Introducing Culture in Business Courses
Paul Marer
Professor of International Business
The Kelley School of Business, Indiana University

In this article I offer information and practical suggestions about introducing culture in business courses: How is culture defined? What are its most essential aspects? Can culture be meaningfully measured? What pitfalls should be avoided? In what ways is culture relevant in various business courses? What teaching approaches work best?

The Growing Importance of Culture

Globalization of the world economy signifies a growing interdependence between governments, corporations, and consumers in countries around the world.

During the postwar period, world trade has increased nearly twice as fast as global production; during the past two decades, foreign direct investment as grown much more rapidly than world trade. More and more companies not only do business abroad but also have foreign subsidiaries as well as joint venture or strategic alliance partners.

Issues of cross-border differences in culture are also applicable in the domestic context. Firms have foreign suppliers and customers to whom they are linked directly or one or two steps removed. Companies may be foreign owned and face foreign competition. Multicultural societies, such as the United States, encounter many of the problems and opportunities of cross-cultural situations across national borders. Today, half of the net additions to the U.S. labor force are minorities and the proportion is increasing. As a result, understanding and dealing with cultural differences is necessary for business success.

How is Culture Defined?

The word has two principal meanings. One is civilization, the refinement of the mind, encompassing such things as literature and the arts. Its other meaning is mindset: what people do, how do they behave and think, and why they do so. This second definition is our focus.

The Dutch scholar Geert Hofstede defines culture as "the collective programming of the mind which distinguishes the members of one group of people from another."[1] Another Dutch scholar, Fons Trompenaars, says that culture is "the way in which a group of people solves problems."[2] MIT Professor Edgar Schein defines culture as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration."[3]

Combining the essential elements of these definitions, we can agree that culture:
- is learned, not inherited
- involves responses to a set of problems
- by a group

---

[1] *Cultures and Organizations: Software of the Mind* (London: HarperCollins, 1994), p. 5.
[2] *Riding the Waves of Culture: Understanding Diversity in Global Business* (Burr Ridge: Irwin, 1994), p. 7.
[3] *Organizational Culture and Leadership* (San Francisco: Jossey-Bass, 1992), p. 12.

- whose members are linked by shared experiences
- where there is some stability of group membership, and that culture
- has elements that bind together in a way that the whole is different from the simple sum of the parts.

Levels of Culture. Much of the work on culture that is relevant for business focuses on the nation state and on organizations, such as corporations. Some attention has also been given to occupational, business and industry cultures.

Layers of Culture. This refers to the degree to which a cultural phenomenon is visible or knowable to the observer. Culture is often depicted as an iceberg. The tip of the iceberg is visible, which is a metaphor for explicit culture; the rest, below the water, which cannot be seen from the surface, is a metaphor for implicit culture.

Explicit culture includes
- man-made material objects
- symbols
- heroes
- rituals and etiquette
- practices
- habits
- behavior

Implicit culture includes
- norms
- values and preferences
- beliefs
- assumptions

Communication (verbal and non-verbal) can be viewed as a vehicle through which most aspects of culture are expressed.

Culture's layers are interconnected. For example, the cultural meaning of artifacts, such as the pyramids built by the Mayans and the Egyptians, can be interpreted only by knowing the values and basic assumptions of their societies. Causation can also run the other way: practices that repeatedly work in solving problems give rise to norms and values and, ultimately, help to shape basic assumptions.

Can Culture Be Measured?

If by culture one means the totality of responses to sets of problems that groups face, then the answer is no. If, however, one is concerned with responses to a limited number of significant problems faced by groups, then the answer is "most probably, yes." There is no common unit of analysis for explicit culture, such as artifacts and practices; these things must be described, interpreted and then compared across cultures. However, for many aspects of implicit culture, scientific measurement is possible if what is to be measured—such as being oriented toward individualism or collectivism, toward short-term or long-term, toward the universal or the particular, or preferring larger or smaller power distance between the leaders and followers in a group—is well defined.

Two approaches to operationalizing culture—that is, defining its elements so that they can be measured—are identifying culture dimensions and establishing culture standards. The two approaches are similar in that both seek to capture important characteristics of the groups being compared. The approaches differ in that research on culture dimensions is multilateral; on culture standards, it is bilateral. In the former category, the best known attempt to statistically measure differences in work-related values is Hofstede's research, identifying and comparing several basic and universal dimensions of national culture among more than 50 nations. He has taken a similar approach to organizational culture. Trompenaars, Shalom Schwartz[4] and others have established different categories of values, which partly overlap with Hofstede''.

