Why Cross-Cultural Issues in Management and Marketing Are That Important and Worth Our Undivided Attention?

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Introduction

Mark Fields, the former Ford CEO, said: “You can have the best plan in the world, and if the culture isn’t going to let it happen, it’s going to die on the vine” (Durbin, 2006). The ultimate importance of this subject was most recently confirmed by Frans van Houten (2018), Chairman and CEO of Royal Philips: 'Culture eats strategy for breakfast' … my take on why a winning culture is vital to run a successful business.”

These statements given by the leaders of the large multi-national corporations outline the mission-critical role of cultural knowledge and understanding of cross-cultural communications. Without attention to the cultural content in the management of organizations and marketing activities all strategic plans will remain the proverbial good intentions paving the road to hell.

Culture and cultural theory remain the subjects of research by various disciplines. Anthropologists study cultural developments specific to different ethnicities. Sociologists and social psychologists build behavioral models based on the cultural norms and demeanors acceptable to particular societies. Marketing scholars and practitioners explore and analyze how culture affects consumer motivation and consumption patterns. Management scientists and consultants examine and scrutinize the influence of culture on the organizational structures and effectiveness of teamwork. Why then, a reader might ask, is there a need for a special issue and what purpose might it serve?

Through my long experience as an industry practitioner and university scholar, I observed how various disciplines built their respective silos in fundamental research, applied technologies or social sciences. Members of each silo adopt a particular terminology, espouse certain approaches to research and applications, and eventually build subconscious walls surrounding their respective silos and preventing cross-pollination of ideas, findings, and practical recommendations. Silo thinking remains a dominant factor limiting communications across and within disciplines and fields of study but rarely these are limitations pronounced and in
such a vivid manner as in cross-cultural research. Furthermore, cross-cultural issues complicate an already challenging training process for managers engaged in different facets of global business (Earley and Peterson, 2004; Kivenzor, 2015a).

Global business continues to evolve at a mind-boggling speed; it absorbs all types of endeavors and, first and foremost, integrates the activities of human beings representing different cultures. The Journal of Management and Training for Industries espouses a multi-disciplinary perspective and represents the forum for open-minded discussions useful for academics, practitioners, and policy-makers. It was only logical to invite to this forum the representatives from the management and marketing disciplines to consider the exceedingly important cross-cultural issues affecting such diverse business topics as international marketing, organizational diversity, corporate social responsibility, and performance of global virtual teams.

The Dynamic Nature Of Cross-Cultural Research And Practices

The dynamic nature of the contemporary world makes it particularly important to understand in-depth the differences among various cultures. T.S. Eliot (1949) suggested that “the term culture has different associations according to whether we have in mind the development of an individual, of a group or class, or of a whole society” (italics in the original text). Contrary to the oversimplified approach equating cultures and nations developed in the 20th century (Hofstede, 1980; 2001), there are large cultural variations within each country. The “liquid modernity” of our time is characterized by “the compulsive and obsessive, continuous, unstoppable, forever incomplete modernization” (Bauman, 2013 p.28). Increased mobility of habitation and workplaces, a proliferation of remote “presence,” and international collaboration make the classic definitions of “community” both fleeting and somewhat pointless. It is not therefore surprising that researchers register intracultural variations – within the same country – that are much larger than intercultural differences – among countries (Fisher and Schwartz, 2011).

The stable communities of the past, where people were born, grew up, got married, worked, and lived their whole lives, served as the bedrock of local cultures. These communities became less and less common, and the existing ones are quickly eroding even in emerging markets. The vacuum created by this erosion is filled by social groups – entities demonstrating predictable patterns of interaction among their individual members, united by the shared structure of in-group values and shared attitudes toward out-group entities espousing different value structures (Kivenzor, 2015b). Attitudes defined as predispositions of behavior (Triandis, 1979) affect the predictability of a social group’s reaction towards the internal and external signals of change.

We all live in the social environment populated by various social groups. In families, members are united through their explicit and implicit relations – blood, marriage, age, etc., – that serve as a basis of the shared structure of in-group values and predictable patterns of interaction among them. At schools, students are often members of class-size social groups with shared structures that are frequently fragmented such that the smaller groups bond together based on shared attitudes and in-group values. At work, employees belong to the social groups with predictable patterns of interaction determined by the standard operations procedures and a firm’s shared structure of in-group values and hostile attitudes towards competition. In sports, strong
teams develop synergy based on shared winning attitudes and develop predictable patterns of interaction through joint training.

