

Book Review: *The Cultural Dimension of Global Business*

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The Cultural Dimension of Global Business

The Cultural Dimension of Global Business (Ferraro & Briody, 2013) is a book that discusses important aspects of global business and how leaders can lead a global scenario effectively. The book is divided into eight chapters. At the end of each chapter, the reader is invited to think about different cultural scenarios in order to gain critical thinking. The book begins with a discussion of the enormous potential for business opportunities throughout the world and how the understanding of cultural differences is essential for those opportunities. People are becoming more interconnected. Cultural exchange, international trade and use of worldwide telecommunication systems have increased. Globalization has been advancing and it

has created a need to understand how cultural differences and similarities impact leadership performance. Globalization has created the need for cross-cultural awareness for leaders who have accepted the challenge of leading cross-cultural diversity. According to Ferraro and Briody (2013) there are many ways to learn culture: through comparison with different scenarios, direct experience, discussions, case studies, trainings, etc. Leaders who have a desire to learn about their own cultures and other cultures gain an advantage to lead a cross-cultural setting successfully. Cross-cultural awareness can take place when one views other cultural values in relation to his or her own.

Chapter 2 presents a number of different models or lenses for understanding cultural differences. The authors encourage Western businesspeople to enhance their cross-cultural knowledge. Hofstede (as cited in Ferraro & Briody, 2013), conducted a large-scale study of IBM, which employed people from different cultures. Through the use of extensive amounts of questionnaire data, Hofstede was able to rank the cultures along 6 dimensions: individualism-collectivism, uncertainty avoidance, power distance, masculinity-femininity, long-term vs. short-term orientation. Cross-cultural researches on leadership were influenced by the early studies of Hofstede, but since then several patterns of cultural values have been suggested. One of the most recent studies was carried out by GLOBE (Global Leadership and Organizational Behavior Effectiveness) researchers who collected data from managers representing 951 organizations in 62 national cultures (Ferraro & Briody, 2013). The study identified nine dimensions of national culture and six major leadership styles and it was conducted through a contrasting values approach that provides an understanding of “how cultures differ on a variety of key cultural attributes or dimensions” (Ferraro & Briody, 2013, p.30). The first dimension to understand cross-cultural interactions is the individual-collective dimension. Some cultures focus on the individual over the group, others focus on the interests of the group above their own.

Understanding how individualism-collectivism play out in different cultures is important to understand cross-cultural leadership performance. Research by Gabriela, Edit, Daniela and Iona (2014) shows that “in individualist societies people are supposed to look after themselves and their direct family only, named as an “I” society. In collectivist societies people belong to ‘in groups’ that take care of them in exchange for loyalty, named as a “We” society. In collectivistic cultures individuals expect their relatives or members of a particular in-group to look after them in exchange for loyalty” (p. 81). Individual- oriented cultures value task completion, autonomy and independence, success as an own ability and they perceive individuals as major units of social perception. Collective- oriented cultures value relationships, interdependence, group achievements and strong connections to a few groups. They perceive groups as units of social perception (Ferraro & Briody, 2013). The second dimension to understand how cross-cultural interactions work is the equality-hierarchy dimension. Ferraro and Briody (2013) divide this dimension in two categories: egalitarian cultures and hierarchical cultures. The authors note that this dimension helps businesspeople understand about power, formality, delegation of authority, among others. The decision- making process, for instance, takes longer in egalitarian cultures where all levels are asked for feedback. Gender egalitarianism is also an important aspect of cultural dimensions. Sweden, for instance, is considered to be one of the most gender- egalitarian countries where women and men share power and influence equally. A leader who belongs to a gender- egalitarian culture and is leading a cross-cultural setting with the presence of hierarchical cultures should understand how power and influence are perceived differently. The third dimension in cross- cultural interactions is the change orientation dimension. Hofstede and GLOBE researchers used the phrase *uncertainty avoidance* to “refer to the lack of tolerance for ambiguity and the need for formal rules and high-level organizational structure” (Ferraro &

Briody, 2013, p. 41); this dimension focuses on change-embracing cultures and change-fearing cultures or low to high uncertainty avoidance. Characteristics of change-embracing cultures include: differences are tolerated, more risk taking, hope for success and willingness to change employer. Characteristics of change-fearing cultures include: differences are considered dangerous and initiative of subordinates is discouraged, less risk taking, loyalty to employer and fear of failure. As stated previously, globalization has created the need for cross-cultural awareness for leaders who have accepted the challenge of leading cross-cultural diversity. For instance, leaders at specific occasions will have to learn how to make decisions in a setting with risks and uncertainty (Ferraro & Briody, 2013). The last dimension explained by Ferraro and Briody (2013) is the time orientation dimension. Different cultures deal with time in different ways. Some cultures value punctuality and rigid schedules. Others value social relationships and flexibility. This dimension includes future orientation that refers to the extent to which people engage in future-oriented behaviors such as planning, investing in the future, and delaying gratification. Different cultures perceive benefits based on time orientation: "people from future oriented societies believe that is far more important to trade off short-term gains in the present for more long-term benefits in the future" (Ferraro & Briody, 2013, p. 34). It is important to note that the dimensions above are some of the lenses for leaders to comprehend differences and similarities across cultures and why it is important to recognize them while working in a cross-cultural scenario. Despite the recognition that understanding those dimensions is relevant for a successful leadership, Ferraro and Briody (2013) also state that managers or leaders should avoid overreliance on cultural generalizations. The dimensions should be analyzed, studied and considered. But other variables such as education, biology or experience might affect behaviors as well.