The advantage of the culture dimension approach is generating standard scales and measurements on which many countries or groups can be located simultaneously. Its shortcoming is that it can blur significant differences between particular countries if they are near each other on a scale designed to accommodate all of the world's main nations and cultures. It is in response to this problem that the bilateral culture standard approach was developed. Its essence is the collection and analysis of a series of cross-cultural "incidents" experienced by those who have had extensive dealings with their counterparts in the other culture. The purpose is to identify practices that differ significantly and then to link them to differences in values and assumptions.[5]

Valid Generalizations vs. Stereotyping

Approaches that identify culture dimensions or culture standards yield generalizations, which are useful because they reduce complexity. The value of generalizations is not for describing individuals but for understanding the institutions they are likely to have created and the practices developed. Institutions and practices generally reflect the dominant cultural norms of the majority of the people (in some cases, of the elite only).

Stereotyping occurs when assumptions or findings about the collective properties of a group are applied to particular individuals from that group. "Mr. Galvan is a Mexican manager, therefore he believes in large power distance between managers and workers and will manage accordingly. Mr. Reynolds is an American, therefore, his management style will be more consultative." These are unwarranted stereotypes.[6]

Another kind of stereotyping is to generalize by viewing the means of statistical distributions obtained from observations or surveys of individuals as a kind of typical or common personality of the respective groups. This is wrong because the means of the composite indices measure central tendencies of the group, so there may not be any individual who corresponds precisely to the mean score of the group to which he or she belongs. More importantly, culture and personality are different concepts.

---

[4] "Universals in the Content and Structure of Values: Theoretical Advances and Empirical Tests in 20 Countries," in Mark P. Zanna (ed.), *Advances in Experimental Social Psychology* (San Diego: Academic Press, 1994).
[5] The method of culture standards was developed by Prof. Alexander Thomas, a German cross-cultural psychologist. So far, most of his work is available only in German.
[6] However, the statement that, as a Mexican, Mr. Galvan is *more likely* than Mr. Reynolds to have an authoritarian management style is correct.

Teaching Culture to Business Students

It is useful in just about all business courses for students to be exposed to the fact that U.S. business institutions and practices are not universal. The purpose is to make students aware of differences, to teach them that they should not assume that our way is the only way, or necessarily the only right way. To illustrate, we can compare Japanese practices with U.S. practices, such as:
- U.S. firms tend to give greater priority to short-term profits than Japanese firms that give priority to market share;
- U.S. firms tend to have a higher ratio of equity to debt than Japanese firms;
- U.S. firms find it easier to hire and lay off workers.

One, if not the main reason behind such differences is that U.S. and Japanese cultures differ. For example, Americans are more individualistic; the Japanese, more collectivistic. Americans tend to be universalist, which means that, in business situations, rules come before relationships; the Japanese, more particularistic, considering relationships more important than rules.[7]

Cross-cultural business interaction should certainly be addressed in core business courses. The fundamental reason for doing it is to improve the chances of succeeding in business. The topic is especially important in courses on strategy, organizational behavior, entrepreneurship, human resource management, marketing, negotiations, and business ethics. The objectives of introducing culture should be threefold: One is to make students aware of differences in cultures. Two, to experience what it is like to find oneself in business situations in another culture. Three, to understand how to develop synergies by learning what each culture has to offer to the other.

Approaches to Incorporating Culture

There are two basic approaches to learning about culture: the cognitive and the experiential. It is important to combine the two approaches. It is useful to begin with an experiential exercise, to make concrete the emotional experience of a culture shock.[8]

Moving to the cognitive, a useful distinction can be made between two types of situations. One is where an individual finds herself or himself solo in another culture, to which she or he must adjust. The other is the situation of team negotiations: one team representing its home organization is confronted with other teams from subsidiaries or (prospective) joint-venture partners. In such situations, the teams have to decide whose organizational culture should prevail, whether some type of a synergistic new culture should be established, and how to put all this into practice.

Many of the standard works on cross-cultural training assume solo situations. Accordingly, the aim of the training is to learn to recognize, understand, and adjust to the local culture. However, globalization is creating more and more situations of the second type. The literature on how to proceed in such situations is just now beginning to emerge.

---

[7] To be sure, globalization is associated with *some* convergence of business practices and institutions.

[8] Two of many such exercises are the Bafa-Bafa and the Barnga games. Both are simulation exercises on cultural clashes.

Summing Up

The basic building blocs of a course or curriculum designed to train future managers about modifying an organization's culture are the following:
- Experiential exercise(s) to reflect cultural differences between organizations and people.
- Cognitive learning about cultural differences: which are the main models and what is it that they can and cannot teach us.
- Discussion of factors that shape organizational culture, such as national culture, personality of founder/leader, employee selection, industry and business characteristics, and the market position of the firm.
- Pragmatic approaches to identifying similarities and differences in organizational cultures.
- Joint design of a suitable and feasible organizational culture (new or modified). A suitable organizational culture is one that meshes well with both the organization's strategy and structure.
- A program of implementation, monitoring and periodic reassessment.

Introducing culture in business courses is not only important but can also be a fun way to enliven teaching and learning.