

Comments from the Editor



*Tamir Agmon,
Editor*

A new contribution from John Dunning is always an exciting event. When the contribution deals with new directions in international business research it is an important event. There are very few people who can state as Dunning does that during their lifetime as International Business scholars they have experienced three major changes in the focus of International Business research. Moreover as one who has been involved in International Business research since the late 1960's I can testify that Dunning has contributed substantially to the development of International Business research through all these changes. We as a community of researchers and teachers in International Business should consider ourselves fortunate that Dunning is still looking for new developments and new themes in International Business research.

Dunning argues that International Business research is intellectually challenging and exciting because it is focused now on the human environment (HE). In the past the focus of International Research has been on the physical environment (PE).

In a small way AIB Insights has contributed to make what Dunning defines as human environment (HE) a part of the research in International Business. History is an important part of HE so is psychology, so is art, and so is culture. All these topics and their relations to International Business research were discussed in a previous issue of AIB Insights. The recognition of the key role of human environment is not limited to International Business as the popularity of behavioral economics and behavioral finance testifies.

However, the location nature of International Business makes it the most appropriate field in the context of business studies to lead the way in this new focusing on HE as Dunning suggests.

This point deserves a brief explanation. International Business as the term suggests relates to nations, geopolitical organizations that have many HE dimensions. Finance, marketing, or strategy do not necessarily relate to a location in which people are living in a cultural, political, and historical context. Therefore, a thorough understanding of the many human environments where people are living is a necessity for research in International Business.

The balance of power in the world is constantly changing. For example, the growing importance of China and India with their specific human environments does affect the way that International Business research is going. One can say that International Business research is the process of becoming more international, or, as it is argued below, multinational is a better term.

The article by Ben Tipton is a part of the process of change. Tipton is drawing a difference between accepting cultural diversity as an integral part of the human environment, and looking at it as a barrier for the implementation of a Western (US) business culture. To quote Tipton: "...students have to become familiar with other cultures. However, they (IB textbooks) also assume that those cultures are doomed".

An important potential direction for future research in International Business is to find a way of making the research really multinational. That means realizing the different elements in the human environments that together comprise the world and accepting them as a basis for our research.

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*We look forward to your
comments and submissions.*



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New Directions in International Business Research

These are exciting times for international business teachers and researchers. It may not be too much to say that our field of study is at a watershed in its evolution. Far from running out of steam, the future agenda of international business is set to be one of the most intellectually challenging, but potentially fruitful, of all the social science disciplines in the next two or three decades. This, I believe, is because it is in a privileged and unique position to explore the interaction between corporations and the changing cross border physical and human environment in which they operate; and its implication for global economic welfare. Let me explain what I mean.

In my lifetime as an IB scholar, I have experienced three main turning points in the focus and trajectory of IB research. The first was in the late 1950s and 1960s when the subject as a serious field of academic investigation was born. Of course, prior to that date there had been many studies by individual researchers on the cross border activities of firms.¹ But a series of case studies (mostly by non US scholars) of the role of inward direct investment on the domestic productivity and economic restructuring of host countries; and a widening of the teaching research agenda of US business schools to incorporate the internationalization dimension of (mainly) US corporations, introduced a new era of research (Boddewyn 2005). This was also a period in which there was a rapid rise in outbound foreign direct investment (FDI). US MNEs, for example, increased their stock of outbound FDI from \$7.2 billion in 1946 to \$32.8 billion in 1960 and \$59.3 billion in 1967.

In the 1960s, outward FDI became an increasingly important phenomenon in

the then emerging global economy. By the end of the decade, the value of the sales of the foreign affiliates was approaching that of world exports. In 1960 such sales were only one-half of all exports.²

Each of these various studies was explored by international business scholars in the context of the *physical environment* (PE) of the world economy. We define such an environment as that determining the ways in which *human and physical assets and capabilities are created and used to generate wealth*. They were primarily undertaken by economists in pursuit of allocating scarce resources to maximizing the GDP per head and of optimizing the comparative advantage of countries and by business scholars, whose focus of interest was on maximizing the performance and shareholder values of firms. At the time, little explicit consideration was given to the *human environment* (HE)—which both helps fashion the physical environment and is fashioned by it. Using Douglass North's conception of the HE, it com-

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prises *the compilation of rules, norms and conventions and ways of doing things that define the framework of human interaction* (North, 2005, p.11). The 1960's researchers who, at the time, were mainly from the US and Western Europe, largely treated both the objectives of economic activity and the means of achieving these objectives as being value free and common among firms and countries.

