



**JUSTICE BASHEER AHMED SAYEED COLLEGE FOR WOMEN  
(Autonomous) Afternoon Session Chennai 18.  
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**ECONOMICS OF BUSINESS ENVIRONMENT (II PG 2019-21)  
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**DEPARTMENT OF CORPORATE ECONOMICS(AN Session)**

# Cultural Environment: Meaning and Definition of Culture

## Introduction

- **"the collective programming of the mind which distinguishes the members of one human group over another..."**

**Culture, in this sense, includes systems of values; and values are among the building blocks of culture"**

- **Know local culture to sell or market the product**
- **Build relationships while setting up business (with employees as well as customers). Employ locals to gain cultural knowledge. Help employees understand you**

# Cultural Environment: Meaning and Definition of Culture

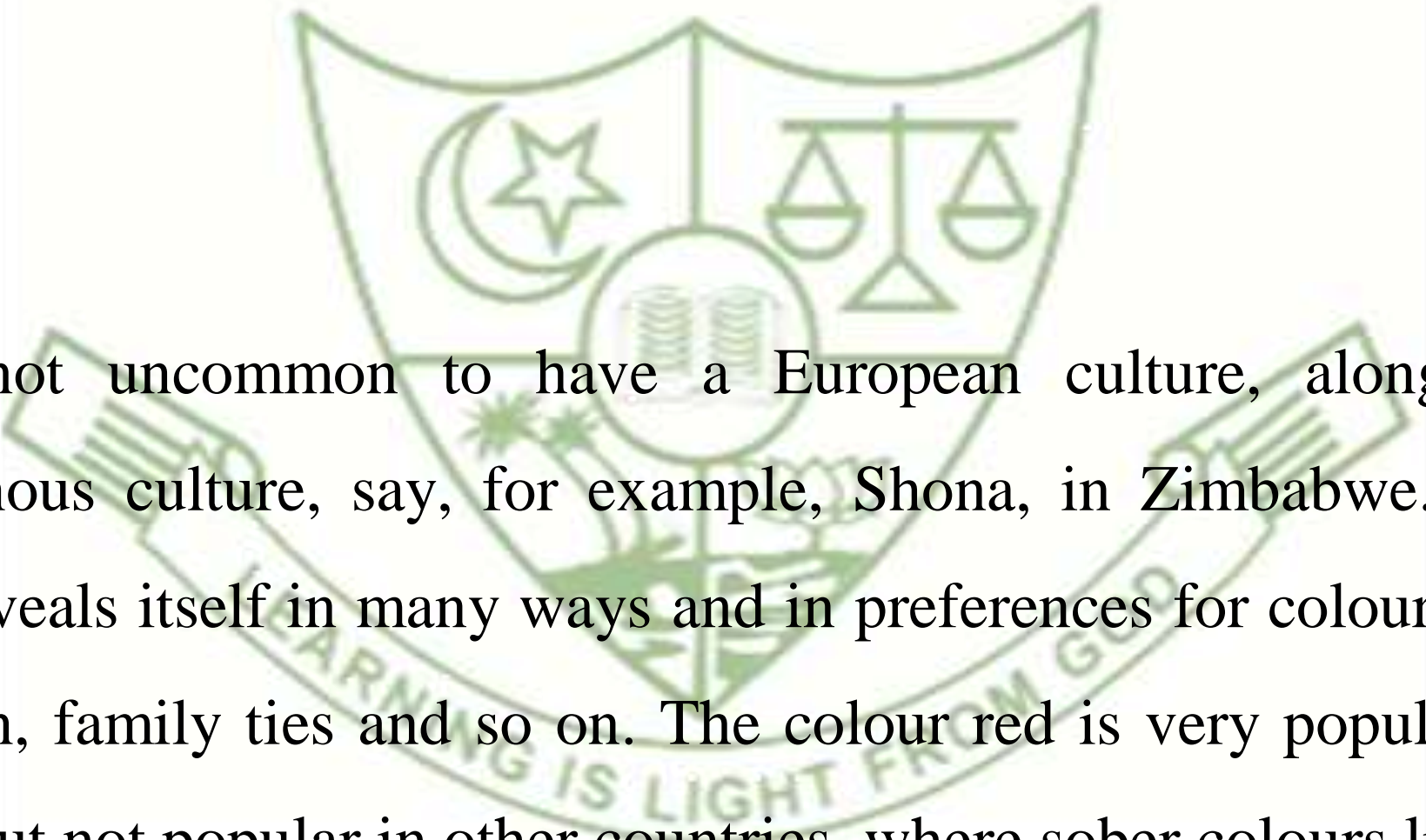
## What is culture?

