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# Notes on the Conceptualizations of Culture in Intercultural Management

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## **Notes on the Conceptualizations of Culture in Intercultural Management <sup>1</sup>**

Intercultural management broadly refers to the handling of cultural differences in businesses and organizations. Although culture develops in all social groups, such as in firms, schools and neighbourhoods, intercultural management often refers to cultures framed within national and ethnic settings. Language, religion, family relations, work ethics and daily living are some aspects of culture. These cultural manifestations reflect the community's world views, norms and values, and shape social behaviours and practices of members in the community. The idea of "intercultural management" also suggests that cultural differences are sources of miscommunication and misunderstandings. So in international business, intercultural management is a daily activity that affects different operations, including localization of services in a foreign market, offering local hospitality to foreign tourists, adapting one's negotiation style to overseas business partners, communication in an international work environment and devising appropriate human resource services in overseas subsidiaries.

### **Cultural relativism and intercultural management**

A basic guiding principle in intercultural management is cultural relativism. Cultural relativism treats all cultures as equal, and each culture must be understood within its own interlocking physical, historical, economic, social and political circumstances. This means that a culture has to be appreciated holistically. A cultural relativist accepts that people of other cultures believe, value and behave differently because of their own histories and situations. To impose one's own cultural values on another is to be ethnocentric. It shows a lack of empathy and understanding that culture evolves over time and circumstances. Being ethnocentric also means that one is arrogant and thinks that one's own culture is universal, if not superior.

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<sup>1</sup> This working paper is an early draft of the entry "Intercultural Management" for the forthcoming 2015 *The SAGE Encyclopaedia of Quality and the Service Economy*. In this context, references are scantily used.

In a 2007 article 'Un-packing packaged cultures: Chinese-ness in International Business' (*East Asia: An International Quarterly*, 24, 111-128), I criticised but did not offer a proper practical alternative to the essentialist view of culture in the context of intercultural management. This paper is also a partial response to that inadequacy.

In intercultural management, all parties should respect and understand the cultural backgrounds of others. All parties must empathise, adapt and be sensitive to one other. So for instance the cow is a holy animal for Hindus; McDonald's does not serve beef in their restaurants in India, instead it offers a wide variety of vegetarian burgers.

Practising cultural relativism is easier said than done. There are many entrenched cultural practices that are considered "universal" in some societies, for example, unacceptability of child labour, equal rights for homosexuals and banning of whale hunting. A cultural relativist understands and tolerates practices that may be unacceptable in one's own culture but many people who see themselves as culturally sensitive still condemn companies that adapt to and accept certain cultural differences. These multinational companies may be accused of being irresponsible in the name of cultural relativism. Corrupt practices, dire workers' conditions and poor environmental procedures are practised by many international firms in developing countries, and these multinationals are accused of conveniently following the dictum: When in Rome, do what the Romans do. IKEA, a Swedish home furnishing retailer, was severely criticised in 2012 because it airbrushed women out of its Saudi Arabia's edition of its sales catalogue. The Saudi catalogue reflected the unequal treatment of women in the country. IKEA has since apologized, and largely removed people from their subsequent catalogues.

Navigating between being a cultural relativist and taking a "principled" stance is an ongoing intercultural management process. One's own principled position is embedded in one's own society and culture. So devising an intercultural practice is often pragmatic and grubby, for instance, Save the Children, an NGO to protect children's rights, suggests that companies may use younger workers but only for work that are safe for them, and the work hours are short enough for the child-worker to get an education. To outlaw child work would result in financial ruin for families, and drive child work practices underground in many less developed countries. The focus on actions, practices and stories behind products and services have made intercultural management matter in all business activities of a firm.

Most intercultural encounters are not difficult to handle and manage, for example, respecting and accepting most people's dietary preferences and languages. And intercultural interactions inevitably affect all parties, resulting in changes as colleagues' behaviour adjusts, new services emerge to serve local tastes and a new *lingua franca* arises to facilitate communication. Different people and companies however have different

understandings of the nature of culture and how culture changes. Their views of culture in turn shape their intercultural management strategies. The three main views are presented next. The first view is essentialist culture.

### **Essentialist culture**

Culture is strongly established in a community or society over time, and members have developed habits, norms, behaviour and values that have come to characterize the culture. Cultural change is slow. This is a popular position in management practice and theory. So in intercultural management, one must adapt and accept fixed cultural differences of others. Because of the deep-seated nature of cultural traits, essential cultural differences are used to depict a culture and community. There are a few of such essentialist views of culture.

Arguably the most influential is Hofstede's (2001) dimensions of culture. Based on a survey in the 1960s of more than 120 000 employees in IBM around the world, Hofstede identifies four universal dimensions of national cultures. Since then, two more dimensions have been discovered. These dimensions are: power distance; uncertainty avoidance; individualism versus collectivism; masculinity versus femininity; pragmatic versus normative; and indulgent versus restraint.