Perhaps the loosest cultures are associated with social groups constantly evolving in the social media, many of them have unclear structures of in-group values, unpredictable behavioral patterns, and frequency of interactions because their members are free to join and leave. On the opposite pole are closed societies with tight cultures (e.g., the military); their shared structure of in-group values is based on collectivistic principles, while memberships in social out-groups are discouraged and deviant behavior is not tolerated because it may jeopardize the group’s survival.

Social psychologists developed several characteristics of social group members who should be aware of their membership, recognize its value, and be emotionally involved with the group (Tajfel, 1982). The fewer constraints that exist in a society the more diverse are the social groups attracting its members at large. The growing spectrum of social groups espousing different subcultures is usually correlated with the increase of well-being of the members whose behavior becomes increasingly individualistic (e.g., Triandis, 2004).

In contemporary societies, freedom is often reflected in the simultaneous participation in multiple social groups. Such freedom requires the ability of individuals to quickly adapt and follow the cultural norms when they switch from one group to another. For example, the same individual may play several overlapping roles as an employee during the work hours, a family member at home, a fitness club member in the morning, a participant of a friends gathering on a weekend, and a contributor to a Facebook social group at any time. Such flexibility requires that individuals carefully balance their respective group and self-identities while switching roles and complying with various in-group cultural norms. Adding to this already complex equation the components of the global business environment, such as linguistic barriers, potential taboos, multi-national virtual teams operating in different time zone, etc., creates an environment in which guidance is scarce but errors are abundant (Zamborsky, 2018).

**Why Cross-Cultural Research Gains Importance Nowadays?**

Psychologists long ago established that human reactions to signals coming from the external environment start in the limbic system. These reactions stemming from the “lizard brain” determine our subconscious preferences regarding fight-or-flight, food, and mating decisions. Since early times, our ancestors reacted with caution or outright fear to fellow humans of a different race, appearance, language, and representing tribes with cultural norms dissimilar from our ones. Nowadays, we look for opportunities to do exactly the opposite: we invite those different-from-us humans to do business together, sit with them on the same teams, support each other in difficult situations, and celebrate the diversity of cultural norms. Can this be done successfully without a deeper understanding of other cultures and building cross-cultural communications?

International business is subject to multiple risks associated with macroeconomic, political, and ecological processes that are a subject of attention of academics and practitioners. At the same time, the socio-cultural components of international business are frequently underestimated and their effects are difficult to map and interpret. For example, while census surveys may provide more or less accurate demographic snapshots of
the main population characteristics, these sources can hardly help marketers identify brand preferences or
the attitudinal nuances leading towards particular purchasing decisions. By the same token, people who lead
multinational organizations frequently view them through their personal cultural lenses, thus managerial
decisions regarding a firm’s strategy, corporate structure, and employee motivation may be distorted due to
a cultural disconnect.

A recent examination (Clark, Li and Shepherd, 2018) of firms’ strategic decisions regarding expansion
to foreign markets outlines the leadership decision-making process as rationally bounded and cognitively
constrained. These characteristics are even more pronounced when the leader perceives a significant “dis-
tance” between his/her own culture and that of the country-candidate for potential entry. Cultural distance
becomes one of the most important, and still frequently underrated, factors taken into account when crucial
decisions are made.

Among other misinterpretations of this complex construct is an oversimplified consideration of the cultural
distance between only whole countries (Hofstede, 2001) effectively ignoring the cultural diversity inside a
country that might have a much larger scale (Schwartz, 2014). For this purpose, an assumption of cultural
homogeneity leads to attempts to cast a culture as American, or Brazilian, or Russian ignoring the vast intra-
country cultural diversity of the bearers stemming from their ethnic origin, language, religion, education, etc.
However, understanding of this fact rarely precludes cultural stereotyping and marketers too frequently form
their cultural judgments by arbitrarily picking up a few features from the stereotypes propagated through
mass media and developing marketing strategies based on these select features.

Another source of cross-cultural misconceptions stems partially from an ethnocentric view of the world
and partially from the limited cultural comprehension by the industry leaders who need to make pivotal
market-entry decisions based on inadequate information about the target country. Shenkar (2012), analyzing
the cognitive approach to the cultural distance construct outlines several widespread false assumptions that
go unnoticed in spite of their negative affect on the decision outcome. The most notable among them are:
the illusion of symmetry (an assumption that the distance between culture A and culture B is the same as
between culture B and culture A); the illusion of stability (an assumption that cultural differences do not
change with time); the illusion of linearity (an assumption that doing business with distant cultures is much
riskier than that with more familiar cultures); and the illusion of discordance (an assumption that cultural
gaps always have a negative performance impact). I would add to this list the illusion of language which
is quite common nowadays because most business transactions are communicated in English. This business
reality sometimes leads to a naïve assumption that speaking the same language means sharing the same
cultural norms and beliefs.

