

Cultural Stereotyping and Social Institutions

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WHAT'S COVERED

In this lesson, you will learn why an understanding of cultural stereotyping is important, and how to prepare for cultural stereotyping by looking at social institutions. Specifically, this lesson will cover:

1. Cultural Paradoxes and Stereotyping
2. The Role of Social Institutions in International Management
 - 2a. Social Stratification
 - 2b. Education
 - 2c. Religion
3. Widely Practiced Religions and Their Implications in the Workplace
 - 3a. Christianity
 - 3b. Islam
 - 3c. Hinduism

1. Cultural Paradoxes and Stereotyping

The previous tutorials provided you with some strong insights into cultural differences. However, despite these observations, cultural scholars often find examples where cultural realities don't necessarily fit neatly or completely into the categories proposed by models.

⇒ **EXAMPLE** Consider, for instance, that American managers tend to think of themselves as very egalitarian and will typically ask their subordinates to address them by their first name. American managers will also encourage subordinates to share their views on work-related matters. In contrast, Japanese managers are often seen as autocratic, and decisions are driven by those at the top. The implications of such preferences suggest that American managers are more likely to make decisions that reflect the egalitarian position of incorporating subordinates' views. In contrast, the Japanese managers are expected

to make decisions on their own, with little input from subordinates. As a result, when American teams and Japanese teams work together, there is often intense confusion.

Such confusion stems from the observation that although American managers tend to be viewed as egalitarian, in reality they are not, and decisions are often made unilaterally by those at the top. At the same time, Japanese managers tend to prefer consensus-based decisions even though they are seen as autocratic.

As detailed by Erin Meyer, a professor at INSEAD, the above preferences are often sources of friction when American and Japanese teams work together (Meyer, 2017). Such confusion often occurs because American managers believe that Japanese managers have authority because of the Japanese culture's autocratic preferences. The incident of what happened when Suntory, a Japanese whisky manufacturer, became the majority holder of Jim Beam, an American bourbon maker, clearly illustrates the resulting conflict. When a critical decision had to be made, a Jim Beam manager went to Japan to present the proposal to a Japanese manager, thinking that the manager would have the authority to make the decision. However, the Jim Beam manager found that he was not able to have any effect during the meeting because a decision had already been made by consensus.

The above example shows an instance of a **cultural paradox**, where the insights from an understanding of culture may not necessarily coincide with reality (Osland, 2000).



BRAINSTORM

Why would Japanese managers, who are often perceived as autocratic, take the time to make decisions by consensus?

The Japanese tend to have a low tolerance for uncertainty because of their high uncertainty avoidance, yet they will often have contracts that incorporate significant ambiguity. In contrast, Americans, who are much more comfortable with uncertainty, write very explicit contracts.

If an international management student or manager doesn't appreciate the importance of cultural paradoxes, she can engage in cultural stereotyping. **Cultural stereotyping** occurs when one assumes that all people within a culture act, think, and behave the same way. While national cultures can provide a lens to gain insights into a country, broad generalizations may not necessarily be helpful. In such cases, it is much more prudent to be cautious and to understand that there are significant differences among people within a culture.



TERMS TO KNOW

Cultural Paradox

Insights from an understanding of culture may not necessarily coincide with reality in that culture.

Cultural Stereotyping

Occurs when one assumes that all people within a culture act, think, and behave the same way.

2. The Role of Social Institutions in International Management

Recent research examining Hofstede's work provides some evidence of the need to be cautious about using culture as the only source of understanding of societies (Taras & Kirkman, 2016). The researchers examined the ongoing assumption that all residents of a given country will behave according to broad cultural norms and found that 80% of variation in cultural values is actually within countries. In other words, the assumption that people between countries are more different than people within a country may not be accurate. The researchers actually found that other cultural factors pertaining to people's occupations or the country's wealth also play a critical role. These findings suggest that other factors besides national culture need to be examined. One of these factors is a country's social institutions.

