

Globalization, glocalization, slowbalization

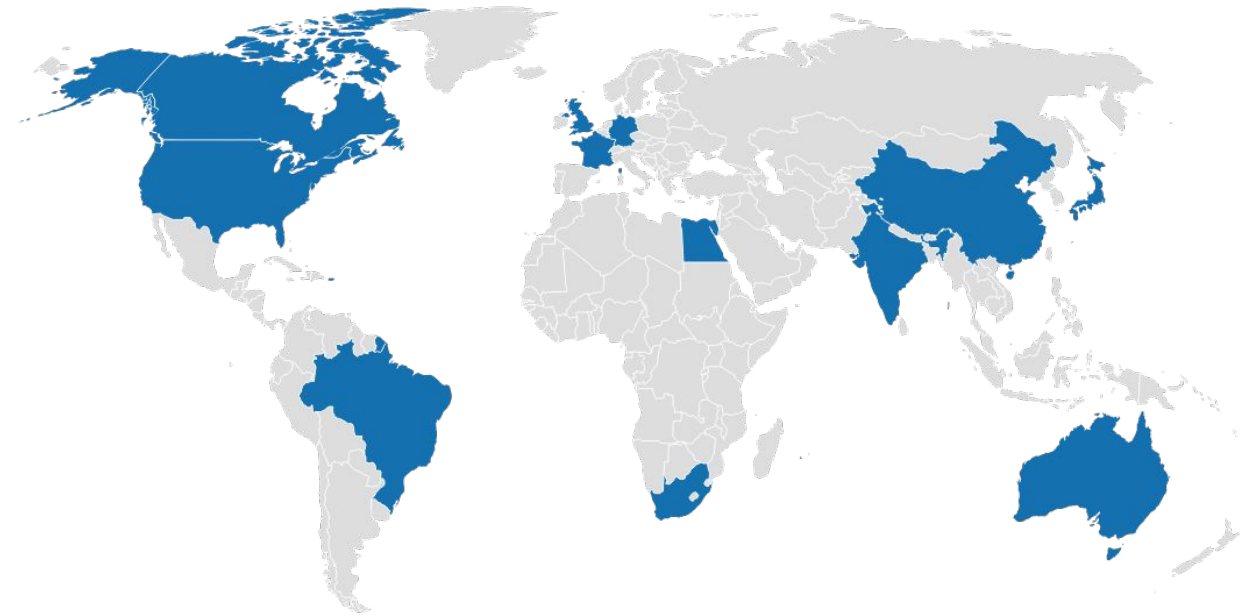
Market Entry



International Business Simulation: Market Entry

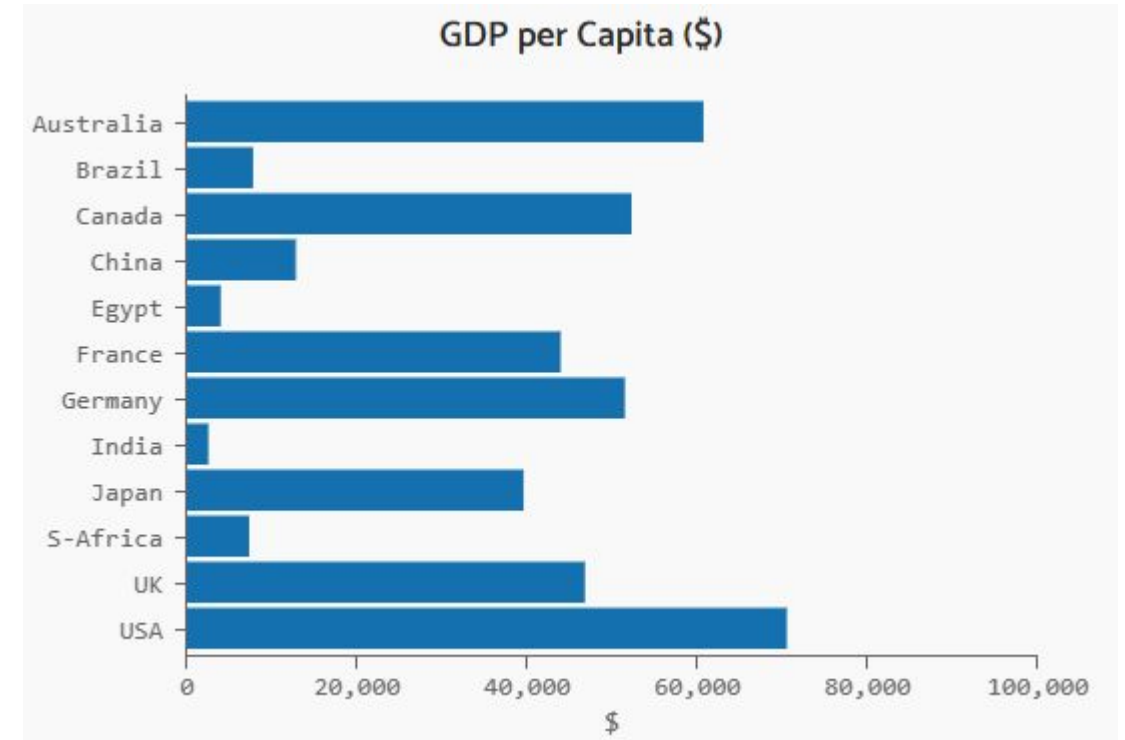
- Overview

- In the Market Entry simulation, you are in charge of managing the international strategy and operations of a casual dining chain of restaurants for 6 years.
 - You manage all of the company's business *outside* your home country.
- After choosing a home country, review the country information and news for the year before making decisions on:
 - Countries to enter, grow or exit
 - Entry Modes
 - Local Marketing decisions



Country Info: GDP and Population

- Gross Domestic Product (GDP) per Capita is a measure of the income level of people in the country.
- GDP forecast is indicator of expected market growth. Based on data from the International Monetary Fund.
- GDP per capita, GDP growth and population growth are indicators of market attractiveness in the family restaurant market.



Country Info: Market Characteristics

Country Risk:

- A broad measure that indicates risks arising from economic or political changes or general instability in a country.

Trade Barriers (tariffs):

- Impact the cost of importing ingredients from the home country.

Industry Rivalry:

- The intensity of competition in a market.



Country Info: Culture

- Culture can be defined as ‘the set of shared beliefs, values and other norms that distinguish one group of people from another’.
- Geert Hofstede developed a framework that summarizes cultures along six dimensions:
 - Power Distance
 - Individualism
 - Masculinity vs Femininity
 - Uncertainty Avoidance
 - Long Term Orientation
 - Indulgence
- In the simulation, Cultural Distance between two countries is calculated based on the sum of the differences in scores on each of the dimensions of culture.
- Indulgence reflects the extent to which a society values the satisfaction of human needs and desires.
 - In the simulation, countries with a high Indulgence score are more attractive.



