CULTURAL SPHERES OF INFLUENCES

Topic 2
Learning objectives

1. Explain the cultural spheres of influence which exist in cross culture management;
2. Link each cultural sphere with the current business scenario;
3. Analyse the competitive advantages created by some of the cultural spheres; and
4. Evaluate the various cultural spheres of influence and the complex interaction in implementing an efficient cultural management.
The influence of culture in business can be explored in several cultural spheres. However, it is difficult to identify which of the many spheres of culture is more dominant regardless of whether there is a boundary which separates a country, company or function from one another.
CULTURAL SPHERES OF INFLUENCE

- Schneider and Barsoux (2003),

Diagram showing:
- Industry culture
- Regional culture
- Professional culture
- Corporate culture
- Functional culture

The diagram illustrates the cultural spheres of influence with arrows pointing towards the central circle.
Cultural influences according to area can be divided into two categories:

(a) Within National Borders
(b) Beyond National Borders
# Categorisation of Countries

**Source:** Ronan & Shenkar (1985)

<table>
<thead>
<tr>
<th>Category</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germanic</td>
<td>Germany, Switzerland and Austria</td>
</tr>
<tr>
<td>Nordic</td>
<td>Finland, Norway, Denmark and Sweden</td>
</tr>
<tr>
<td>Near East</td>
<td>Turkey, Iran and Greece</td>
</tr>
<tr>
<td>Arab</td>
<td>Bahrain, United Arab Emirates, Oman and Kuwait</td>
</tr>
<tr>
<td>Far East</td>
<td>Malaysia, Vietnam, Singapore, Taiwan, China, Thailand, Philippines, Indonesia and Brunei</td>
</tr>
<tr>
<td>Latin America</td>
<td>Argentina, Venezuela, Mexico, Peru, Chile and Colombia</td>
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<tr>
<td>Latin Europe</td>
<td>France, Belgium, Italy, Spain and Portugal</td>
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<tr>
<td>Anglo</td>
<td>United States, Canada, New Zealand, Ireland, Britain, Australia and South Africa</td>
</tr>
<tr>
<td>Independents</td>
<td>Brazil, Japan, India and Israel</td>
</tr>
</tbody>
</table>

**Source:** Ronan & Shenkar (1985)
Regional culture refers to the spatially defined communities that share values, attitudes, opinions, lifestyles, symbols and behaviours that are unique to a particular community.
Different industries will have different cultures and it is due to different task environments such as:

(a) Nature of decision-making;
(b) Nature of products or services;
(c) Rate of technology change;
(d) State intervention; and
(e) Market characteristics.
According to Gordon (2001), the industry culture evolves from various sources such as:

(a) The industry environment and characteristics such as customer requirements, competitive environment and societal expectations, and right things to do in the industry;

(b) Strategies, structure and business process developed by management of organisations in the industry; and

(c) The outcomes of demand for performance and survival in the industry.
Professional Culture

- Professional culture is related to the principles of workers. It is a complex ensemble of values, attitudes, symbols, rules and practices, emerging as people react to the requirements and situations they confront as members of a different professional group.

- How do professionals acquire judgement? Professionals acquire judgement through these three methods:
  - (a) Intensive training;
  - (b) Supervision; and
  - (c) Socialisation.
Functional Culture

- The various divisions of a firm such as finance, production, marketing and research and development have different cultures.
Corporate Culture

- Corporate culture is a blend of the values, beliefs, taboos, symbols, rituals and myths all companies develop over time. It is influenced by the industry, business and product of a given company.

- Corporate culture derives from the influence of the following elements:
  
  (a) Founding Figures and Turnaround Leaders
  
  (b) Unique Company History and Stage of Development
Corporate Culture cont…

(b) Unique Company History and Stage of Development
In your opinion, is professional culture more influential than national culture? Give your reasons.