A **social institution** is "a complex of positions, roles, norms, and values lodged in particular types of social structures and organizing relatively stable patterns of human resources with respect to fundamental problems in...sustaining viable societal structures within a given environment" (Turner, 1997). In other words, as you see below, social institutions such as education and the degree of social inequality have an impact on how individuals within a society behave.



BIG IDEA

Similar to national cultures, social institutions have strong effects on how people think, act, and behave. While there are many social institutions in any given country or culture, we limit ourselves to the three institutions that are most relevant in the workplace: social stratification, level of education, and religion.



TERM TO KNOW

Social Institution

Complex of positions, roles, norms, and values lodged in particular types of social structures and organizing relatively stable patterns of human resources with respect to fundamental problems in sustaining viable societal structures within a given environment.

2a. Social Stratification

Social stratification refers to the degree to which "social benefits are unequally distributed and those patterns...are perpetuated for life" (Olsen, 1991). These social benefits include wealth and distribution of income.



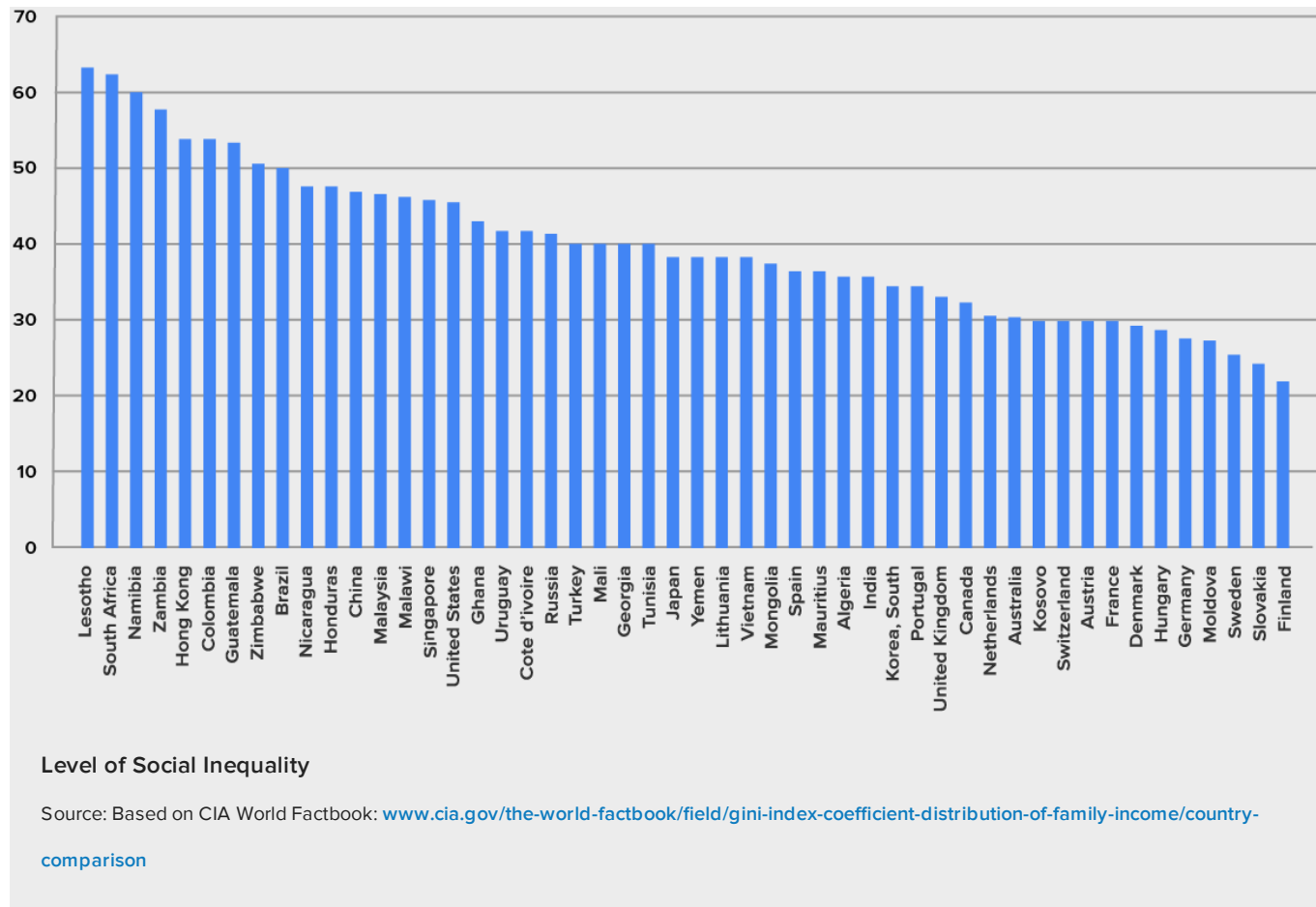
KEY CONCEPT

Through school and parenting, children are taught to accept such inequality, and over time, it becomes a solidly established, taken-for-granted fact of life. Because the level of social stratification in a country impacts how work elements are perceived, it is important for managers to understand a country's level of social stratification.

Current research suggests that the level of social stratification typically results in societies where only the privileged few have access to jobs with work-related advantages such as the ability to work at enriched jobs that can contribute to personal growth or that may not be under close supervision. In countries with a high level of social stratification, employees may not have a very positive outlook of work. The same research shows that employees in countries with high levels of social inequality tend to have lower levels of attachment to their work. Thus, it is important for multinational managers to understand employee attitudes toward work in the society in which the company operates.