Cultural awareness and cultural shock

Geert Hofstede, a Dutch interculturalist, is one of the most noted academicians to explore this subject

From 1967 until 1973 as an IBM psychologist, Hofstede collected and analyzed data from over 100,000 individuals from over 50 countries

From those results and later additions, Hofstede developed a model that identifies four primary dimensions to differentiate cultures. He later added a fifth dimension.



Cultural awareness and cultural shock

0 ← ----- HOFSTEDE'S CULTURAL DIMENSIONS ----- → 100

LOW POWER DISTANCE	PDI	HIGH POWER DISTANCE
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COLLECTIVISTIC	INV	INDIVIDUALISTIC
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FEMININE	MAS	MASCULINE
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LOW UNCERTAINTY AVOIDANCE	UAI	HIGH UNCERTAINTY AVOIDANCE
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SHORT TERM ORIENTATION	LTO	LONG TERM ORIENTATION
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Cultural awareness and cultural shock

Power Distance Index (**high** versus **low**)

This dimension explains the extent to which members who
are less powerful in a society accept and also expect that the
distribution of power takes place **unequally**



Cultural awareness and cultural shock

High vs. Low power distance

- 1) More powerful members of society perceive their subordinates as unequal
- 3) Members accept power distance as part of a social order, it determines what is right and wrong
- 4) There is not much trust among co-workers
- 9) Subordinates are considered as older, more experienced colleagues
- 2) People are equal, they consider social inequalities obsolete (borders, politics)
- 6) Subordinates fear the more powerful members
- 8) Subordinates are blamed for mistakes
- 5) Everyone should have equal rights
- 11) The acceptance of the privileges that come with power
- 7) Power is exerted only where it is necessary
- 10) The system is blamed for mistakes