Power distance refers to the degree members of a country expect and accept the unequal distribution of power. Individualism and collectivism refers to the social network that an individual expects oneself to take care in society; a more individualistic society expects a person to only take care of oneself and one's immediate families, while a collectivistic society expects an individual to support and will be supported by a larger social network in the society. A masculine culture means that a society is more focused on achievement, assertiveness, and material rewards. It is more competitive than a culture that is more feminine, which leans towards cooperation, modesty, and a focus on the quality of life. Uncertainty avoidance describes the degree of discomfort members of society feels when faced with uncertainty and ambiguity; is one willing to take risk? The normative and pragmatic dimension was known as the long-term and short-term orientation dimension. A normative society has a culture that prioritizes towards the maintenance of traditions and norms, while a pragmatic society focuses on emerging challenges, and encourages thrift and education in preparation of the future. Finally, a restrained society encourages members to suppress their gratification of needs and pleasures while an indulgent society allows for a

freer and more immediate gratification of basic human drives. So for example, Scandinavian countries are seen to be more individualistic, equal, feminine and indulgent, compared to many Asian societies that are usually more collectivistic, hierarchical, masculine and restrained. Consequently when a firm manages Scandinavians, its incentives should be geared towards individuals' pleasures and needs, while in the Asian context, social activities among colleagues may be more appropriate and should be made more common.

In a similar cultural dimensions-inspired study, GLOBE, the world is divided into regions, including Anglo, Germanic Europe, Confucian Asia, Sub-Saharan Africa, Middle East, Southern Asia, Eastern Europe, Latin Europe, Nordic Europe and Latin America (House *et al.* 2004). The study finds that Confucian Asia is seen to score relatively high in the team-oriented leadership dimension, low on participative leadership dimension, and high on self-protective leadership dimension. This contrasts to the Middle East, which scores lower in the team-oriented leadership dimension but similar in the participative leadership and self-protective leadership dimensions. This suggests that when a multinational goes overseas, the firm must be aware that its leadership style must be adjusted to the host country. Adaptation, or at least expectation of cultural differences, is needed in intercultural management.

Edward T. Hall (1976) frames culture as communication. When people communicate, their messages, manners and behaviour are embedded in how they organize the world, time and space. By concentrating on communication and language use, Hall argues that there is a cultural filter through which people interpret things. To Hall, there are some cultures that are more high-context; people in these cultures assume many unspoken ideas when they communicate. Richard E. Nisbeth (2003) also attempts to examine the contextual thinking in Eastern cultures. He postulates that cognitive structure is shaped by history, the physical and the social environments. Drawing from the ancient philosophies of Aristotle and Confucius, Nisbett argues that the Chinese tend to think more of relationships and relatedness between phenomena, while the Greek (and Westerners) think in abstract attributes. As a result, there are consequences with regards to how Confucian Asians relate to contracts and the laws. For example, Americans coming from a low-context culture, in which contracts are important and legally binding, and social and business interests are kept apart, will find it tough to communicate with partners in Vietnam because Vietnamese business partners tacitly mesh their diverse economic interests and social functions together, as in ethnic kindred, friends and business partners. The Vietnamese 'relationship' way of doing business – with

little reliance on a formal contract but on a cultivated trust – is not spelled out and is highly contextual. So negotiation and sealing deals with partners from such cultures require Americans to try a different way of doing business.

In sum, because culture is seen as deeply entrenched and cultural elements are difficult to change, cultural differences are constant sources of misunderstanding. An understanding that others are different is the first step in good cross-cultural management. As a strategy, firstly, one must learn of the potential sources of misunderstanding by identifying areas of cultural differences. Secondly, one shows understanding and respect for the other by communicating and behaving in the appropriate manner. Manner of communication must be adapted to the cultural practices of foreigners. Thirdly, communication is essential in explaining one's own cultural perspective and to seek understanding from the other party.

### **Criticisms of essentialist culture**

There are a number of interrelated criticisms of the essentialist views of culture. The first is on the speed of cultural change. Globalization has affected many aspects of people's lives around the world. When people from different cultures interact, new understandings, values, practices and behaviours emerge. Globalized values, practices, products and services have emerged, ranging from the hand-shake to Korean pop-music, Internet dating-services to the emergence of English as the world's common language.

This leads to the second criticism. Culture within a community is also diverse. There is a range of different behaviours, values and practices co-existing in a single community. For example, returning to the IKEA's 2012 marketing catalogue in Saudi Arabia, the company inadvertently sided with the more conservative members of the society, and ignored the many who want equality for women. Reducing a culture into broad elements and dimensions ignore the complexity and diversity of society. Essentialist culture presents a homogenized reading of society.