By the early 1970s, however, the international, political and social climate was becoming more ambivalent towards the effects of international business activity and the strategy of MNEs. This was especially reflected in the various declarations of the United Nations in the early part of the decade,³ and in the changing attitudes of many developing countries which had recently gained their political independence. In the 1970s, MNE were increasingly under attack. Though the concerns and criticisms were mainly expressed in terms of the impact of

FDI on the PE (e.g. with respect to the inappropriateness of technology transfer, location of research and development, restrictive business practices, manipulative export controls etc., underlying these practices and the (perceived) centralisation of decision taking was their impact on the human landscape of the recipient countries. This was particularly so in respect of the type of economic development they encouraged, and their impact on local objectives, culture, and belief systems. It was in these years, too, that many new national and international institutions were initiated to protect or upgrade and enforce the formal laws and regulations designed to ensure that MNEs should behave in a socially responsible way. At the same time, scholarly research on IB related issues still tended to be centred on the ways in which the organization and resource allocative practices of MNEs might best increase the material propensity of home

and host countries, and that of the world economy as a whole.

The second watershed in my academic career occurred in the early 1980s, with the fall of the Berlin wall and the renaissance of the market economy. These events, which heralded in the beginning of our contemporary global economic system, occurred at the same time as a major leap forward in knowledge as the main ingredient of PE of IB activity. IB, of course, has always been an asset based field of study. For most of the previous millennium, the assets underpinning the creation and utilisation of wealth were primarily land-based. Following the industrial revolution, created physical assets, notably machines and energy became the major driving force. These were later supplemented by finance capital, and most recently by knowledge capital. This is not to deny the importance of the other income generating assets; simply that, relatively speaking, knowledge, embodied either in physical equipment, e.g. research laboratories and communication systems, or in the capabilities and competence of people, has become the most important driver of economic progress.⁴

Essentially, the IB literature on this topic over the last two decades has focused on the impact of knowledge and information on improving the PE of both people and organizations. *Apropos* the former, the transaction cost, resource based, and evolutionary theories of the firm are essentially directed to explaining aspects of the PE rather than the HE of economic activity. But there are exceptions. Thus much of the research on organizational, human resource and cultural related issues has focused heavily on the incentive structures and enforcement mechanisms affecting the cognition, motives and conduct of firms. At the same time, the 1980s saw the emergence of alliance capitalism and of organizational hierarchies, one result of which was to underscore the role of informal institutions, notably those of trust, reciprocity and forbearance, as factors influencing the success (or failure) of collaborative ventures among firms.

Apropos the latter, most locational attractions of countries' foreign direct investors in the 1980s continued to be of the traditional cost saving, or market exploitative kind,

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though the role of governments, e.g. as facilitating the competitive enhancing inward and outward FDI was being given more attention (UNCTAD 1998). Yet, in the main, knowledge, throughout the 1980s and early 1990s, continued to be viewed as an input—a created asset—into the determinants and consequences of IB activity. Little attention was given to the motivation, incentives, or regulations which influenced the choice of action.

The third watershed of IB research I have experienced dates to the mid 1990s. As far as most IB scholarly efforts are concerned, it is still in its infancy, but interest in it is fast gathering pace. The new direction is identified by the renewed and burgeoning interest in various aspects of HE and its ecological components. This interest is demonstrated, first, by the growing attention now being given to the role of institutions and their underlying values in affecting the motives for, and patterns and modes of, IB operations, and of the strategy of MNEs (Henisz, 2000, 2005); and, second to the willingness and competencies of countries (and more particularly that of their national governments) to influence the competitiveness of their own firms and the choice of location of inbound foreign investors by upgrading indigenous incentive structures and social capital. Again, this is not to downplay the role of the PE, but, simply to suggest that for the most part, this is a *necessary*, but not a *sufficient*, condition for successful IB activity. It is also the case, that the ways in which cross-border differences in the HE are acknowledged and managed are likely to play a more important part in influencing this success, than in the case of purely domestic business.