Cultural awareness and cultural shock

High vs. Low power distance

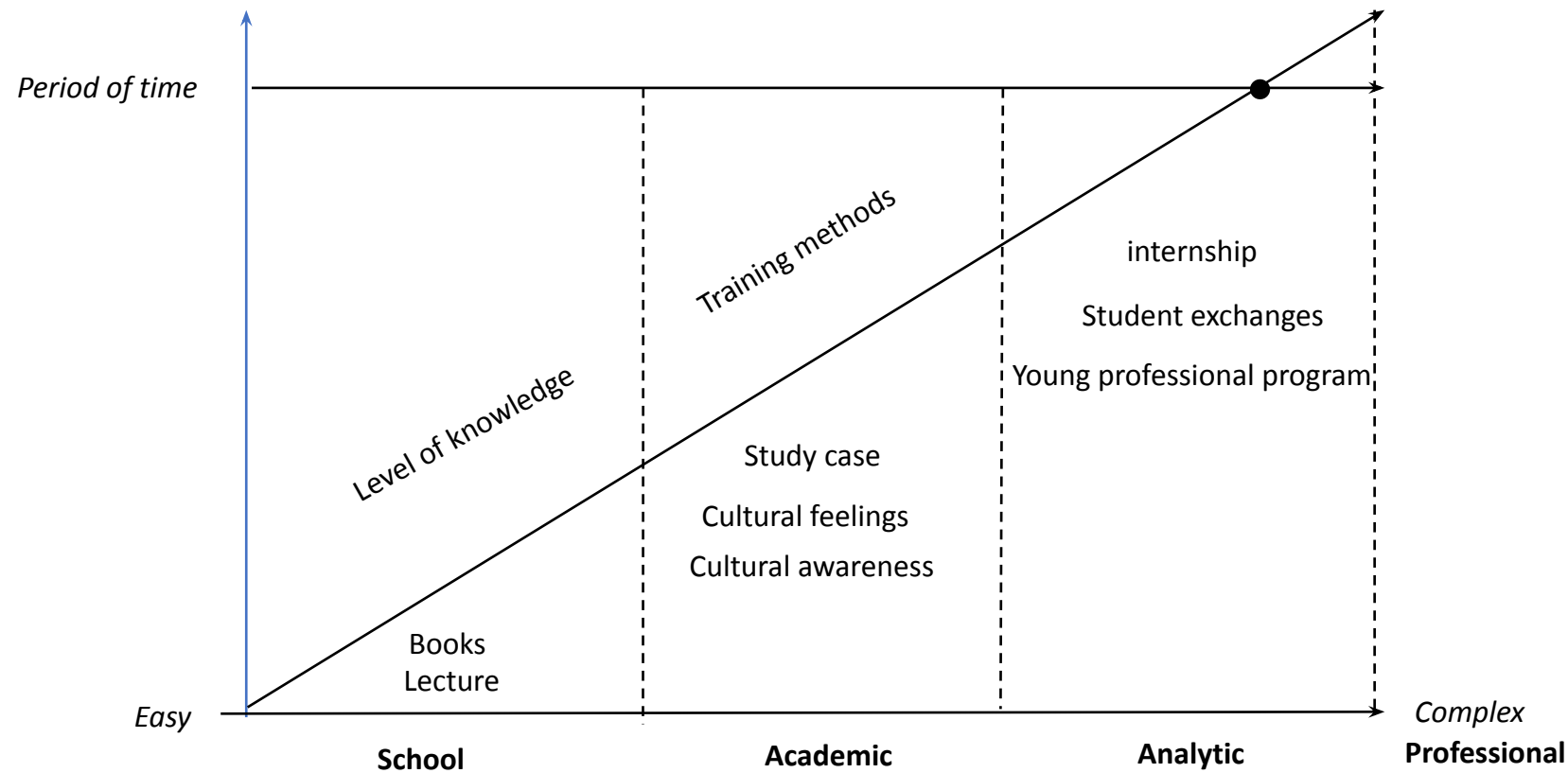
Features of high power distances cultures	Features of low power distances cultures
Members accept power distance as part of a social order, it determines what is right and wrong	Power is exerted only where it is necessary
More powerful members of society perceive their subordinates as unequal	People are equal, they consider social inequalities obsolete (borders, politics)
Subordinates fear the more powerful members	Cooperation should be based on the principle of solidarity
There is not much trust among co-workers	Subordinates are considered as older, more experienced colleagues
Majority of people are dependent on others	Co-workers are prone to trust one another
Subordinates are blamed for mistakes	The system is blamed for mistakes
Social inequalities are accepted, every person has a high or low place in a social order and is protected by law	Everyone should have equal rights
The acceptance of the privileges that come with power	Strong and weak members coexist in harmony and in the same place

Cultural awareness and cultural shock

Intercultural ignorance strikes and many are affected in their daily functions. No young expatriate or executive can ignore these barriers, they are real, present, and part of everyday life.