- Much has been written on the subject of culture and its consequences. Whilst on the surface most countries of the world demonstrate cultural similarities, there are many differences, hidden below the surface. One can talk about "the West", but Italians and English, both belonging to the so called "West", are very different in outlook when one looks below the surface. The task of the global marketer is to find the similarities and differences in culture and account for these in designing and developing marketing plans. Failure to do so can be disastrous.

## Definition of Culture

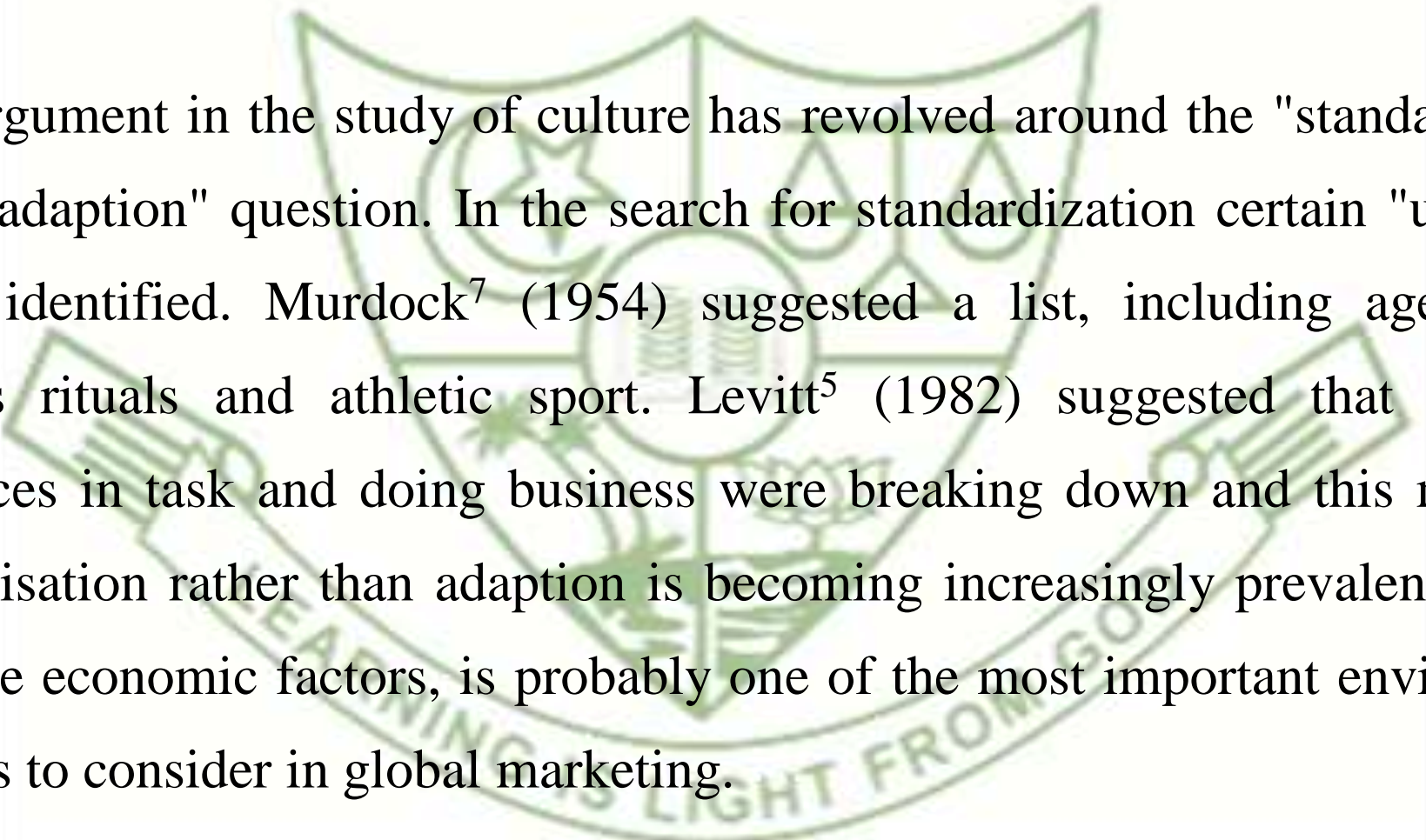
- Terpstran<sup>9</sup> (1987) has defined culture as follows:
- "The integrated sum total of learned behavioural traits that are manifest and shared by members of society"
- Culture, therefore, according to this definition, is not transmitted genealogically. It is not, also innate, but learned. Facets of culture are interrelated and it is shared by members of a group who define the boundaries. Often different cultures exist side by side within countries, especially in Africa.