Why is this so? Why do we believe there has been a shift in trajectory of IB studies? We would suggest five main reasons for this. The first is the advent and impact of globalization on the PEs and HEs. In the former case, globalization has primarily acted as an *enabling* factor. Together with technological and communication advances and the breaking down of spatial barriers, it is reconfiguring the transaction costs and benefits of firms and the absorptive capacity of countries. In the latter, it is affecting the cognitive ability, motivation and behavior of individuals

and firms, by making them more aware of the content and effectiveness of different institutional systems which influence (a) the understanding of motivation and goals of firms, (b) their attitudes to risk taking, their product and marketing strategies, (c) the ways in which they organise their value added and transaction activities, and (d) the relationships they form with other economic agents including both governments and non-governmental organizations (NGOs).

The second feature is the widening of the economic and social objectives of both individuals and organizations. Again there is nothing particularly novel in this. It is fairly self-evident that as democratic countries become richer, the choices of their citizens expand. What is, perhaps, new is that global interdependence, and the enhanced knowledge and learning capabilities of individuals and organizations about their PEs and HEs, is bringing about an increased awareness of how these objectives, and/or their prioritization by communities from different parts of the world may differ from each other. At the same time, even within a particular country, the options as to how, and in what way, resources and capabilities may be used, is widening as a direct result of changes in the HE. The contemporary regard paid by most industrialized countries to a sustainable environment, to issues of security, food safety and health, to 'intrinsic' goods and services such as happiness, stability, stress avoidance, and to the reduction of 'bads' such as crime and drugs, needs to be factored into scholarly thinking (Layard 2005). General wellbeing is now the name of the game! Each of these 'new' options tends to be more value laden. Each reflects the belief systems and morality of individuals and communities. Each generates its own imperatives to upgrade the human ecology as well as the physical ecology which governs the activity of firms.

In some—indeed in many—cases, these changes can be embraced by firms in the pursuance of their corporate objectives. Though there is nothing particularly original in this, the distinction between social and private responsibilities of firms has become more apparent as the goals of individuals and society

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have become more varied and complex. Such incongruities increase enormously when firms transcend national boundaries. But whether they are global, regional or national, they can only be tackled and resolved if more attention is given to the content of the HE and its institutional framework.

Inter alia, institutional theory seeks to better understand the instruments for recognizing the forces influencing the strategies and behavior of firms and those of non-market organizations. Traditionally, with a few exceptions, economists have largely ignored the relevance of institutions, other than that of the market, in affecting the creation and utilisation of assets. The argument, even today, by economists such as David Henderson (Henderson 2001) is that, providing there are appropriate macro institutions to encourage or compel firms to behave responsibly by, for example, ensuring effective competition and penalizing corporate malfeasance, they will do so. The alternative view, favoured particularly by sociologists and political scientists, is that the ideal situation is for the firms themselves to voluntarily accept their societal responsibilities—and adjust their strategies and conduct accordingly. This is essentially the stakeholder view of corporate social responsibility (CSR).

The third feature of our contemporary economy is an increase in various kinds of endemic or intrinsic market failure, which, quite independently of the PE in which firms operate, affect the attitudes, organization and strategic behavior of firms towards their international activities. True, there are many uncertainties and complexities associated with the PE. Much of risk management e.g. in respect of managing research and development (R&D) and counteracting fluctuations in the exchange or foreign markets is directed to reducing volatility and unforeseen changes in the PE; although some e.g. those which much of game theory seeks to tackle, are more to do with the content and quality of the HE. But certainly in today's interdependence between the human landscapes of almost all countries in the world, one sees increasing attention being paid to reducing the transaction costs associated with the failures associated with cross-border intra- and interfirm *relationships* e.g. with

respect to supply chain management, R&D consortia, joint human resource development, dealing with foreign governments and the like; not to mention those directly arising from international crime and terrorism!