The graph below shows the level of social inequality worldwide as represented by the GINI index, which measures the degree to which income is unequally distributed within a nation. Countries such as South Africa, Lesotho, Namibia, Hong Kong, and Colombia have some of the highest GINI indices, indicating great social inequality. In contrast, countries such as Finland, Moldova, and Germany have among the lowest degrees of social inequality. International management students can use these indices to gain another level of understanding in any society.

GINI Index 100 - high and 0 - low



TERM TO KNOW

Social Stratification

Degree to which social benefits are unequally distributed; those patterns are perpetuated for life.

2b. Education

A second social institution is **education**, the socializing experiences which prepare individuals to act in society.



KEY CONCEPT

Education plays a critical role in socializing individuals into expected norms in their society. One of the critical ways countries differ is on the level of education. In some countries, such as the United States and Western European countries, education is accessible to most members of societies. In other societies, such

as many found in Western Africa, South Asia, and Latin America, however, education may be much more elitist and not as accessible to the members of the population.

Research shows that education has an impact on many aspects of work, including employee attachment to work and gender roles.

⇒ **EXAMPLE** In a study of 30,270 individuals from 26 countries, the findings show that the more accessible education is, the less likely people are to attach to work (Parboteeah & Cullen, 2003). The researchers argue that the more individuals have access to education, the more likely they have the means to feel satisfaction in life and the less likely work plays a critical role. In contrast, where education is less accessible, individuals have to rely on their work to achieve desired rewards.

Another study shows that education also affects how managers view gender roles (Parboteeah et al., 2008). Examining a sample of over 1,500 managers located in 19 countries, the study finds that greater accessibility to education affects managers' perception of gender roles. Specifically, in societies with more access to education, managers had less traditional views about the role of women in society and were therefore more open-minded about women in the workplace.

The above findings also point to the importance of education as an influence in society. Societies and individuals that have similar levels of education accessibility may behave more similarly irrespective of cultural differences. Astute international managers are therefore well advised to take such issues into consideration when managing international operations.



TERM TO KNOW

Education

Socializing experiences that prepare individuals to act in society.