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- It is not uncommon to have a European culture, alongside an indigenous culture, say, for example, Shona, in Zimbabwe. Culture also reveals itself in many ways and in preferences for colours, styles, religion, family ties and so on. The colour red is very popular in the west, but not popular in other countries, where sober colours like black are preferred.

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• Much argument in the study of culture has revolved around the "standardization" versus "adaption" question. In the search for standardization certain "universals" can be identified. Murdock<sup>7</sup> (1954) suggested a list, including age grading, religious rituals and athletic sport. Levitt<sup>5</sup> (1982) suggested that traditional differences in task and doing business were breaking down and this meant that standardisation rather than adaption is becoming increasingly prevalent. Culture, alongside economic factors, is probably one of the most important environmental variables to consider in global marketing.

• Culture is very often hidden from view and can be easily overlooked. Similarly, the need to overcome cultural myopia is paramount.

# Approaches to the study of culture

- Keegan<sup>1</sup> (1989) suggested a number of approaches to the study of culture including the anthropological approach, Maslow's approach, the Self-Reference Criterion (SRC), diffusion theory, high and low context cultures and perception. They are briefly reviewed here.

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References :1)Keegan, W.J. "Global Marketing Management", 4th ed. Prentice Hall International Edition, 1989.

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# Main approaches to culture

- Anthropological - relevance to interpretation of ways of doing business e.g. Japan versus USA.
- Maslow's hierarchy of needs - relevance to product type, sophistication and price
- Self reference criterion - relevance in the standardisation versus adoption concepts of marketing strategy.
- Diffusion theory - relevance to rates of adoption of innovations and of new products.
- High and low context - relevance to the degree of necessity to have explicitly verbal or written communications e.g. contracts.
- Perception - relevance to sensitivity in operation of the marketing mix variables e.g. advertising.



## Main Elements of Culture -

- Definition of culture" - The integrated total sum of learned behavioral traits that are manifest and shared by members of society.
- Elements are - language, social norms, religion, ethics, socio economics, mores, traditions, societal regulations, nationalism, aesthetics, material culture, attitudes, values, social organisation.  
(Discuss each in turn with students).