Chapters 3 and 4 discuss the importance of knowing verbal and nonverbal communication patterns prevalent in the global scenario. Ferraro and Briody (2013) explain that knowledge of verbal and nonverbal communications of other cultures is an important skill to develop cross-cultural awareness and avoid failures in communication. The authors recall an instance in which an American large hardware manufacturer was invited to present a demonstration in Germany; the executive sent to Germany was a great public speaker and did well on his first days in the German organization; however, when he had to make big presentations for different executives, he made one tactical error: he told jokes to promote an informal atmosphere in several presentations. One should be careful when trying to communicate across cultures. The American executive in question should have avoided to set a relaxed atmosphere as humor does not translate well. Ferraro and Briody (2013) also affirm that no known cultures lack humor, but what is perceived as being funny varies enormously from one culture to another. Jokes in cross-cultural scenarios often lead to message distortion. The authors also discuss important considerations about the influence of culture on language. Linguistic knowledge is important, but one should also learn the different perspectives languages have. The book shows that language is more than a system of communication enabling people to send and receive messages with relative ease. Language also establishes categories in our minds that force us to distinguish those things we consider similar from those things we consider different. The book also discusses the importance of understanding communication styles. The authors provide the reader with examples of differences between English (American) and Japanese languages. Japanese people tend to say “we” as they emphasize the idea of group; American people use to emphasize “I”. Another example refers to controversy. Japanese people tend to avoid controversy, while American people express controversial issues.

Chapter 5 deals with negotiating in a global business context. The authors recognize that no two international negotiating situations are ever identical, but there are some strategies that can help global leaders: 1) concentrating on long-term relationships; 2) focusing on the interests behind the positions; 3) being attuned to timing; 4) maintaining flexibility; 5) preparing carefully; 6) listening effectively, and 7) acting ethically. Chapter 6 discusses the importance of building and maintaining partnerships. As cited above, concentrating on long-term relationship is one of the strategies that help global leaders remain in the global arena; the authors of the book cite cooperation, trust, and conflict as important elements to consider in partnerships. Ferraro and Briody (2013) explain that high-power distance societies, such as Mexico, do not expect to get all the information and boundaries are easy to create. In societies with lower power distance, such as the United States, replacing the hierarchy with teams is easier than in societies with higher power distance, such as Mexico and Brazil. Understanding different decision-making models is important to develop better relationships among different partners.

Chapter 7 gives the reader important tips to cope with cultural shock. Ferraro and Briody (2013) explain that one of the challenges of international assignments is to cope with cultural shock; the authors explain that most people begin their foreign assignments with a positive attitude, but when there is an evident discrepancy between cultures, international businesspeople experience the second phase of cultural shock: irritation and hostility. Some of the tips are: 1) understand that learning about the host culture is a process that continues throughout your stay in the host culture and beyond; 2) Become familiar with your immediate physical surroundings; 3) Understand that flexibility and resourcefulness are key elements to adapting to a new culture; 4) Don't lose your humor. Chapter 8 examines developing global leaders, globally oriented workforce through cross-cultural and language training. The chapter discusses the importance of being attentive to all phases of transferring employees abroad, including selection, preparation,

support, repatriation, and the integration of those skills gained abroad into the firm's ongoing operations.

The Cultural Dimension of Global Business (Ferraro & Briody, 2013) gives the reader a good overview of important aspects about doing business globally. The book explores cultural anthropology, lenses for understanding culture and cultural differences, verbal and nonverbal dimensions, language and culture, negotiation, and cultural shock. However, the book does not cover an important element of cross-cultural awareness: cultural intelligence. Cultural intelligence can be learned; when leaders activate their CQ, they are able to better understand their own culture and other cultures. Leaders become more adaptive as they use different strategies in different cultural situations. I agree with the findings of Livermore (2010) who states that cultural intelligence plays a significant role in global business. Many approaches to cross-cultural leadership are either too simplistic or far too extreme. One does not cover the aspects of cross-cultural leadership by simply being nice or avoiding certain taboos but one does not have to become a cross-cultural expert to become a cross-cultural leader according to Livermore (2010); the author defines cultural intelligence as "the capability to function effectively across national, ethnic, and organizational cultures" (p. 4). Cultural intelligence is needed in different situations; it helps leaders, for instance, to address the challenge of recruiting and retaining cross-cultural talent. Livermore (2010) also states that other intercultural approaches are significant to address the theme cross-cultural leadership but cultural intelligence presents several advantages over them, such as: 1) CQ is a meta-framework rooted in strong research and it has been tested across multiple cultures, samples and times; 2) the concept is aligned to the study of multiple intelligences research; 3) the approach also considers a leader's personal interests, strategic thinking that aligned with sociological differences in cultural behaviors and values from other approaches can successfully address cultural interactions; 4) the

approach emphasizes that any leader can enhance his or her cultural dimensions through training and experience and 5) the approach focuses on developing an overall repertoire of cultural understanding. In conclusion, *The Cultural Dimension of Global Business* (Ferraro & Briody, 2013) is a book that discusses important aspects of global business and how leaders can lead a global scenario effectively. The authors explain important aspects of cross-cultural awareness and provide the reader with good examples of global scenarios. The book does not cover an important aspect of cross-cultural awareness: cultural intelligence. Cultural intelligence plays a significant role in cross-cultural leadership as it contributes to an understanding of how people from different cultures behave from a position of equality. Cultural intelligence has an important role in cross-cultural leadership.

References

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