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THE ROLE OF CULTURAL VALUES IN BUSINESS AND SOCIETY

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ABSTRACT

For managers or business people visiting a foreign country, understanding national values through surveys like Hofstede's (1980) can be extremely beneficial. These surveys identify the acceptable values, ideas, and behaviors in a country, which helps avoid offending locals. Hofstede identifies four value dimensions, while the GLOBE survey (House, 2004) identifies nine. Additionally, a country's cultural values can be inferred from people's statements about their culture and what is rewarded or punished in various institutions. Values are embedded from the culture in the process of socialization and, once learned, tend to be resistant to change. A society's institutions carry the culture's values in their ideologies. Value differences between members of different cultures can lead to misunderstandings and conflict.

KEYWORDS: culture, cultural value, cross-cultural communication

1. Introduction

A country's institutions reflect national cultural values in their ideologies, and business organizations mirror these values to varying extents. For example, Japanese organizations reward managers for being team-oriented and for developing their subordinates' skills (Van Oudenhoven et al., 2002). In contrast, organizations in individualist countries like North America, Western Europe, and Australasia value and reward managers for personal effectiveness and achieving good results.

Foreign business visitors often encounter values and practices that are normal in the host country but unacceptable at home. For instance, is it acceptable to pay a government official for assistance or to give an over-generous tip for a service? There is no international consensus on business conduct standards, but multinational companies are increasingly pressured to prove their engagement to corporate social responsibility. Many companies join the United Nations Global Compact, consider the environmental impact of their operations, and ensure their activities help alleviate poverty in their operating regions. Establishing values within a culture is essential, but these values differ significantly across cultures. Weiss (2005) highlights how cultural value differences impact communication. For example, Americans value directness and efficiency, while other cultures may find these traits rude and immature, leading to communication difficulties. Ethnocentrism, where one views other cultures through the lens of their own values, impedes cross-cultural communication and relationships.

2. Methodology

The aim of this paper is to outline and discuss actual and representative scientific standards related to how cultural values from different countries are addressed in both business meetings and society. This paper is based on an analysis of relevant

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literature concerning cross-cultural communication, cultural values, intercultural conflict, and related topics, as well as empirical research based on observation.

3. Defining Culture through Values

Values are deep-rooted beliefs about what is good, right, fair, and just, and they are the greater source of cultural differences. Cultural values shape behaviors and attitudes, influencing how individuals within a culture view themselves and their society (Smith & Schwartz, 1997). Statements about cultural values often reflect aspirations rather than reality (Holliday, 2013). For example, Americans may describe their culture as one driven by a strong work ethic and the pursuit of the American dream. Milgram's classic experiments (1963) illustrate the powerful influence of cultural values, such as respect for authority. Volunteers, believing they were part of a study on memory and learning, were instructed to administer increasingly severe "shocks" to a learner for incorrect answers. Despite showing signs of distress, two-thirds of the volunteers complied with the authority's instructions to the maximum voltage. Later studies found less conformity among French and Norwegian volunteers, suggesting national differences in values regarding authority.

Values provide standards for evaluating behavior, but cultures often contain conflicting values. For example, the pursuit of material success might clash with values of compassion and charity, or individualism may conflict with equality. Different cultures prioritize values differently; for instance, individual happiness is highly valued in North America, while group harmony is prioritized in some Asian cultures. Misunderstandings can arise from these differing values, as seen in cross-cultural workplace studies where employees from different cultural backgrounds may have conflicting behaviors and expectations.

Ethnocentrism involves judging other cultures based on one's own cultural standards, often leading to intolerance and ineffective communication. Ethnocentric values act as a barrier to cross-cultural understanding (Baldwin & Hecht, 1995).

Some values, such as revulsion for child molestation and prohibitions on incest, are nearly universal. Politeness norms and preferences in mate selection also tend to be consistent across cultures (Schwartz, 2006). Cultural values are resistant to change but can evolve, especially when individuals migrate to different countries. For example, Turkish parenting values conflict with Australian values, leading to changes in parenting practices among Turkish families in Australia (Yagmurlu & Sanson, 2009).

Effective cross-cultural communication requires flexibility and consideration of generational differences in preferred communication channels. Business communications should match the preferences of the target audience, and using culturally appropriate models and presenters can enhance credibility and influence (Marimoto & La Ferle, 2008).