2c. Religion

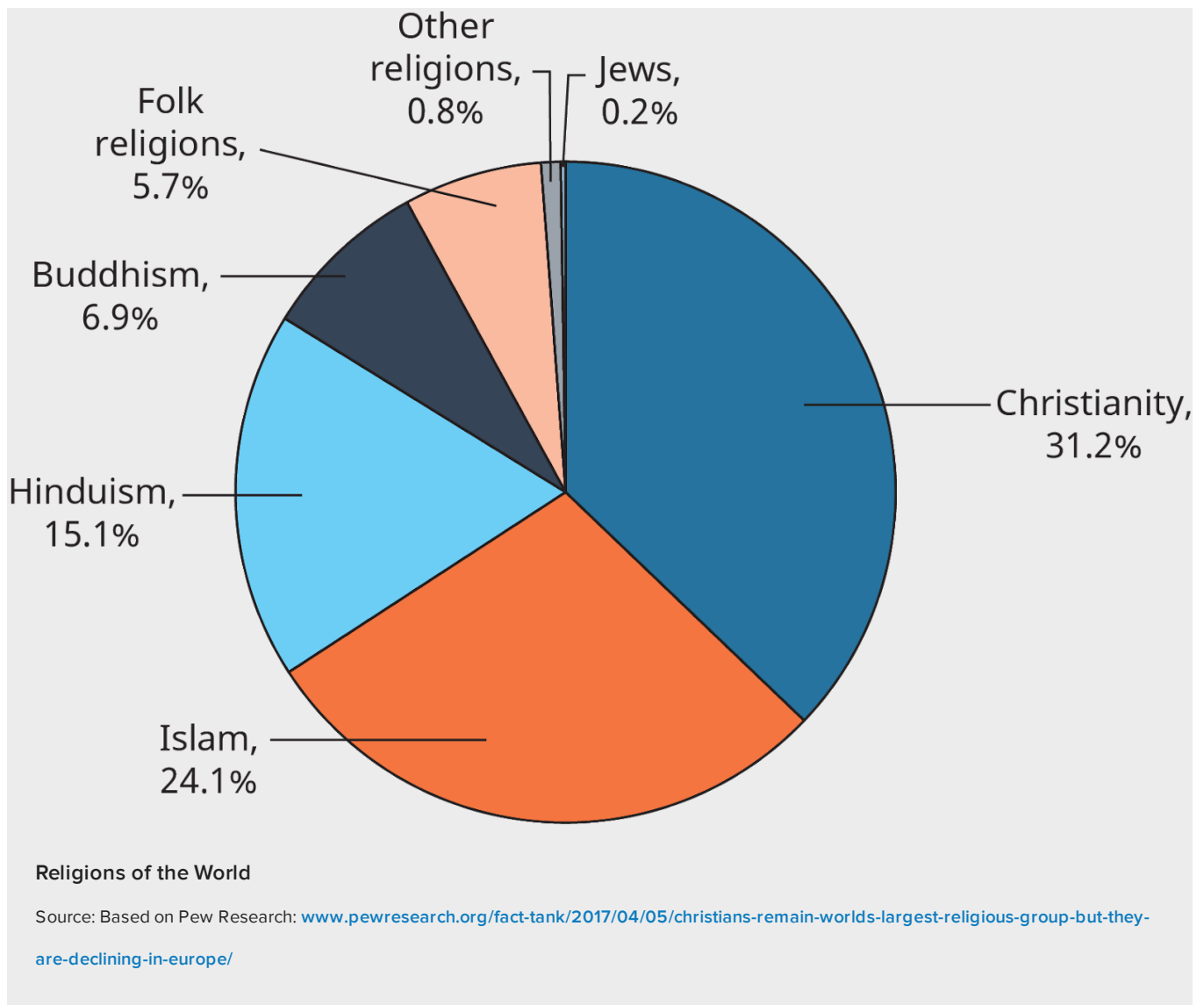
The final social institution we consider is **religion**, the shared set of beliefs, activities, and institutions based on faith in supernatural forces (Fisher, 1999).



KEY CONCEPT

Religion has always been and continues to be an extremely critical aspect of the international business environment. Most countries have seen a strong growth in the popularity of religions. For instance, Islam continues to gain new adherents in many parts of the world. Similarly, the tremendous growth of Protestantism in Latin America and the sustained role of Hinduism in Indian society all suggest that religion has significant influences on societal members as well as the businesses they operate in.