Following from the second criticism, the third highlights the fact that essentialized cultural generalizations cannot be applied to microscopic social interactions and practices. To do so is to commit the ecological fallacy. The ecological fallacy refers to the application of a generalization onto individuals, assuming that a generalization characterizes all individuals in the group. Applying a generalized view of culture on the individuals denies

the complexity and diversity of culture at the practice level, and that all individuals are profiled and fixed into narrow cultural traits in all social contexts. Individuals are different, responsive and capable of behaving variously under different situations. Social interaction is a dynamic process. The next two views of culture address these shortcomings.

### **Dynamic views of culture**

In anthropology and sociology, culture and cultural change are constantly investigated. Many scholars in the field do not see culture in an essentialistic manner but as part of the dynamic social world. Diversity and complexity is instead highlighted. But like the essentialistic views, cultural differences matter; world views, behaviour, values and beliefs do differ across societies. But unlike the essentialistic views, culture is seen as malleable; cultural change can take place quickly and members in society interact and have space to transform society and culture. The two main dynamic views of culture are presented here.

#### **Functionalist culture**

Functionalist culture is the first. The classical anthropological method of the “ethnographic present” is frequently used to understand the relationship between culture and society. An ethnographic present is an understanding of culture and society at a particular moment in time, space and circumstance. Unlike the reductionist approach of essentialist culture, an ethnographic present describes culture within a social, political and economic system and discloses a web of cultural meanings and social relations. An ethnographic present gives only a snapshot view of society and culture over a limited period of time. For example, intercultural management is central in tourism, as many local cultures must also be accessible to foreign visitors. Tourism is part of cultural development in society. So in a comparative study of Denmark and Singapore, Ooi (2002) examines the development of local cultures in relation to tourism. He finds that Singaporean heritage and lived cultures are deliberately touristified and made more accessible to foreigners, as the authorities and tourism businesses try to “live up” to foreign expectations and perceptions of the country. Locals have become broadly welcoming of the changes. This is possible because of the soft authoritarian state, with support of the pliant mass media and massive economic resources made available to the industry by the government. Cultural change in Singapore is partly driven by tourism demands. This contrasts to the Danish situation, in which harnessing local support is difficult for the industry because of debates in the mass media, political challenges between state



agencies and limited state support for the tourist industry. Unlike that in Singapore, Danes resist adaptation to foreign tourists needs.

Also in an ethnographic present understanding, cultural manifestations are examined in the context to their functions and purposes in society. From a structural functionalist point of view, aspects of society and culture are seen to function together, as they are intricately linked to the perpetuation of society and culture. Any change to an aspect of society, however destabilizing, will eventually steer society to a new equilibrium. Societal change is thus not intrinsically bad. This model privileges social and cultural equilibrium. The interlocking social institutions support gears towards stability for the whole system. With regards to intercultural management, foreign firms must be aware that they are engaging with a generally stable social system when they go overseas. For illustration, their human resource services and strategies may not fit the society. The centralized welfare systems in northern Europe serve the needs of looking after the young, old, sick and unemployed but in many other societies, friends and family serve various welfare-support functions. As a result, northern European companies have to modify their incentives for their workers in China, for instance. Generous European-styled annual leave schemes are welcome but many Chinese workers prefer to have fewer days off and be given health insurance for their family instead. Many cultural practices serve basic needs and functions in society, and intercultural management services and strategies must relate to that.

Functionalist culture frames cultural differences in the context of local circumstances. As circumstances change, culture changes too. Good intercultural management involves understanding the purposes of various cultural manifestations in society. And moving away from an integrative functionalist approach, a critical emergence approach frames conflicts and differences as part of society and culture. Culture is negotiated. The functionalist view is considered romantic and naïve from the conflict or critical perspective.

### **Negotiated culture**

A critical perspective, having roots from Karl Marx, sees society and culture as an arena of oppression, manipulation and coercion, albeit often in subtle ways. Culture is an arena for negotiation. There are diverse interest groups in society and they interact in ways to further their own agendas. Cultural manifestations and practices benefit some groups more than

others. Some want changes, others do not, depending on their satisfaction with the status quo. For instance, industries and governments in many countries social engineer the population to increase productivity. Unions negotiate to bring a better work-life balance for their members. Culture – as in values, beliefs, norms and behaviour – changes as policies, regulations, incentives and opportunities change. Culture is constituted by processes of negotiation, persuasion and manipulation. Marketing is often an explicit attempt at changing consumer behaviour for the benefits of firms, for example; Starbucks has succeeded in changing coffee drinking cultures around the world. Culture emerges and is negotiated.

