driven to “do what it takes” to put a certain task to completion. The United States, Norway and Ireland are countries whose corporate culture is that of the guided missile.

The Incubator
Incubators are created for the purposes of self-expression and self-fulfillment. Adapting this concept to corporate national cultures, the incubator culture promotes the fulfillment of individuals, thus putting the growth of the organization as a second fiddle. Being egalitarian and person-oriented, this cultural pattern operates in an intense emotional environment, with shared enthusiasms and goals of members continuously enjoying the process of creating and innovating. The United Kingdom, Canada, and Switzerland are examples of this corporate culture.

Linking National and Business Cultures
From such vantage point, it could be pointed out that business cultures are dependent on the national culture to which such business culture is primarily based. However, successful businesses do not simply ascribe to a particular cultural pattern instead, the borrow ideas from all types and try to reconcile them in one single culture.

Reconciling Cultural Dilemmas in Business
Having presented the dilemmas of business organization and found its solution on the nation’s culture as an approach to these dilemmas, the task of attaining transcultural competence in business becomes the ultimate goal of the entire
process. It is therefore significant to reconcile the cultural differences through three basic yet crucial steps.

1. **Awareness of Cultural Paradigm and its Differences**
   Sufficient and ample awareness of cultural differences in dealing with business is a prerequisite for the success of a business proposal. It is recommended for businesses to have a systematic understanding of these cultural differences, most especially in cross-cultural management. Without which, devastating effects ranging from misunderstanding among transcultural partners to abortion of business transaction may occur.

2. **Respecting differences in Cultural Mind Frame**
   Looking for situations in one's own life in which one would be behaving like a person belonging to another culture serves as the starting point of respecting the differences in national patterns of corporate culture. Appreciating and respecting these cultural patterns that are different from one's own prevents one from prematurely valuing a behavior as negative.

3. **Reconciling Cultural differences**
   After the awareness and respect for cultural differences, the reconciliation between national patterns of corporate culture becomes the last essential step to take. The transcultural companies are encouraged to strive together in establishing the necessary systems and mechanisms that will promote the mutual benefit of both parties.

Here are ten steps that are useful in attaining the reconciliation of cultural dilemmas.

1. **Theory of complementarity** The individual is more or less separate from the group, and so universalism and particularism are different but not separate. The individual contributes to the good of the group, as a value that every individual aims at.

2. **Using humor** Dilemmas could be made known through the cautious use of humor, where the clash of two various perspectives is part of the business. Contrary values that suggest to one another that they are the solution to their concerns must be communicated in the most fitting manner depending on the situation available in life.

3. **Mapping out a cultural space** Mapping out some or all of the seven dimensions of a culture's cultural space helps in the awareness, recognition and reconciliation of cultural dilemmas. Interviews and questionnaires may be used to facilitate this mapping process.

4. **From nouns to present participles and processes** The proper choice of words is important in finding the suitable words for discussion. And so, business transactions with people from different cultural patterns would make the reconciliation possible.

5. **Language and meta-language** Language can achieve reconciliation in transcultural dilemmas by handling two ideas in mind and still have the capacity to function.

6. **Frames and context** Grasping the sense of the text and trying to reverse the text and context in order to draw the right meanings for languages and the like.

7. **Sequencing** sequencing the processes involving conflicting values over
8. **Waving/cycling** continuous correction of errors in order to strike at the right requirement, which is also known as **error correcting system**.

9. **Synergizing and virtuous circling** Having two values work with one another in mutual facilitation and enhancement.

10. **The double helix** Summarizes all nine processes by adjoining complementaries, using humor to convey a message, mapping for cultural space, monitoring growth processes, using language to communicate dilemmas, analyzing situations based on the context to which one belongs to by observing the sequences of waves and cycles, and making two distinct values to create a synergy or fusion for further growth and development.