

Navigating Global Business

A Cultural Compass

Navigating Global Business: A Cultural Compass integrates and synthesizes all available country cluster studies into a nested, meta-structure accompanied by eco-cultural correlates that distinguish amongst clusters. The broad range of analyses will appeal to researchers and practitioners, seasoned multi-firm executives, those in small firms seeking internationalization, and anyone intrigued by the greater question of human diversity. The book covers key work-related cultural dimensions for much of the world, and includes examples of applications in most business areas. Also exhibited are the correlates of culture, some of which, such as language and religion, speak to the origin of cultural variations in addition to illustrating key variants of the global terrain. Finally, the authors examine how patterns might have changed over time, providing a rigorous and realistic assessment of the fruits of globalization.

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To Freddy my beloved wife, my exciting navigator
of five decades

Simi

To my wife Miriam, my inspiration for all things,
cross-cultural included

Oded

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Foreword

It has been said that fish are the last to notice water; they just take it for granted. Likewise, most of us take our own national culture for granted. We assume that our own culture, the shared ways we have of thinking, feeling, and acting, is universal. Only when we have been exposed to other cultures do we recognize that they differ from ours. If we are traveling, working, or doing business in another country, we may be exposed daily to co-workers, managers, or subordinates of different cultural backgrounds.

“Culture is a powerful force,” state Ronen and Shenkar, the authors of this book, as “it shapes people’s perceptions, dispositions, and behaviors” and can influence the success or failure of an endeavor. For so many of us who travel, work, or study in other lands, it is crucial to have a cultural map and compass, a means by which to decipher real but unspoken aspects of our daily work. A better cultural understanding can make our working relationships clearer and more comfortable. It can aid us in becoming more effective. It can help us to anticipate and overcome obstacles and dissimilarities and to avoid cultural “landmines” and “booby traps.”

The publication of *Navigating Global Business: A Cultural Compass* is a breakthrough event that provides just that. No other book comes close to achieving such a thorough, comprehensive overview and clear understanding of cultures across the globe. This book offers a journey through a wealth of data to produce cultural maps that can be used as cultural direction finders. Simcha Ronen and Oded Shenkar, two outstanding social scientists, have created a book that is both scholarly and practical. They have looked deeply at an accumulation of cross-cultural studies and distilled them in a way that gives us a new and useful atlas of countries based on work-related values and behaviors.

In centuries past, only the rare traveler got a good look at different cultures. In the 1200s, Marco Polo traveled the “Silk Road” from Venice into Asia. He returned with rare treasures and accounts of the different behaviors and attitudes of the people he met. Large-scale exposure to other cultures took a sharp leap forward after Columbus’ adventures to the New World in 1492 (Diamond, 2005). Earlier in that same century, China had ships faring widely and trading across the Orient (Menzies, 2003). In the following century, European explorers such as Magellan and Vespucci continued to gain knowledge of other lands. Since then, the trajectory of cross-cultural encounters has increased sharply.

Today, with the advent of airplanes, television, movies, the Internet and space satellites, people all over the world are frequently exposed to the cultures of other nations. An extraordinary number of people are traveling to other countries. Industry sources estimate that 8 million people in the world fly every day. About 40%, or more than 3 million, are international passengers. Every day! And a large share of them are business and government travelers.

Future generations of employees are already being educated in international settings. For example, there were 274,000 Chinese students in US colleges in 2014 and just as many American students were in colleges overseas that year. When I taught in China and Taiwan recently, I learned that many students adopted English names from American actors. (“Monica” from the TV series “Friends” was a favorite among women.) These patterns presage even more cross-cultural interactions in the years ahead.

This book parallels my own personal and professional interests in cross-cultural studies. As a child I saw my parents, who immigrated to New York from Europe in their young adult years, slowly adapting to the American culture, which they did not always understand, or share. Later, as a soldier in peacetime Japan and Korea, I experienced how people in other countries acted and behaved in ways that were at first strange to me. A few years later, in the early 1970s, when I worked for IBM’s (International Business Machines) World Trade Corporation, and was in charge of personnel research all around the world outside of the United States, I came face to face with both obvious and subtle differences in cultures around the world. I wish that back then I had had the informative cultural maps found in this book.

Instead, I witnessed and took part in the burgeoning of this field of cross-cultural research, which led up to the publication of this book. The eminent social psychologist Geert Hofstede was an IBM colleague of mine when he gathered his data about work values from IBM employees worldwide. Some years later, in 1980, his momentous work, *Culture’s Consequences: International Differences in Work-Related Values*, was published. Until then, most so-called cross-cultural studies had dealt with only two or three countries at a time. His pioneering work based on IBM data from 40 countries was bolstered by his brilliant integration of the literature up to that time. Hofstede’s foundational work led to emulation by Shalom Schwartz, a social psychologist who studied human values. This was followed by studies done by the GLOBE (Global Leadership and Organizational Behavior Effectiveness) consortium in 61 countries and additional studies by other researchers. Each study used different sets of countries, sampling strategies, types of subjects, and measures. So it should be no surprise that

they got different findings. Each research study touted its own concepts and results as the latest and best in the field. What to make of all these different efforts?

The current book is an inspiring effort to integrate and make sense of these diverse results. It brings us to a new level of understanding of culture, its roots, and its corollaries. Ronen and Shenkar start thoughtfully with a clear definition of culture itself, its relation to nation-states, and why culture matters to individual and organizational behavior, strategies, and business impact.