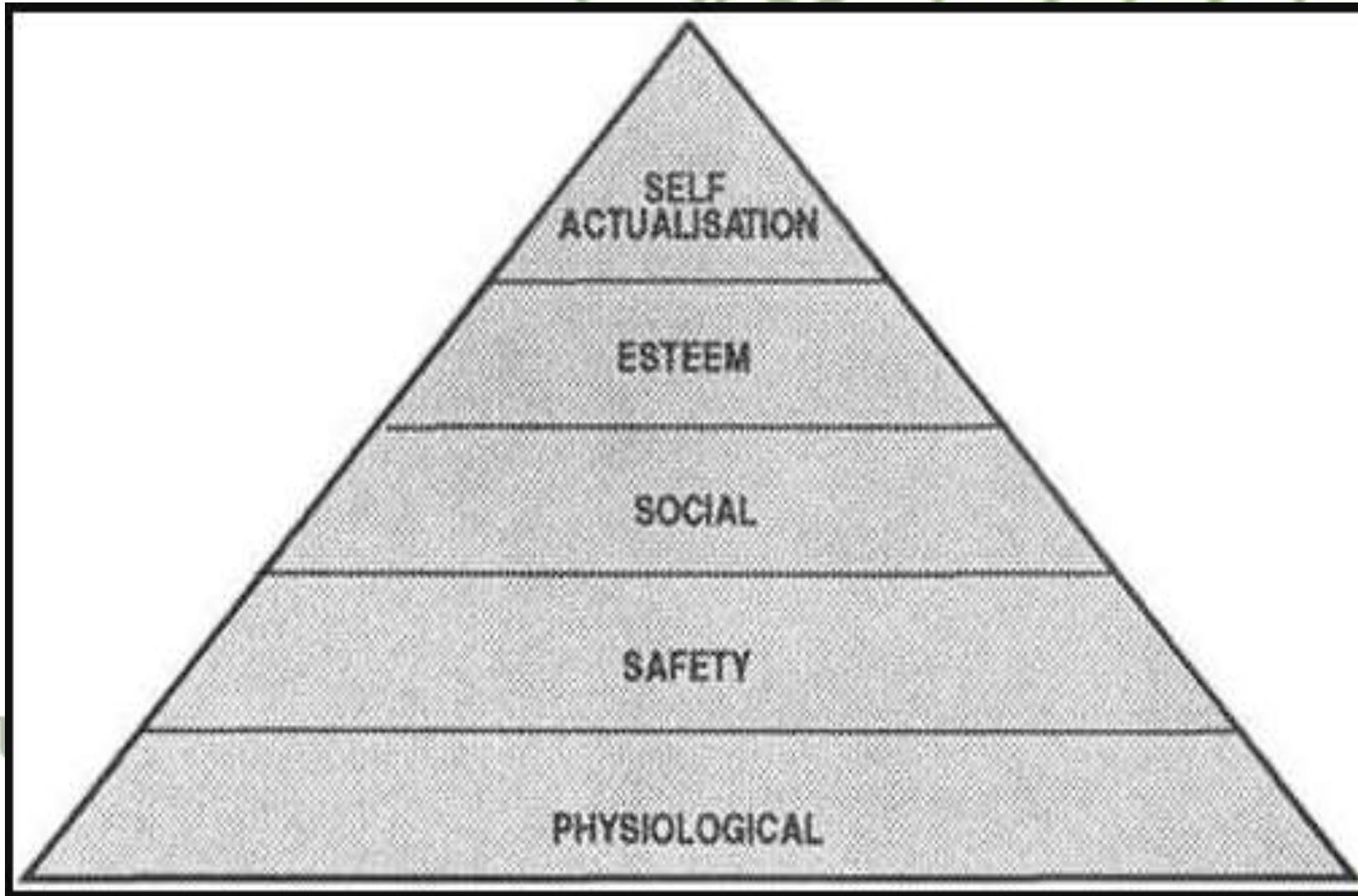
# Maslow approach

- In searching for culture universals, Maslow's<sup>6</sup> (1964) hierarchy of needs gives a useful analytical framework. Maslow hypothesised that people's desires can be arranged into a hierarchy of needs of relative potency. As soon as the "lower" needs are filled, other and higher needs emerge immediately to dominate the individual. When these higher needs are fulfilled, other new and still higher needs emerge.

The hierarchy is illustrated in figure 1.1.

- [Figure 1.1 Maslow hierarchy of needs](#) Session, Chennai 18.

- Physiological needs are at the bottom of the hierarchy. These are basic needs to be satisfied like food, water, air, comfort. The next need is safety - a feeling of well being. Social needs are those related to developing love and relationships. Once these lower needs are fulfilled "higher" needs emerge like esteem - self respect - and the need for status improving goods. The highest order is self actualisation where one can now afford to express oneself as all other needs have been met.
- Whilst the hypothesis is simplistic it does give an insight into universal truisms. In Africa, for example, in food marketing, emphasis may be laid on the three lower level needs, whereas in the developed countries, whilst still applicable, food may be bought to meet higher needs. For example, the purchase of champagne or caviar may relate to esteem needs.