In this section, we first consider the major types of religions in the world (Pew, 2017). The circle graph below shows that Christianity remains the world's dominant religion, representing around 31% of the world's population (or 2.3 billion of the 7.3 billion individuals in the world). Adherents of Islam follow, representing 24.1% of the world's population, followed by Hindus (15.1%). The other substantial religion is Buddhism, practiced by 6.9% of the world's population. Finally, Judaism is practiced by only 0.2% of the world's population.



TERM TO KNOW

Religion

Shared set of beliefs, activities, and institutions based on faith in supernatural forces.

3. Widely Practiced Religions and Their Implications in the Workplace

Given that Christianity, Islam, and Hinduism represent around 70% of the world's population, we will look at a brief description of each of these religions and their implications for the workplace (Fisher, 1999).

3a. Christianity

Christianity is a faith based on the life, teachings, death, and resurrection of Jesus. Adherents of Christianity all share the same belief that Jesus is the incarnation of God who was sent to clean the sinfulness of humanity. Jesus is often associated with the possibility of humans to connect with God through penance, confessions of one's sins, self-discipline, and purification.

Christianity has strong influences on the workplace. The impact of Protestantism, a branch of Christianity, on the development of capitalism is seen as evidence of the link between religion and the economic structuring of societies. Through Protestantism, wealth and hard work were for the glory of God. This emphasis therefore allowed a focus on goals attached to economic development and wealth accumulation. This belief explains much of the sustained development of capitalism in the Western Protestant societies.

International management scholars recognize that Christianity is generally supportive of business and wealth, and so multinationals located in countries where a majority of people are Christian should expect to face an environment in which work and accumulation of wealth are celebrated. Additionally, recent research also shows that Christianity even affects levels of entrepreneurship in a society (Parboteeah, et al. 2015). In that study, researchers examined data from a sample of 9,266 individuals from 27 predominantly Christian countries. The study looked at the impact of different manifestations of Christianity on entrepreneurship and found that Christianity encouraged entrepreneurship, especially in societies characterized by strong knowledge investments in research and development. This study provides further evidence that Christianity supports economic development.



TERM TO KNOW

Christianity

A faith based on the life, teachings, death, and resurrection of Jesus.

3b. Islam

The essence of **Islam**, the second largest of the world's religions, is described in the Qur'an as the submission to the will of Allah (God). It has adherents primarily in Africa, the Middle East, China, Malaysia, and the Far East but is growing rapidly in many countries, especially in Europe. Current evidence suggests that Islamic societies are generally supportive of work and accumulation of wealth as well as entrepreneurship. However, there are some Islamic principles to which multinationals must adhere if they are to succeed in primarily Islamic nations.

Muslim society is very heavily influenced by Islamic standards and norms. Islam provides encompassing guidance in all spheres of life, both social and economic. In fact, the practicing Muslim lives by adhering to the five major pillars of sharia law:

- *Shahada*, or confession (believing and professing the message of Allah)
- prayer (must pray five times a day while facing Mecca, the spiritual home of Islam)
- *Zakat*, or almsgiving (the need to donate a portion of one's income to others to help reduce greed and inequality)
- Fasting (the avoidance of eating, including the obligatory fast during the month of Ramadan)
- The *hajj*, or pilgrimage to Mecca (all Muslims who can make the pilgrimage are expected to do so at least once in their lifetime.)

These are all important aspects of Islam that have significant implications for the business environment. For the multinational operating in Islamic nations, these pillars provide important guidance. For instance, managers are advised to provide employees with space and the opportunity to pray. Additionally, adherents of Islam also fast for a month during the month of Ramadan. During that month, Muslim employees are not allowed to eat, drink, smoke, or even take medicines from dawn until dusk.

Another implication of Islam for global business is that interest is viewed as profits generated without wealth and is therefore prohibited. In most Islamic countries, governments have instituted financial laws that therefore see interest as illegal. For any company with operations in a Muslim country, the prohibition of interest presents a serious challenge both in terms of access to loans as well as repayment of obligations. Multinational companies are therefore strongly advised to work with local banks and financial institutions to find creative ways to pay interest in the form of profit sharing or other financial transactions.