Also from such a negotiated view of culture, culture is not seen as a determinant of social behaviour but as a resource for individuals to negotiate and manage the dynamic social environment. Even if there are cultural ways of doing things, individuals are not culturally fixed. Instead individuals are responsive and versatile. It is meaningless to talk about enduring cultural values and behaviour because individuals make choices on how to improve their own situations. Such a view provides the critical turn to challenge any simple and imagined view of culture. People not only respond to the circumstances to make their lives easier but also to further their own interests and domination. For example, a negotiator who wants flexibility to a business deal in Cambodia may insist that a contract is not necessary because it is a cultural practice in Cambodia. But contracts do matter in Cambodia.

Both the functionalist and negotiated views of culture see change as inherent in society. Intercultural management is then about managing the change. Both perspectives do not contradict but complement each other. They offer a holistic basis for doing intercultural management.

### **Intercultural management of dynamic cultures**

The functionalist and negotiated views of culture focus on how culture changes and emerges. It also concentrates on diversity and heterogeneity in culture and society because these are sources of change. These dynamic views of culture also accept that change can be managed. From a functionalist view, the desired cultural changes must serve the needs of society else it will not be adopted by its members. From a conflict perspective, changes contain agendas of those wanting desired changes. It is however possible to bring about a fairer and better world by engaging with various interest groups. In taking the dynamic views of culture, despite entrenched cultural practices in many countries, many firms can introduce new services,

promote sexual equality in the workplace, change consumer behaviour and foster more transparent and accountable business practices.

Table. Summary and comparison of intercultural management strategies.

	Essentialist culture	Functionalist culture	Negotiated culture
Common grounds	<ul style="list-style-type: none"> <li>• Values, beliefs, practices, norms and behaviour differ across societies.</li> <li>• Cultural differences are sources of misunderstanding.</li> <li>• Respecting and understanding cultural differences will enhance intercultural management.</li> </ul>		
Cultural change	<ul style="list-style-type: none"> <li>• Culture is constituted by essential and core elements that have come to define a society.</li> <li>• Culture is entrenched over time, and change is very slow.</li> </ul>	<ul style="list-style-type: none"> <li>• Culture reflects the circumstances and needs of society.</li> <li>• Culture changes as new circumstances arise, and society moves towards a new social equilibrium.</li> <li>• Culture can be socially engineered if it brings about a more stable society.</li> </ul>	<ul style="list-style-type: none"> <li>• Culture changes as diverse groups and individuals in society persuade, coerce and manipulate others to further their own interests.</li> <li>• Culture is constantly being engineered by vested interests in society.</li> </ul>
Individuals in culture	<ul style="list-style-type: none"> <li>• Individuals are largely culturally-wired and their values, beliefs and behaviours reflect the cultural norms.</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals internalize the range of values, beliefs and behaviour in society. They are also responsive, and their values, beliefs and behaviour can change.</li> <li>• Members of society, consciously or otherwise, function together to bring about social equilibrium.</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals internalize the range of values, beliefs and behaviour in society. They are also responsive. Their values, beliefs and behaviour can change.</li> <li>• Groups and members of society, consciously or otherwise, negotiate with each other to shape society and culture.</li> </ul>
Intercultural management implications	<ul style="list-style-type: none"> <li>• Cultural relativism: Respect and know the cultural differences.</li> <li>• Avoid misunderstandings through learning about the others.</li> <li>• Management and firms have to be sensitive and adapt to the cultures of their business partners, consumers and employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Cultural relativism: Understand the functions of various cultural manifestations in a specific society</li> <li>• Management and firms have to be sensitive when dealing with intercultural issues; cultural changes come about as society moves to new social equilibrium.</li> <li>• Management can direct change if needs of society are served.</li> </ul>	<ul style="list-style-type: none"> <li>• Cultural relativism: Understand the dynamics of influence and power in society.</li> <li>• Be aware that vested interest groups shape society and power.</li> <li>• Management and firms have to be sensitive that cultural changes come about mainly by delicately social engineering those changes.</li> </ul>

Intercultural management is a central issue in businesses today. Intercultural management takes place at various levels, from interpersonal communication to adapting services to local needs. There are different views of culture, and these views affect intercultural management strategies. These views are not necessarily exclusive. More often than not, different approaches are applied to different situations. The essentialist view of culture sees change as slow, and individuals as culturally wired. The dynamic views of culture see culture as malleable. Individuals are shaped by their cultures but their actions correspond to the social setting, context and situation. Both the functionalist and negotiated views of culture avoid the ecological fallacy by not applying generalized views onto individuals. And in all approaches, being respectful of cultural differences and avoiding misunderstandings are central in intercultural management.

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