

## RESULTS FROM AN INTERNATIONAL AWARENESS SURVEY

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### Need for Culture Awareness in International Business

Business persons who engage in international commerce need to be aware that people differ in their perspectives around the world. We now take that as a “given” as the world becomes more globalized, but mistakes are made and managers are sent back home because of their lack of cultural sensitivity every day. In the mid-1990’s the estimates of losses due to these mistakes was in the millions of dollars for multinational companies and it is even more today. Of international business failures, Beamish et al say, “In our experience, companies *and managers* often fail not because they had the wrong strategy, but because they were not capable of implementing it effectively.”<sup>1</sup> What is indicated here is a failure to communicate, to gain acceptance, and to be effective in dealing with another culture.

Over the years since the early 1990’s when American companies became aware that they had to become involved in international business, more training for managers to be involved in international business has become the norm, yet blunders still occur and managers are sent home early because they could not manage in a foreign environment. When I first began teaching international business courses in the early 1990’s we emphasized that managers must know their own culture inside and out and then compare it to the culture of the host country where they would work to be able to be effective. This advice is probably more relevant now than at that time. In the early 1990’s when I asked sections of students “Who wants to go outside the U.S. to work in international business, no more than two students out of fifty would raise their hands. When I met several classes earlier this year and asked the question, more than half would raise their hands.

### A “Study Abroad” Program in Romania

In July, 2006, we had six of our upper level undergraduate and four of our graduate students from UAH working on business degrees participate in a “Summer School” class at the Romanian-American University in Bucharest. The subjects covered were Global Economy, International Trade, Globalization, Project Management, International Finance, and International Management. UAH students and Romanian-American Students participated together in group exercises and in cultural activities. The final reports/exams of the American students indicated that they had greatly enjoyed the “study abroad” program and they demonstrated that they had learned a great amount about international business, well beyond what they could have learned in residence at UAH.

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<sup>1</sup> Beamish, Morrison, and Rozenzweig, 1997, p. 181.

One fascinating aspect of the learning experience was mentioned by almost all of the students – the cultural differences described in the International Management class taught by Professor Valeriu Potecea. One graduate student who had already taken an international business course wrote,

"Geert Hoefstede, an influential Dutch expert on the interactions of national and organizational cultures defines culture as 'the collective programming of the mind which distinguishes the members of one category of people from another.' This programming of the mind, culture, is dynamic, ever changing, and integrated throughout society. It affects national variables from economic, legal, and political systems to socio-cultural variable as education and language. It affects our attitude toward work, time, change, motivation, and individualism. An understanding of it is important in order to successfully conduct business. One statistic in class reported that up to 40% of expatriate managers leave their assignments early because of poor performance or poor adjustment to the local environment and only half of the ones that remain are considered to be only marginally effective. This results in many failed negotiations and interactions, resulting in losses to U.S. firms of over \$2 billion a year due to failed expatriate assignments."<sup>1</sup>

Since most of the of the students had not taken the required course, International Business, that is in the curriculum of all UAH business students, they were for the first time encountering the cultural dimensions described by Geert Hoefstede,<sup>2</sup> or the Protestant Work Ethic described by Max Weber.<sup>3</sup> These concepts are but a beginning of what needs to be learned by managers soon to go forth into the international arena. For example, Fullerton contrasted the work ethic of the Protestants to the situation he saw in Catholicism "where the church mediates between the person and God,"<sup>4</sup> a difference that exists within and among some countries.

### **An Empirical Study of Cultural Awareness**

Many anecdotal references tell us of some of the unexpected differences such as the phenomenon of Colombian fathers beating their daughters because the daughters were receiving more pay than their fathers,<sup>5</sup> or that French workers in government bureaucracies have little incentive to work while those in private enterprises have a tradition of craftsmanship and a huge respect for the jobs being accomplished.<sup>6</sup> Are these stories reflective of the true situation, or are empirical studies such as those of Hoefstede and Trompenaars<sup>7</sup> what we should remember?

In the latter part of the last decade, I was intrigued by this question and started to find some answers. I borrowed from a colleague, Dr. Conrad Jackson, an International Culture Awareness questionnaire he had received in a paper he was reviewing. To our knowledge, the questionnaire had not been used to gather data, but it seemed to have

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<sup>1</sup> Mount (2006).

<sup>2</sup> Hoefstede (1980).

<sup>3</sup> Weber (1969).