The process of foreign market entry necessarily involves extensive communications with new stakeholders –
business partners, customers, and government officials - all of whom are bearers of different subcultures within
the target country. During this process, cultural distance between the participants may shrink or expand
depending on the social context and their respective interest in the successful outcome. The effectiveness
and efficiency of the team are heavily dependent on the member ability to develop and support mutually
acceptable cultural norms, meanings, and symbols. This is particularly true for global virtual teams (GVTs)
– a phenomenon that did not exist even 20 years ago and is continued to be examined to better understand its nature (Kirkman et al., 2002; Krumm, Terwiel, and Hertel, 2013).

As various GVT participants work together, they develop and elaborate social and cultural norms that correspond to the tasks at hand and personal and professional familiarity with other team members (Maynard et al., 2018). Explicit team structure is expressed through the distribution of control and authority among members. It also implicitly affects the team culture and member code of acceptable social behavior.

The Value Of Disciplinary Cross-Pollination

Whatever are the purposes of the current or future business transactions among the participants, there is always an interest in the norms, beliefs, and preferences of each side. To succeed, all collaborators, willingly or through necessity, seek ways to adapt to the unfamiliar culture of other participants. The process of direct or indirect research about acceptable types of behavior and communications leads to mutual understanding and allows participants to avoid stupid, but predictable, mistakes, reduce awkwardness, and build bridges serving the mutually recognized business purposes. Not surprisingly, the need to understand other team members or business partners leads more traditional disciplines like management, marketing, and finance to seek help from the new “offshoots” such as behavioral economics, neuropsychology, and neuromarketing.

Organizational leaders, policy-makers, and marketing managers look for effective ways to understand and influence the perceptions and future behaviors of their respective targets: employees, constituents, and consumers. Cross-pollination of views and practices derived from various disciplines play a crucial role in this understanding and business planning. Although the behavior of most human beings can be characterized as “predictably irrational” (Ariely, 2008), business leaders are always looking for patterns and commonalities to design functional organizations and develop actionable marketing plans.

Appreciation of cultural differences and creative application of their knowledge to practice provides a strong basis for looking at problems and their potential solutions through the cultural lens. Doing so helps reconcile business dilemmas by reshaping them from a potential hostility into a benign cross-cultural dialog - an opportunity recognized by Kirkman, Lowe and Gibson (2006) who point out that examples of team building when significant cultural distances among team members may produce a greater synergy. Similarly, marketers who understand the cultural preferences and taboos of the chosen market segment identify the key attributes of the PR that help them get accepted into the “tribe” becoming a known member of a potential buyer network before a deal is considered and consummated (Bowden, 2013).

Overall, awareness of cultural differences and sensitive approach to diverse business norms and modes of operations of their counterparts make leaders well equipped to negotiate better deals even when market conditions are unclear and consumer behavior is hardly predictable. The alternative leads to disastrous business outcomes. A lack of attention to key cultural distinctions pronounced in an erroneous marketing strategy (e.g., eBay’s failed foray in the China market) or inept execution (e.g., Campbell Soup’s failure in Russia) result in multi-million dollar immediate losses and bleak future business perspectives. Even more dangerous can be building an organizational culture based on deceit and trickery (e.g., the Olympus
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accounting scandal and the Volkswagen “dieselgate”) because it ruins the trust of the employees, investors, and customers.

Those who don’t learn from history are condemned to repeat it. By the same token, those who espouse silo thinking endanger the development of their own discipline by not learning from other fields of study and limit their exposure to the global body of knowledge. For this reason, this Special Issue was designed to support cross-pollination of ideas conceived by the scholars from different branches of knowledge and their respective research of various facets of the increasingly interconnected global business.

Structure And Essence Of The Special Issue

JMTI never before published special issues. That is why my suggestion to develop a Special Issue discussing such potent topics as cross-cultural issues in management and marketing was eagerly accepted by the Executive Editor Rong Zhang.

For this inaugural Special Issue, I invited contributions from scholars focusing their research on a variety of themes: salience of cultural identity, performance of GVTs, organizational diversity, and human-oriented advertising. Each of the papers was then subjected to reviews and comments by other scholars. Overall, seven countries and eighteen universities from Europe, Asia, and North America are represented by the contributors to this issue including authors of the original papers and Contributing Commentators.