Cultural differences in communication styles can lead to misunderstandings, as seen in a study of Australian and French employees where differing expectations and communication styles caused tensions (Beal, 1994). French managers, adhering to French communicative values, provided very direct and clear-cut instructions to employees. In contrast, Australian managers gave directions in a typically indirect, "democratic" way, which the French interpreted as a lack of confidence and weak leadership. Guided by their communicative values, the French tended to focus more on the topic than on the person they were addressing. This, along with their habit of starting remarks with "Mais", made their speech appear offensively blunt and belligerent to the Australians: *"Even when* *the French spoke to Australians in English they transferred several linguistic habits from French into English. For instance, they made requests by using imperatives and 'il faut' ('you must...). This made them seem authoritarian to the Australians who preferred 'Would you mind?"* The French managers' difficulties in dealing with Australian managers and employees derived not from poor communication skills but from French communicative values, which stress directness and assertiveness.

Cultural values influence perception and judgment, as demonstrated by the varied interpretations of a television episode by different cultural groups (Liebes, 1988). The strong influence of culturally-derived values on perception and judgment was evident when members of five cultural subgroups in the United States and Israel were gathered to watch the same episode of the television soap series, Dallas. These subgroups included Americans, Arabs, Jews, Moroccans, and Russians. After viewing the episode, each group was asked to recount the story. The interpretations varied widely among the cultures. The Arabs focused on kinship, while both Arabs and Moroccans were shocked by the portrayal of women. In contrast, Americans and Israelis viewed the events and characters with amusement and a tongue-in-cheek attitude. The Russians, on the other hand, interpreted the story politically, seeing it as a false depiction of American prosperity. This example demonstrates how individuals from different cultures perceive and interpret situations and events in ways that align with their pre-existing, culturally-derived value systems.

4. Organizational Values

Organizational values, derived from national culture, influence employee behavior and relationships. Successful integration of organizational cultures in mergers and acquisitions requires addressing value clashes and fostering shared values (Epstein, 2004; Kanter, 2009).

Organizational values can be assessed by examining factors like flexibility, employee loyalty, customer satisfaction, innovation, and communication styles. Organizational values derived from the national culture influence the way employees do their jobs and how they relate to their bosses and colleagues. However, organizational cultures are dynamic and constantly changing. Attempts to assess an organization's culture usually begin by identifying the present values of the organization, and considering such questions as:

- Whether the organization values flexibility or control with regard to organization structure, reporting arrangements, and other key aspects of organization.
- Whether the organization values employee loyalty more than employee capability.
- Whether customer satisfaction is more important to the organization than profits.
- Whether individuals are expected to innovate or conform.
- Whether the organization values formal communication or informal communication.

Informal communication networks contribute to knowledge sharing and social capital within organizations (Schein, 1990). Organizations in countries worldwide vary in the extent to which their employees regard work as central to their lives Employees' attitudes towards work vary across cultures; for example, work is more central to Americans' lives than to Germans but less central than to Japanese employees (MOW, 1987).

5. Ethical Values

Establishing a set of moral rules in the minds of all members is an essential function of culture. However, no published scale exists to measure the validity of different moral values produced by different societies (Guerra & Giner-Sorolla, 2010). Thus, business visitors to a foreign country often encounter values and practices that are entirely normal there but would be considered completely unacceptable in their own country. Examples are child labour in India and China and some African countries, and discrimination against women in some countries in the Middle East.

Another example is payments for services rendered that would be seen as bribes in the visitor's own country but which are common practice in some countries, where the payments are not regarded as unethical (Ali, 1995). In Russia, corruption and bribery in business affairs has been widespread since the collapse of the Soviet Union. Kazakov et al. (1997) argue that commissions and bribes have to be tolerated by foreign business executives in Russia who wish to sign a contract or clinch a deal. Russia is a country where power holders are very distant in society. This is underlined by the fact that the largest country in the world is extremely centralized, with two-thirds of all foreign investment going into Moscow.

In the absence of any clear and uncontested code of business conduct, international business executives and expatriate managers can never be certain that the way they go about dealing with ethical dilemmas encountered abroad is the right way. Is it right or wrong, for example, to pay a foreign government official for assistance in securing a contract? Should international business practice, in all situations and in all cultures, adhere to clear-cut and absolute moral standards. Or is international business practice essentially relative and situational? Uncertainty regarding ethical standards helps to explain why expatriate managers working in foreign organizations frequently experience employee discipline problems.