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- **The self reference criterion (SRC)**

- Perception of market needs can be blocked by one's own cultural experience. Lee (1965)<sup>4</sup> suggested a way, whereby one could systematically reduce this perception. He suggested a four point approach.

- a) Define the problem or goal in terms of home country traits, habits and norms.
- b) Define the problem or goal in terms of the foreign culture traits, habits and norms.
- c) Isolate the SRC influence in the problem and examine it carefully to see how it complicates the pattern.
- d) Redefine the problem without the SRC influence and solve for the foreign market situation.

The problem with this approach is that, as stated earlier, culture may be hidden or non apparent. Unearthening the factors in b) may, therefore, be difficult. Nonetheless, the approach gives useful guidelines on the extent for the need of standardization or adaption in marketing planning.

## Diffusion theory

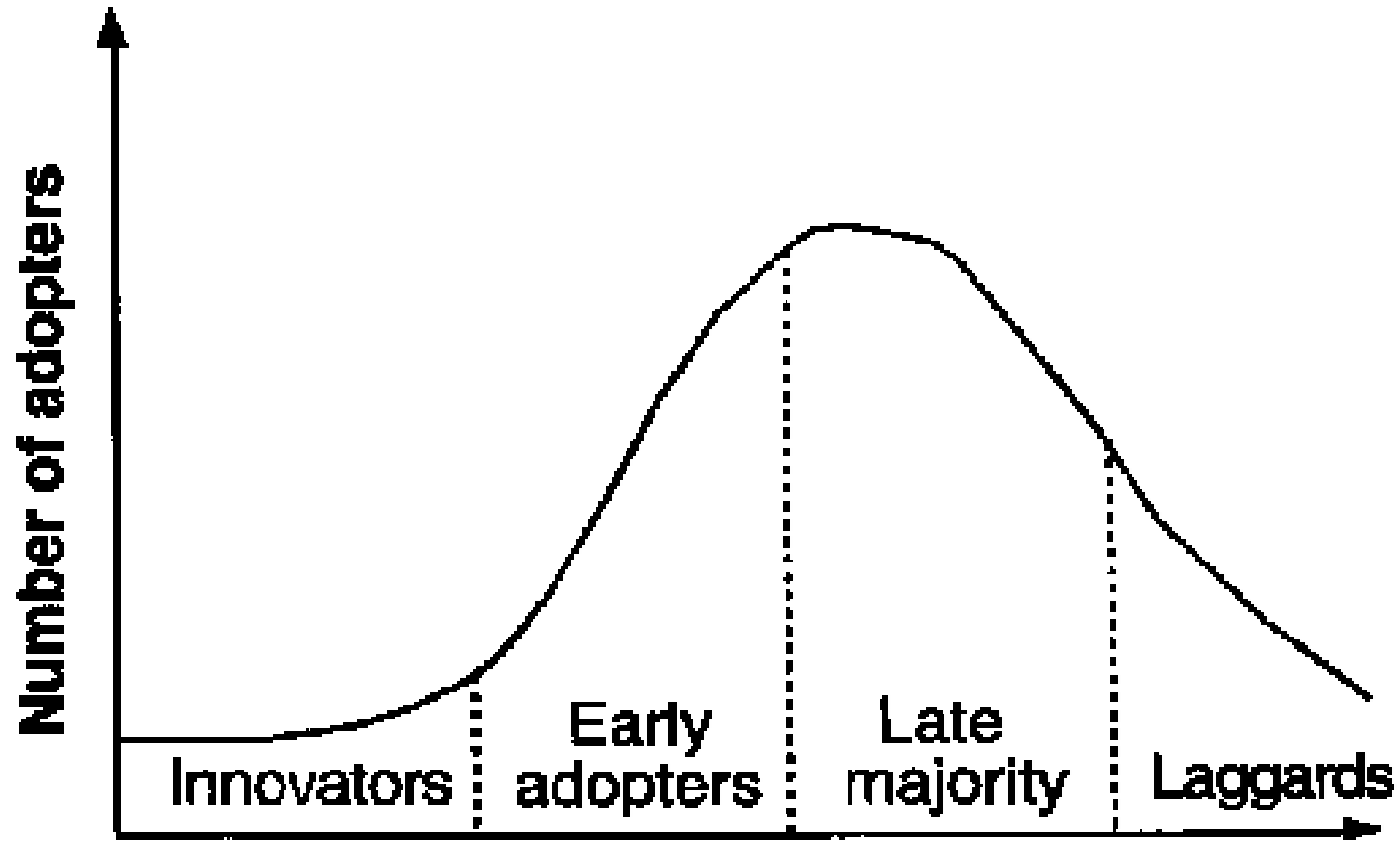
- Many studies have been made since the 1930's to assess how new innovations are diffused in a society. One of the most prolific writers was Everett Rogers<sup>8</sup>. In his book, "Diffusion of Innovations" (1962) he suggested that adoption was a social phenomenon, characterised by a normal distribution. See figure 1.2.