The paper “Salient Cultural Identities and Consumers’ Valuation of Identity Congruent Brands: Consequences for Building and Leveraging Brand Equity” by Amaral and Torelli (2018) presents research examining consumer attitudes towards brands that demonstrate congruency (or a lack of such) with their own cultural identity. Comparing the measurements of brand valuation by groups of consumers from the US and China, the authors found that salient cultural identities help consumers to build stronger associations with congruent brand products. Such consumers are willing to pay a higher price, and support and promote the brand. Overall, this paper represents significant contributions to the body of global consumer research and cross-cultural integrated marketing communications. Among them one is particularly interesting: the paper investigates the situations when the cultural identities of social groups can be made only temporarily salient but still produce a powerful effect on brand valuations.

The research of consumer psychology and the outcomes of the chronic and temporary cultural salience demonstrates the vulnerability of consumers when subconsciously processed information changes consumer attitudes or intentions. The studies of Amaral and Torelli (2018) were conducted using cultural identities at the national level (American or Chinese) and their subjects were college students whose brand attitudes might be more easily manipulated than these of the general consumer population. As Awanis (2018) mentions in the Contributing Commentary this approach is not without limitations because it may lead to cultural stereotyping.

Temporary salience and respective excitement about the brand may be manipulated and artificially shifted in both positive and negative directions. On the positive side, reports and videos from the Olympics and world championships demonstrate how fans from the same country set aside prior political, racial, or cultural issues.
and root for their national teams. On the negative side, such manipulation may instill extreme nationalism and hatred towards other cultures leading to fights, murders, or outright wars. That is why Awanis (2018) calls for attention to “the ethicality of such nonconscious influences on consumer decision-making.”

Many researchers have found significant differences between the “Western” and “Eastern” philosophy of life, socio-cultural preferences, and consumer behaviors. Such differences were reflections in another study penned by a team of researchers from Austria, Japan, and the US. In the paper “Exploring humane-oriented advertising appeals in collectivistic vs. individualistic cultures in an age of corporate social responsibility: The case of Japan vs. the U.S.” Mueller, Hirosi, Diehl, and Terlutter (2018) bring up the role of human orientation (HO) in advertising as a potent research topic. To do so, they analyze the differences in cultural meanings of CSR in the American and Japanese societies and come to a number of far-from-obvious conclusions. In particular, they discovered that the CSR concept, which became commonly accepted and widespread in European and North American theory and practice, remains somewhat “foreign” to Japanese consumers who were exposed to this concept only recently – since 2003.

Using HO, one of the GLOBE’s cultural dimensions, as a component of advertisement design shown to the respective consumer audiences in Japan and the US, Mueller and colleagues (2018) uncovered the differences in the linkage between the presence of the HO content in the ad and perception of the socially responsible advertiser. Japanese respondents demonstrate a weaker connection between the level of HO in the ad and CSR as compared to their American counterparts. Among the possible reasons described by the authors are the key elements of Japanese philosophy including the normative-ethical components of keizai and keiei that can be loosely translated as doing business while caring about the harmony of people and the environment. These elements are conceptually different from the doctrines underpinning the free-flying capitalism in the European and American business where profit for too long was the main factor governing corporate actions and expectations.

Polsa (2018) emphasizes in her Contributing Commentary that the CSR-related traditions are quite different and reflect cultural disparities between Japan and the US. Their respective consumer attitudes and philosophical perceptions of the current and future impact of socially responsible business activities reflect long histories preceding the relatively new CSR concepts.

Interestingly, Mueller et al. (2018) research found that advertising effectiveness is impacted by the HO level in the ads, the difference between the propensity to buy advertised products between Japanese and American consumers is not tremendously high and varies only in some respects. Possibly, this response can be explained by the fact that both countries belong to the upper tier of developed economies and their consumers are bombarded day and night by multiple advertising messages creating a lower overall reaction to the ads in general. It is also possible that the affective differences registered by this study may belong to the family of statistically insignificant results that require more in-depth attention. The recent research methodological paper by Petersen and Umesh’s (2018) demonstrated that such results deserve deeper explanation because they might be indicative of the consumer intentions and future behaviors.