□ Intercultural training

- Companies with the help of international human resources will reduce the risk with intercultural intelligence



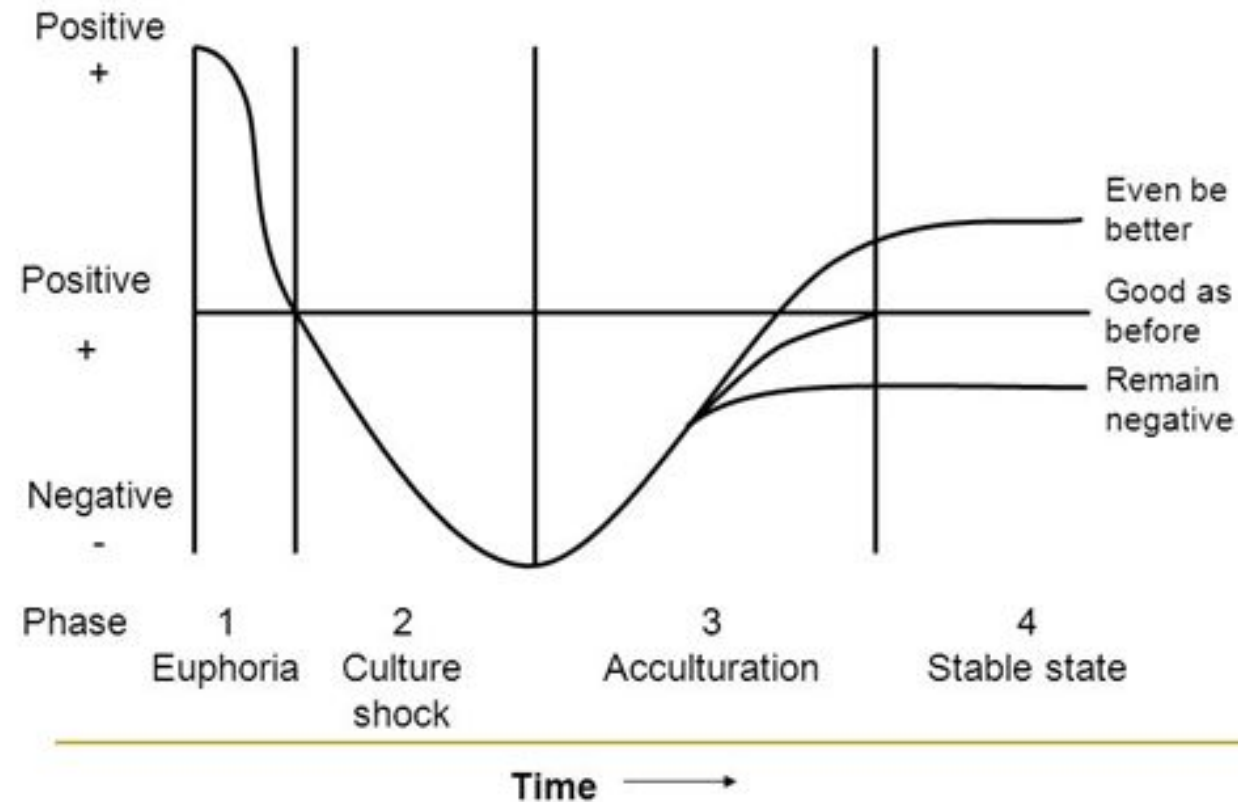
Cultural awareness and cultural shock

*Culture shock is a common phenomenon and, though it may take months to develop, it often affects travelers and people living far from home in **unexpected ways***

Culture shock generally moves through four different phases: Euphoria, Culture shock, Acculturation and Stable state

Cultural awareness and cultural shock

The Acculturation Curve. Original Hofstede model of Acculturation



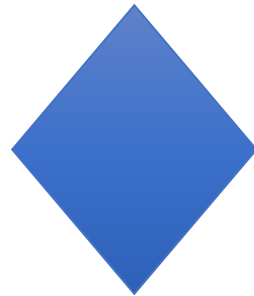
Cultural awareness and cultural shock

Cultural empathy

Test....