### • **Figure 1.2 Adopter categories**

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**Figure 1.2 Adopter categories**



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- **High and low context cultures**

- Hall<sup>2</sup>(1977) has suggested the concept of high and low context cultures as a way of understanding different cultural orientations. In low context cultures messages have to be explicit, in high context cultures less information is required in the verbal message. In low context cultures, for example like Northern Europe, a person's word is not to be relied on, things must be written. On the other hand, in high context cultures, like Japan and the Middle East, a person's word is their bond. It is primarily a question of trust.

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2. Hall, E.T. "Beyond Culture". Anchor Press/Doubleday, 1976.

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- **Perception**

- Perception is the ability to see what is in culture. The SRC can be a very powerful negative force. High perceptual skills need to be developed so that no one misperceive a situation, which could lead to negative consequences
- Many of these theories and approaches have been "borrowed" from other contexts themselves, but they do give a useful insight into how one might avoid a number of pitfalls of culture in doing business overseas.
- Consumer products are likely to be more culturally sensitive than business to business products, primarily because technology can be universally learned. However there are dangers in over generalisations. For example, drink can be very universal and yet culture bound. Whilst appealing to a very universal physiological need - thirst - different drink can satiate the same need. Tea is a very English habit, coffee American but neither are universals in African culture. However, Coca Cola may be acceptable in all three cultures, with even the same advertising appeal.

- **Nationalism**

- Nationalism is a cultural trait which is increasingly surfacing. The break-up of Yugoslavia and the USSR are witness to the fact. In Western, developed countries a high degree of interdependence exists, so it is not so easy to be all that independent. In fact, blocs like NAFTA and the EU are, if anything, becoming more economically independent. However, less developed countries do not yet have the same interdependence in general, and so organisations need to reassess their contribution to the development of nations to make sure that they are not holding them "to hostage".

- Culture is a very powerful variable and cannot be ignored. Whilst "universals" are sought there is still a need to understand local customs and attitudes. These are usually no better understood than by the making use of in country personnel.

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# SOCIO- CULTURAL ENVIRONMENT

■ Influence exercised by social and cultural factors, not within the control of business, is known as the Socio-Cultural Environment.

■ These factors include:

1. attitude of people to work,
2. family system,
3. religion,
4. education,
5. marriage etc.



It includes factors like:

- Buying and Consumption Pattern
- Values and Beliefs
- Literacy Level / Education
- Ethical Standard
- State of Society, Tastes & Preferences
- Extent of Social Stratification
- Conflict and Cohesiveness
- Human Relationships
- Language, Belief, Norms in Society
- Social Customs & Traditions
- Social Rituals
- Changing life Style Patterns
- Family Structure
- Work Ethics
- Media and Consumerism

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**The social and cultural influences on business vary from country to country. It is very important that such factors are considered.**

**Factors include:**

1. What is the dominant religion?
2. What are attitudes to foreign products and services?
3. Does language impact upon the diffusion of products onto markets?
4. How much time do consumers have for leisure?
5. What are the roles of men and women within society?
6. How long are the population living? Are the older generations wealthy?
7. Do the population have a strong/weak opinion on green issues?



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THANK YOU

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