<sup>4</sup> Fullerton (1928, pp. 163-171).

<sup>5</sup> Grosse and Kyawa

<sup>6</sup> Lee(1966, pp. 110-116)

<sup>7</sup> Trompenaars (1993)

promise for determining differences in cultures. Since I was teaching three sections of International Business per semester, I had the chance to accumulate some data using student teams. The requirement I gave them was to give an American response to each by the consensus of the team (three to five students each), then get responses from three or more non-natives who were students or working in our community on the evaluation of several statements in the questionnaire. From these responses, the students were to evaluate cultural differences.

### **The Questionnaire**

The instructions accompanying the questionnaire were as follows: "Below is a list of statements describing various aspects of a country's culture. Please circle the response which best describes each country's culture.

1=Very Inaccurate    2=Mostly Inaccurate    3=Slightly Inaccurate    4=Uncertain  
5=Slightly Accurate    6=Mostly Accurate    7=Very Accurate

Thus, the questionnaire was asking for Likert Scale responses with seven variations of response. The implications were that the numbers assigned were to be used to compare the strength of the response and thus a mean score could be attained for each group of respondents for each statement. The layout of the questionnaire was as follows for each statement (using the first statement as the example):

1. People believe that hard work leads to high achievement

United States	1	2	3	4	5	6	7
Country 1	1	2	3	4	5	6	7
Country 2	1	2	3	4	5	6	7
Country 3	1	2	3	4	5	6	7

The questionnaire contained 33 statements ranging from work expectations to use of time, communications, education, and attitudes toward government. Using the questionnaire, the student teams gathered responses on their own country, the U.S., and three other countries. With this data, they wrote a report describing the differences they discovered. Many of the teams reported that it had been a valuable learning experience to examine their own culture and then compare it to that of other countries. I retained the questionnaires since then with the intention of trying to make some larger comparisons, but had not done so until the renewed interest I received from our experience in the RAU Summer School. Recently, I looked again at the questionnaires. I could find only 39 sets which seems to less than those that I once had. Of these 39, I found 30 with usable data for my purposes. Instead of comparing the responses on 33 statements, I picked 12 that I felt were most relevant. The other 11 are:

2. Children are taught to conform and be "team players."
3. Women are expected to be subservient to men.

4. People should listen to and obey people in authority
5. Men and women are not given equal opportunities
6. Males and females are treated the same in society
7. The society values working together as a group.
8. The work ethic is one of hard work and dedication.
9. Being independent is valued.
10. People are encouraged to think and speak freely.
11. People value being direct and speaking freely.
12. Communicating directly what is intended is valued.

From the responses received, I found sufficient numbers to attain six clusters of respondents: U.S., European Union, Asian nations, Former Socialist nations, Developing nations, and Islamic nations. The number of respondents varies from 30 for the U.S. (which represents more than 90 individuals, since the teams were presenting a consensus for the team on their own country, 38 Former Socialist respondents (mostly Romanian and Russian), 16 EU respondents (British, Germans, French, and Greeks), 13 Developing nation respondents (from Africa and Latin America), and 7 Islamic responses. A fault of the study is that the numbers for some categories, especially Islamic responses, is small. Another possible fault is that all respondents were living in the U.S. at the time the responses were taken. Thus readers will have to evaluate the validity of the study within these limitations. In that regard, we may want to replicate this study with a larger sample and within other venues to determine the validity of these findings.

### **Results of the Study**

1. People believe that hard work leads to high achievement.

U.S.	6.1
E.U.	6.3
Asia	6.0
Former Socialist	5.0
Developing	5.6
Islamic	4.3

The majority in the study find the statement slightly accurate to mostly accurate. The mean of the seven Islamic responses indicate uncertainty about the statement.

2. Children are taught to be team players.

U.S.	3.6
E.U.	4.3
Asia	6.1
Former socialist	4.7
Developing	4.2
Islamic	4.7

The most pronounced difference is the “mostly accurate” mean of the responses of Asians participants. The others are much less positive, with the U.S. leaning toward “inaccurate.”

3. Women are expected to be subservient to men.

U.S.	2.3
E.U.	2.8
Asia	6.7
Former Socialist	3.5
Developing	4.8
Islamic	5.7

Asian and Islamic responses show “mostly accurate” and above responses. At the other end of the spectrum, the U.S. and E.U. are saying “mostly inaccurate.”