Cultural empathy makes for a more peaceful world, as **culturally empathetic** individuals are more tolerant of differences in others.

Cultural empathy is simply having an appreciation and consideration of the differences and similarities of another **culture** in comparison to one's own.



Nation Concept

Nation is a point of Reference

- **Companies = People**

The basic similarity amongst people within countries is both a cause and an effect of national boundaries.

National identity is perpetuated through the rites and symbols of a country and a common perception of history.

Within the Culture there are behavioral practices, which can affect companies:

- **Group affiliation.** Especially in more closed and less egalitarian cultures.
- **Groups by Gender.** Certain cultures preferences for a particular gender
- **Age groups.** Age as positive/negative point according to culture
- **Groups by Family.** Based on a theme of trust, e.g. Southern Italy
- **Requirements Hierarchy.** Hofstede dimensions may be different by culture
- **Languages**

ICustoms and Traditions

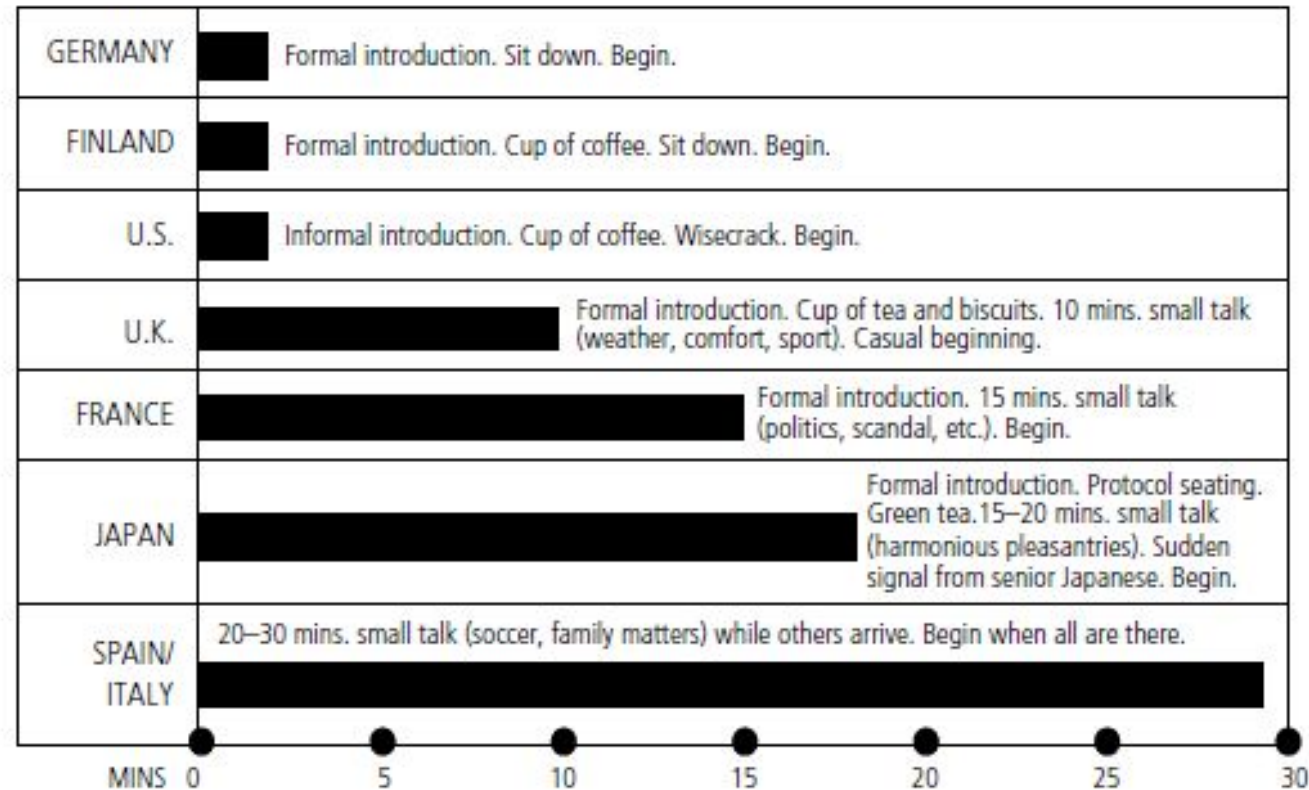
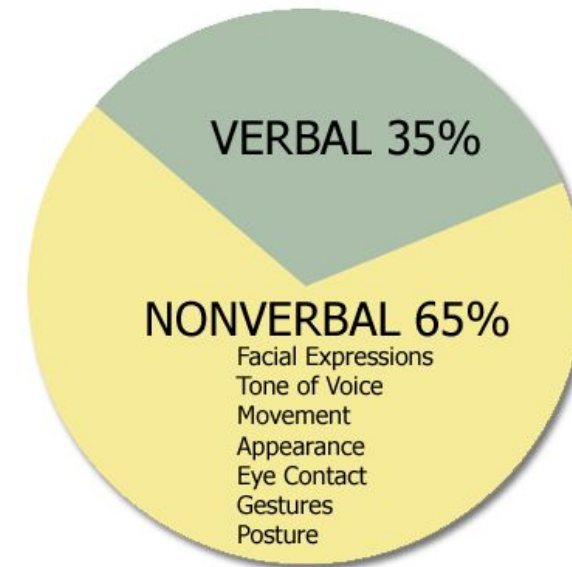