TERM TO KNOW

Islam

Religion whose essence is described in the Qur'an as the submission to the will of Allah (God).

3c. Hinduism

Finally, **Hinduism** is represented by all those who honor the ancient scriptures called the Vedas. There are currently around 760 million Hindus residing in India, Malaysia, Nepal, Suriname, and Sri Lanka. Unlike Christianity or Islam, Hinduism has significant variations in practices and rituals, leading some experts to suggest that there are no central traditions. Other experts suggest that the quest for Brahman, the ultimate reality and truth and the sacred power that pervades and maintains all things, is the ultimate quest for many Hindus.

Similar to the other religions, Hinduism has implications for the way business is conducted. One of the facets of Hinduism is the caste system, which refers to the ordering of Indian society based on four occupational groups: 1) priests, 2) kings and warriors, 3) merchants and farmers, and 4) manual laborers and artisans. Although the caste system is illegal in India today, its original purpose was to create a system that would subordinate individual interests to the collective good.



DID YOU KNOW

Unfortunately, the caste system became a legitimate way to discriminate against the lower castes. The system remains a dominant feature of life in India today, and multinational companies operating in India must be aware of it. For instance, having a member of a lower caste supervise higher-caste individuals can be problematic. Additionally, members of lower castes may face promotion ceilings in organizations because of their caste membership.

Nevertheless, it is critical for multinationals to play a critical role in reducing discrimination that is fostered by the caste system. Many companies located in India, such as Infosys, have implemented programs to train lower-caste members to get jobs.

Finally, it is important for multinational managers to appreciate Hindu beliefs. One of the most relevant beliefs is that Hindus consider cows sacred.

⇒ **EXAMPLE** Companies such as McDonald's have been very careful to honor this belief and only offer foods that do not include beef products.

Multinational managers also need to be aware of the various Hindu festivals and celebrations because employees generally expect time off and gifts for holidays such as Diwali, the festival of lights.

This section presented some of the social institutions that may bring a deeper understanding of cross-national differences. Relying solely on national culture dimensions may not be useful in the presence of cultural paradoxes. Carefully understanding a nation's social institutions can therefore bring additional insights into better international management.



REFLECT

1. Describe the social institutions that can provide a deeper understanding of cross-national differences.
2. How can managers use insights from Hofstede and GLOBE in conjunction with an understanding of social institutions?



TERM TO KNOW

Hinduism

Represented by all those who honor the ancient scriptures called the Vedas.



SUMMARY

In this lesson, you learned that because cultural realities don't necessarily fit neatly or completely into the categories proposed by models, it is important to have an understanding of **cultural paradoxes and stereotyping**. For example, if an international management student or manager doesn't appreciate the importance of cultural paradoxes, he or she can engage in cultural stereotyping, which occurs when one assumes that all people within a culture act, think, and behave the same way. You learned that as a manager, you should be cautious about using culture as the only source of understanding of societies; other factors besides national culture need to be examined, such as **the role of social institutions in international management**. You explored the three institutions that are most relevant in the workplace: **social stratification**, level of **education**, and **religion**. Lastly, you explored a brief description of the three religions that represent around 70% of the world's population—**Christianity**, **Islam**, and **Hinduism**—as well as their implications for the workplace.

Best of luck in your learning!

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TERMS TO KNOW

Christianity

A faith based on the life, teachings, death, and resurrection of Jesus.

Cultural Paradox

Insights from an understanding of culture may not necessarily coincide with reality in that culture.

Cultural Stereotyping

Occurs when one assumes that all people within a culture act, think, and behave the same way.

Education

Socializing experiences that prepare individuals to act in society.

Hinduism

Represented by all those who honor the ancient scriptures called the Vedas.

Islam

Religion whose essence is described in the Qur'an as the submission to the will of Allah (God).

Religion

Shared set of beliefs, activities, and institutions based on faith in supernatural forces.

Social Institution

Complex of positions, roles, norms, and values lodged in particular types of social structures and organizing relatively stable patterns of human resources with respect to fundamental problems in sustaining viable societal structures within a given environment.

Social Stratification

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