4. Men and women are not given equal opportunities.

U.S.	4.4
E.U.	4.3
Asia	5.4
Former socialist	4.7
Developing	5.1
Islamic	6.1

These results show that the Asian respondents and especially the Islamic respondents believe that women are not given equal opportunities.

5. Males and females are treated the same in society.

U.S.	3.2
E.U.	3.6
Asia	2.2
Former Socialist	4.8
Developing	2.5
Islamic	1.5

The former socialist respondents are the only positive respondents (though weak) on this statement. Islamic respondents say it is very inaccurate.

6. People should listen to and obey people with authority.

U.S.	4.8
E.U.	4.7
Asia	6.4
Former Socialist	4.7
Developing	5.7
Islamic	4.8

Asian and Developing countries are most positive on this statement. The others are only slightly positive.

7. The society values working together as a group.

U.S.	4.1
E.U.	4.8
Asia	5.2
Former Socialist	3.7
Developing	5.3
Islamic	4.6

Asian and Developing countries are most positive on this statement. Former Socialist countries are slightly negative.

8. The work ethic is one of hard work and dedication.

U.S.	5.4
E.U.	5.3
Asia	5.4
Former Socialist	4.5
Developing	5.3
Islamic	4.6

The mean scores of all respondents are positive with slightly less positive scores for Former Socialists and Islamic countries.

9. Being independent is valued.

U.S.	6.4
E.U.	5.4
Asia	3.8
Former Socialist	4.8
Developing	4.4
Islamic	4.0

The mean of U.S. respondents is by far the most positive among the groups. Asian and Islamic respondents are uncertain.

10. People are encouraged to think and speak freely.

U.S.	6.0
E.U.	5.4

Asia	3.5
Former Socialist	4.9
Developing	4.6
Islamic	2.3

This statement shows a wide difference between U.S. and Islamic respondents. E.U. respondents are also very positive while the others are nearer the midpoint.

11. People value being direct and speaking their minds freely.

U.S.	5.9
E.U.	5.0
Asia	3.1
Former Socialist	4.3
Developing	3.4
Islamic	2.3

The response to this statement is widespread with the U.S. and E.U. being most positive and Asia and Islamic being most negative.

12. Communicating directly what is intended is valued.

U.S.	5.9
E.U.	5.2
Asia	4.5
Former Socialist	4.5
Developing	4.4
Islamic	3.1

All responses are positive except those of Islamic respondents

### **Summary and Conclusions**

The study described in this paper was conducted toward the end of the 1990's in several sections of an International Business course at the University of Alabama in Huntsville (UAH). This course is required of all business students at UAH – for the undergraduate students to be taken in their fourth year, for graduate students early in their graduate studies. In the course, the students studied international management, marketing, and finance. In my portion of the course, the students studied international management. An important aspect studied in international management is cultural awareness.

Many studies have been conducted showing differences in cultures around the world. These studies are helpful to students, however, I found a live exercise that enhanced student understanding. The exercise consisted of 33 statements that students were to use with themselves and non-native respondents. Student teams compared the responses of their group representing the U.S. with responses from three non-native respondents to see if differences existed. The teams did find large differences and reported that they had gained important insights about cultural differences from making their analyses.

Using the questionnaires from thirty teams, I tabulated mean scores on twelve of the statements which gives a bigger picture of cultural differences between six groups: U.S.,

E.U., Asian, Former Socialist, Developing, and Islamic respondents. The results relating to most of the statements are similar to what was found by Hoefstede and Trompenaars, thus we do not claim any significant differences from these researchers. The findings show a high adherence to working hard and adhering to a “work ethic” for being successful among U.S., European, and Asian groups, more opportunities for women in U.S., European, and Former Socialist groups, more respect for authority among Asian and Developing groups, more desire for independence among U.S. and European groups, and more desire for open, direct communications among U.S. and European groups than were found in other groups.

There may be statistically significantly differences when comparing groups on some of the responses, but I have not attempted that kind of analysis since some of the numbers are small. I leave it to future researchers to replicate this study with a larger number of respondents. One of the interesting aspects that appears valuable is that there are Islamic responses for comparison – something that is seldom seen in such comparative studies.

Whether or not the questionnaire is used to gather information for research articles, the exercise for the students is highly valuable since it forces them to examine their own culture and then compare it to the culture of three other diverse nationalities. I highly recommend the exercise for international business students and can provide the larger questionnaire for anyone who is interested.

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