Figure 10.1 Beginning a Meeting

IV Verbal and non-verbal language

Studies have shown that in the process of communication, non-verbal expression has 65% to 93% more influence than actual text. This means that "how to say" is more important than "what to say".



IV Verbal and non-verbal language

Employers and professors love motivated employees / students

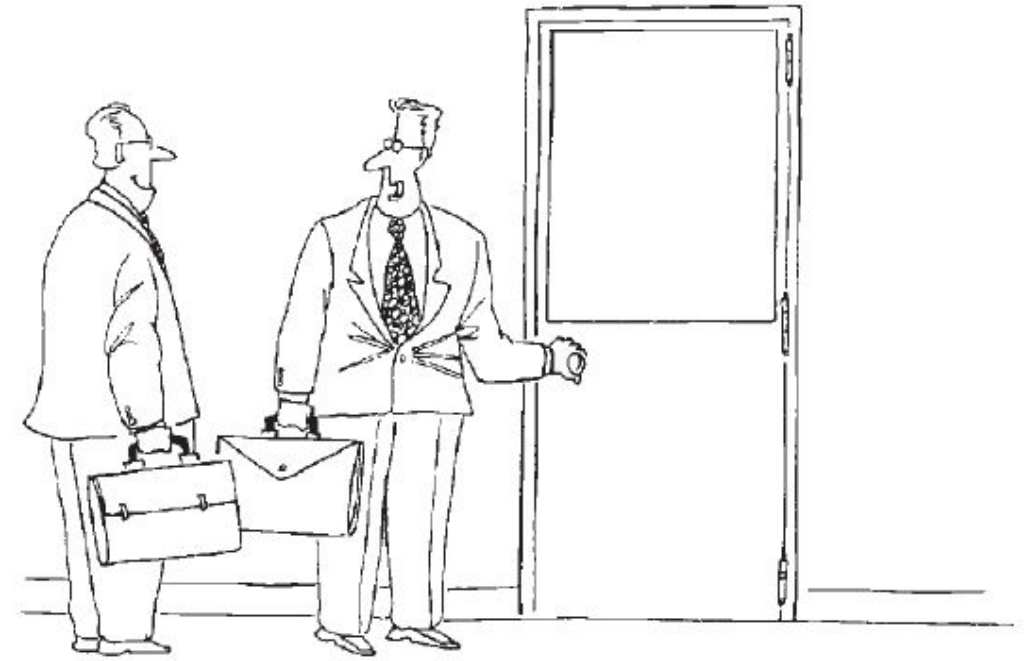
Communicating your motivation levels

- what is said;
- how it is said;
- verbal language
- body language

Asking a 'team player' question

- What makes you a good team player?
- How do you find working in a team?
- Do you prefer working alone or in a team? Why?
- What do you dislike about working in a team?

Behavioral practices that affect business



"Recuerda nuestra estrategia. Tú divides y yo conquisto".



Religion

Religion as a cultural stabilizer

- Religion is a major source of both cultural imperatives and cultural taboos.
- Major religions include:
 - Buddhism 530 mill
 - Christianity 2,400 millones de personas
 - Hinduism 1,200 mill
 - Islam 1,900 mill
 - Judaism 16 mill



CONCLUSION

- Host cultures do not always expect firms and individuals to conform to their norms; in some instances, they may choose to accommodate differences in traditions.
- International firms should make a **concerted effort** to identify ideas and behaviors in host countries and foreign cultures that can be usefully applied across the whole of their organizations.