An important component of international business ethics is honest communication – honest advertising, honest information provided to foreign customers, honest answers to foreign government officials. But there are many examples of dishonest communication in international business – for example numbers manipulation, which can make the difference between winning and failing to win a lucrative contract; "talking up" a product or service and deliberately misrepresenting its features or performance, or misleading product descriptions on labels which prevent the prospective client from making an informed choice.

The fact that no consensus exists on standards of international business conduct helps to explain why executives sometimes regard dishonest communication as part of what it takes to do business abroad. For example, a sales manager from a software company attended a meeting with the directors of a new publishing company in Eastern Europe. During the meeting the sales manager tried to convince the directors that the product he was trying to sell them, a computer software package, would correspond to what the company said it needed. The sales manager, however, knew that this was not true – as he later admitted to a business contact. International sales and marketing staff may resort to unethical practices in response to strong pressures from their companies to achieve good bottom-line results. Expatriate managers, Harzing (2001) notes, are often criticized for such activities as:

- Making payoffs to local business people or officials so as to achieve increased sales revenue.
- Ordering local production staff to use inferior or contaminated raw materials as a way of reducing costs.
- Employing unqualified production staff leading to such problems as poor quality control.

- Transferring unsuitable auditing and other compliance systems from their company at home to the local operation, where they sometimes cause major control problems.

Maak & Pless (2009) note that many multinational companies demonstrate their commitment to corporate social responsibility by such actions as assessing and weighing, in advance, the environmental impact of their foreign operations and ensuring that their foreign operations are contributing to poverty alleviation in the countries or regions concerned. The United Nations Global Compact offers a strategic and operational framework for exercising corporate social responsibility. The Global Compact requires that companies should not be complicit in human rights abuses by overseas suppliers. Launched in 2000, the Global Compact has more than 4,500 participating businesses in 120 countries world-wide. Participating companies agree to implement the Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption and universal principles.

Waldman et al. (2006) found that managers in wealthier countries are more focused on shareholder concerns than those of other stakeholders and are less inclined to think about the welfare of society. In poorer countries managers tend to address their social responsibilities more seriously because governments lack resources and are less able to address social concerns. Dawkins & Ngunjiris (2008) study finds that companies from Germany, Japan and the United States are not as focused on social concerns as companies in emerging market countries such as South Africa. An example of South Africa's commitment is the Johannesburg Stock Exchange's policy which makes the implementation of corporate governance and responsible HIV/AIDS policies a prerequisite for listing on the exchange.

6. Conclusion

A culture's values are deeply ingrained attitudes that reflect the beliefs of most members and influence their behavior. These values are absorbed through socialization and, once learned, are typically resistant to change. A society's institutions embody these cultural values within their ideologies. Value differences between members of different cultures can lead to misunderstandings and conflict.

Ethnocentric values impede cross-cultural relationships and prevent effective cross-cultural communication. People with ethnocentric values tend to be intolerant and closed-minded when they communicate with people from other cultures.

Communication between people from different cultures is often impeded by incompatible communicative norms. Such norms prescribe the kind of communication that is acceptable when men and women interact in public, the kind of topics that may be discussed in public and the extent to which feelings should be expressed in everyday communication. People from Western countries generally put a high value on clarity and directness in communicating and try to put these values into practice during cross-cultural situations. People from collectivist countries, however, often hide or soften their opinions in order to maintain harmony. As a result, mutual misunderstandings occur when Westerners and collectivists meet and communicate.

Establishing a set of moral rules in the minds of all members is an essential function of culture, but there are important differences in the moral rules produced by different cultures. For instance, commission payments for services rendered are regarded as bribes in some countries but are common practice in other countries where such payments are not regarded as unethical. Multinational companies are increasingly expected to demonstrate corporate responsibility by avoiding damage to the environment as a result of their foreign activities, and by ensuring that their foreign operations are contributing to poverty alleviation. Attempts to measure organizational culture usually focus on identifying the prevailing values of the organization, such as whether the organization values flexibility or control with regard to reporting arrangements and organization structure.

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