The fourth feature making for a new trajectory of IB research is the growing participation of several new economies—notably China and India—on the world economic stage; and the increasing role being played by MNEs from these countries. In 2004, for example, the share of the world's GDP accounted for by the developing countries of Latin America and Asia was 26.8% compared with 12.3% in 1990. The corresponding shares for FDI inward stock were 20.6% and 17.1%. The outward direct investment stock from these same developing countries has risen more dramatically (admittedly from a lower base) from 5.6% in 1990 to 10.1% in 2004. These data, supported and strengthened by the huge growth in trade, travel and tourism, and the internationalization of E-commerce, sport, music and TV programmes, not only signify an increasing awareness of how the other half lives. They may also exacerbate tensions between different values and belief systems and the institutions which uphold them. It would seem that, while the movement towards the integration of the cross border activities by MNEs, and the promotion of global product brands and standards is leading to a convergence of the PE of many countries, new and challenging differences in the international HE are also being exposed. While, as a result of increased MNE activity, travel, and media exposure, there appears to be some movement towards commonality in this environment, localized cultural, ideological and institutional differences still remain important. Nowhere is this being more clearly demonstrated than in the context of morality and religious belief. Some of these differences may enrich the global HE. But others, unless harmonised, or at least respected, may threaten the successful penetration and embedment of firms into international markets and/or the willingness or ability of countries to engage in or attract FDI.

The fifth and last reason for the shift in IB scholarship is that, due *inter alia* to the demands of a changing and uncertain HE, but also the growing technological *et al* complexity

of the PE, the organizational forms of IB activity have become more varied, and, for the most part, more informal. This is shown in the less legalistic and more consensual forms of *intra*-firm governance, and in the growth of cooperative alliances and a range of networks affecting *inter* firm relationships. All these trends reinforce the importance of the content and quality of the HE within and between firms, and of the institutions of countries, firms and special interest groups governing or influencing this environment. Again, while the right kind and appropriate use of resources and capabilities are an integral part of a firm's success in concluding cross-border M&As or strategic alliances—particularly in respect of competence MNE seeking FDI; without the appropriate HE—as the failure of such ventures has so often demonstrated—success may be jeopardized.

Taken together, these five features of our contemporary global economy are compelling scholars from virtually all parts of the IB field of study, to give it more attention. Indeed, the range of disciplines relevant to understanding the human environment extends well beyond those normally considered as part of IB. As institutions involving *international* firms have become more pervasive, so issues of geography, international law, and international relations have become more relevant. As behavior and belief systems have a strong learning and cognitive element, so the work of neuro-economists, evolutionary psychologists, and socio-biologists have become more applicable. Since they affect the motivation and behavior of firms in a social context so IB scholars need to draw upon the writings of sociologists. Such an interdisciplinary approach itself emphasizes the importance of the right institutional environment. No less so is this needed, as a result of the increasing collaboration and partnership between different decision taking units within firms and between firms and other constituents of global capitalism. The success of the contemporary network economy, rests primarily on its ability to offer new information and learning experiences, and, too, the quality of the relational assets of the participants.

What then may we conclude? First, that as far as the success of international firms is concerned, an understanding of the HE and its ecological content as it affects the motivation,

learning processes and conduct of firms in the wealth creation process, and the seeking out of new markets, is becoming increasingly critical in our evolving global economy. Second, that as far as countries are concerned, two things of relevance to IB scholars deserves special attention. The first is the increasing role of social capital—which is essentially a reflection of the institutional infrastructure underpinning the HE—as a factor influencing both the competitiveness and dynamic comparative advantage of a country. The second is that the components of a country's economic and social wellbeing—or more especially that of its citizens—are broadening to encompass a range of intangible goods, services, and experiences, the nature of which is value intensive, and which needs to be buttressed by an appropriate incentive structure and enforcement mechanisms to ensure the wealth creating agents act in a way consistent with societal interests.

Third, that the evolving attributes of our contemporary human environment are demanding attention by IB scholars on both a more extensive range of topics and approaches. What role does IB scholarship play (or might play) in helping to reconcile the economic benefits of globalization with the social and cultural demands of local communities? This question is now being extended as new options relating to the content of the present or future human landscape, including those relating to security, reducing poverty, climate change, the challenges of an aging population, and the increasing importance of services, become available; and as the impact of these on, and as a result of, the cross-border production and transactions need to be considered not *only from a resource and capability viewpoint, but from an institutional, international and interface perspective*; and as they impact on the *intentions* of both corporations and extra market actors.⁵ Each of these suggests that such aspects of the constituents of IB scholarship as culture, human resource management, international relations, neuro-economics and social psychology need to be better incorporated into mainstream paradigms, theories, empirical research and policy appraisals. It is the integration of these into the PE, so well explored by IB scholars in the 1980s and 1990s, which we believe should be one of the main thrusts of IB scholars in the next decade or more.