The next topic of the discussion in this Special Issue relates to a subject which invokes much controversy and receives constant attention in the scholarly and popular literature. This is the subject of organizational
diversity and the ways it affects the business performance of organizations. In the paper titled “Diversity as a Problematic Predictor of Organizational Performance: Issues of Context and Expectations” Wayne and McCosh (2018) develop their vision of this confounding field of research by looking into potential outcomes of organizational business performance depending on the diversity of the firm’s staff. They also investigate this diversity as a factor which may hold not only explanatory but also predictive power furthering earlier research of this topic (Wayne 2017). To do so, the authors examine the ways various cultural frameworks may be applied to analyze diversity from a cross-cultural perspective and link it to the existing meta-analytic research in scholarly journals and leading management consulting agencies.

What might be particularly important is the breadth and depth of analysis conducted by Wayne and McCosh (2018) which stems from their consideration of various types of diversity be it gender, race, ethnicity, or age. Such a broad approach to the subject and context of diversity opens the doors for a discussion of the performance parameters that are appropriate for measurement of the differences between organizational structures with uniform vs. heterogeneous workforce. These parameters may be relative and include such qualitative and quantitative metrics as social capital, overall trust, and profitability.

Ozkazanc-Pan (2018), who provides a Contributing Commentary to this paper, notes that a nuanced approach to this topic is needed because of the plurality of views on diversity and the need to consider not only individual experiences but also the performance of the whole organizations. Because of the human biases the world is far from perfect, which is why business-focused analysis is very important to refine the topic from a politicized context and preferential treatment of some social groups versus others. As she states, “the authors provide us with provocative and thoughtful insights around the topic of diversity and organizational performance.”

Yet another controversial topic is a subject of research performed by the team of Taras, Tullar, Liu, and Pierce (2018) and reflected in their paper titled “Straight from the Horse’s Mouth: Justifications and Prevention Strategies Provided by Free Riders on Global Virtual Teams.” GVTs are the workhorses of many firms, and their performance is a subject of attention of academics and industry practitioners. While from the outside GVTs represent the offshoots of the general management theories regarding teamwork and team leadership, their organization and team dynamics are quite different from those attributes of traditional teams. Among the most challenging aspects of GVT organization and performance widely acknowledged in the literature are a lack of physical contact, language dissimilarities and time shifts, disparate interpretation of communications, and culture-based contextual nuances and interpretation of success or failure (e.g., Nguyen, 2013; Maynard, 2018).

Taras et al. (2018) focus on another challenge of CVTs, one related to the “free-riding” phenomenon quite common in the virtual teamwork environment. This phenomenon is a potential root cause of the problematic performance of GVTs. It is frequently recognized by industry practitioners, however, research on the topic remains thin and somewhat limited in scope. Because free-riders represent not only passive ballast but also serve as powerful demotivators for other team members, their impact on CVT performance is multi-pronged. This paper provides a substantial analysis of various facets of the free-riding phenomenon and the different ways it is manifested at the different stages of team evolution due to internal and external
factors. Johnson (2018), in his Contributing Commentary, suggests a remedy for free-riding in the form of appropriate training of the team members and, particularly, global team leaders preceding the project given to a GVT to facilitate informal cross-cultural communications among team members who are not co-located.

True to the name “Straight from the Horse’s Mouth,” Taras et al. (2018) directly polled the participants of the massive multi-year project X-Culture which is led by Vas Taras. The results of the survey of graduate and undergraduate participants of GVTs around the world provided a good basis for evaluation of the free-riding root-cause and potential remedies. Although the results of the survey are quite comprehensive, Johnson (2018) notes that student-based GVTs may demonstrate different traits and demeanors than employee-based GVTs because of the divergence of settings and stimuli (getting a lower grade vs. losing a job). In addition, student team leaders might have little or no professional training compared to the individuals designated as leaders of GVTs in industry.

**Who Can Benefit From The Special Issue?**

As the readers can see, the topics reflected in the original papers and Contributing Commentaries in the Special Issue are diverse and aim at bringing light to areas of cross-cultural research important for theory development and practical implications in management and marketing. While this “research pie” is already broad in scope and diverse in nature, the contributions made by the authors increase the size of the pie and interpret its fillings. The diverse composition of the contributors’ prior experience, their global business experience, and their strong interest in cultural research, make the whole Special Issue greater than the sum of individual pieces published here.

It is reasonable to expect that the professional readership representing academic scholars, organizational leaders, and marketing managers will benefit from this research. The Special Issue may also serve as a source for understanding cross-cultural problems and solutions by graduate students seeking to advance their knowledge before diving into the sea of international business. Finally, the many yet unanswered questions posed by the researchers who penned the respective papers should provide fertile ground for future collegial exchange of opinions.

In our increasingly interconnected world, being culture-blind is a mistake which proved to be lethal to a firm’s international business.

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