In Chapter 2, the authors describe the studies they will synthesize, and how they achieved their clever clustering maps. Ronen and Shenkar have ingeniously used one metric found in all of these studies to create a useful overall picture. Primarily, they note how often each country is linked to another country in the various studies, and then they combine these associations from 11 major studies. Their synthesis uses sophisticated methodology, which they support with secondary analyses.

The result is an amazingly useful picture of which countries are most and least related to one another and what country clusters they form. We might naively combine nations into *geographical* clusters (such as Europe, or Latin America, etc.), but Ronen and Shenkar describe 11 *culturally based* clusters, such as Anglo (comprising Australia, Canada, Ireland, New Zealand, the UK, and the United States) and Confucian (Japan, China, Hong Kong, Taiwan, Singapore, and South Korea). Businessmen and government executives will find these groupings useful for many purposes. The clusters can be applied in dealing with cross-cultural negotiations, corporate strategies, adapting human resource management practices, managing global teams and projects, and more.

In addition to the cultural clusters they find, the authors also consider the impacts of our fast-changing world to ask if such changes are resulting in a convergence of cultures around the world, perhaps into a global culture of sorts. This is important for leaders looking to the future. My own experiences around the world, anecdotal to be sure, suggest this is indeed happening. It seems most likely for the commercial, governmental, and academic elites who travel and read about other countries, and are exposed to other ways of thinking, feeling, and acting. However, the authors make a case that the issue of convergence is still an open question.

Ronen and Shenkar's unique scholarship is especially well presented in the next three chapters, the substantive sections that make the book truly unique. In Chapter 3, they go beyond merely aggregating countries based on cultural similarities. They look at the role of seven different correlates (such as geography, language, and religion) as determinants of country

culture. No other work has gone to such depths to help us grasp and comprehend the foundations of national cultures. In a rare achievement, they go on to explain cluster *adjacency*, the relationship and similarities among the various clusters. The authors' innovative and trail-blazing efforts to deal with adjacency among clusters helps us to appreciate why, for example, European clusters are closer to one another than to the Asian-based Confucian cluster.

In Chapter 4 the authors describe work-related behaviors in the context of the clusters, and they offer a new classification of job behaviors. This is a groundbreaking advance for research and thinking about work behaviors, as well as for many applied human resources practices.

In Chapter 5, the concluding chapter of the book, a cluster-by-cluster view summarizes the perspectives previously discussed in the book, and describes the implications and applications of their findings. This chapter is a remarkably insightful view of the wide set of forces that shape culture and how culture, in turn, shapes so many important behaviors that must be reckoned with by researchers and managers alike. Many compelling examples of individual and organizational behavior are used to illustrate the various dimensions of culture and enlighten the reader.

Intellectual pioneers are often the targets of criticism because they challenge conventional thinking. With this book, Ronen and Shenkar may likewise be challenged. They use a methodology that is novel among cross-cultural studies and they offer new concepts (e.g., cohesiveness, adjacency, and nesting). Their cluster analysis nevertheless is a strong method, one that makes fine use of the available data and despite any quibbles, this book undoubtedly contributes to a new understanding of how countries in much of the world relate to one another.

The extraordinary value of this book goes well beyond the volume's methodology. Its value comes from a rare combination of scholarship, wide experience, and thoughtful viewpoints, combined with a dedication to a fulsome consideration of all relevant issues. And it is well written and illustrated, too.

It is hard to imagine a better set of authors than Ronen and Shenkar. I admit to some bias. I met Simcha (Simi) Ronen in 1973 when I took a sabbatical to teach at Tel Aviv University. We have collaborated on several cross-cultural articles. He is an astute professional who has traveled widely around the world, and for many years was a tenured Professor at New York University. Oded Shenkar is another wise scholar in cross-cultural research and a rare expert in Chinese and Japanese studies. Now at Ohio State University, he has traveled, taught and consulted widely, and won several awards for the excellence of his work.

To sum up, this book is the most comprehensive book now available in the field of work-related country clusters. It distills major findings from a set of large-scale studies, poses intriguing questions and answers, and gives us highly useful results. Ronen and Shenkar's cultural roadmaps offer new insights to business and government executives as well as to social science researchers. This is a good scientific read and is a thought-provoking volume about important cross-cultural issues that are in flux. Current and future cross-cultural explorers will no longer need to feel much like a fish out of water.

I believe this book is truly a major advance in the field of cross-cultural studies. It will be the guide of choice to researchers and practitioners in the field. Readers will want to keep it close by and make good use of it!

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June 1, 2016

Acknowledgments

Writing a book is always a major undertaking, more so when it is the culmination of a decade's long effort. The book in front of you hence represents the contributions of multiple individuals and organizations, to which we owe a debt of gratitude.

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Acronyms

ASEAN	Association of Southeast Asian Nations
CCC	Chinese Culture Connection
CEO	chief executive officer
CIP	country's institutional profile
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
GLOBE	Global Leadership and Organizational Behavior Effectiveness
GNS	Geographic Names Server
HC	horizontal collectivism
HI	horizontal individualism
HR	human resources
HRM	human resource management
HVIC	horizontal-vertical individualism-collectivism
IB	international business
IBM	International Business Machines
IHR	international HR
IHRM	IHR management
IPO	initial public offering
ISO	International Organization for Standardization
M&A	mergers and acquisitions
MNEs	multinational enterprises
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
PC	per capita
PPP	purchasing power parity
SOE	state-owned enterprises
SA	sensitivity analysis
SSA	smallest-space analysis
TCE	transaction costs economics

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List of Acronyms

UAE	United Arab Emirates
UK	United Kingdom
US	United States
VC	vertical collectivism
VI	vertical individualism
WVS	World Values Survey