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Footnotes

¹ Some of these are summarised in Dunning (1993) but our understanding of past scholarship has been deeply enriched by the extensive writings of business historians such as Mira Wilkins and Geoff Jones.

² In 2004, they were 1.5 times those of exports (UNCTAD 2005).

³ Most noticeably expressed in *New International Economic Order* and the *Charter for Economic Rights and Duties* initiated by the UN General Assembly in 1973/4 (Dunning 2005).

⁴ For a recent affirmation of this statement see Fageberg and Srholec (2005).

⁵ As we have recently illustrated in the Academy of Management IMD Newsletter – January 2006.



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“Thumbs-up is a rude gesture in Australia”: The Presentation of Culture in International Business Textbooks

Almost by definition international business requires knowledge of cultural differences. We would expect textbooks in the field to acknowledge this, and indeed, they do emphasize the importance of culture. But something has gone dreadfully wrong. The chapters on cultural differences and the role of culture in the sixteen widely-used textbooks surveyed here contain some truly remarkable errors of fact and interpretation. Further, looking over this broad range of texts, the weaknesses are so consistent, and so similar in form, that it almost seems they must stem from common causes. Professional isolation, politics, and patriotism may play a role. The texts' target audience are students, primarily in the United States, and although their explicit purpose is to transmit knowledge and skills, their implicit purpose may be, not to engage sympathetically with actual cultural differences, but rather to mold those students, the next generation of Western managers, into a common pattern, by identifying an exotic cultural “other” against which students will form their new identity.

Problems with Facts and Interpretations

The thumbs-up gesture appears repeatedly in subsections on non-verbal communication. According to John Cullen and Praveen Parboteeah, “The thumbs-up gesture means everything is going well for North Americans and many Europeans, but is a rude gesture in Australia and West Africa” (Cullen and Parboteeah 2005, p. 498). Donald

Ball and his colleagues agree, in part. A quiz at the end of their chapter asks, “In most countries, the thumbs-up sign means ‘OK.’ But in which of the following countries is the sign considered a rude gesture?” The answer gives Italy and Australia as the two correct choices (Ball et al. 2004, p. 331; Ball et al. 2006, p. 213). Confusingly enough, in the text of the same chapter we read that “Americans and most Europeans understand the thumbs-up gesture to mean ‘all right,’ but in southern Italy and Greece, it transmits the message for which we reserve the middle finger” (Ball et al. 2004, p. 318; Ball et al. 2006, p. 201). David Holt and Karen Wigginton also tell us that “Infamous misunderstandings have resulted from the ‘thumbs-up’ gesture, which to Americans commonly means ‘okay,’” but in this case it is because, “The same gesture has an angry and obscene meaning in Latin American societies” (Holt and Wigginton 2002, p. 341).

Where does this leave our students? Are they to avoid elevating their thumbs in West Africa, Italy, Greece, and all Latin American societies, not to mention Australia? Generalizations are hazardous, but at least in the case of Australia the statement is categorically incorrect. The thumbs-up gesture in Australia means exactly what it means in North America, and no misunderstanding, infamous or otherwise, will result if a foreigner uses the gesture.¹

The texts consistently suffer from this sort of statements. Some are simply incorrect, for instance, “AFLAC’s big

break came when John Amos visited the Tokyo World's Fair in 1970. He noticed that many Japanese walked around in surgical masks to protect themselves from air pollution" (Griffen and Pustay 2005, p. 87).² Some are over-interpreted attribution errors, for instance, "Consider the British habit of automatically lining up on the sidewalk when waiting for a bus. This surface cultural trait results from the deep cultural desire to lead neat and controlled lives" (Ball et al. 2004, p. 292; Ball et al. 2006, p. 178), or the suggestion that, "Christianity underlies much of German culture – more than 96 percent of Germans are Catholics or Protestants. This may be why Germans tend to like rule and order in their lives, and why there is clear public expectation of acceptable and the unacceptable ways to act" (Deresky 2006, p. 105).

At a more serious level are interpretive errors, the sorts of things that a specialist knows are contentious or flatly incorrect, but are sometimes believed to be correct by non-academics, or which form part of a nationalist ideology. In the case of Korea, for example, John Wild, Kenneth Wild, and Jerry Han state that "South Korean business practice reflects Confucian thought in its rigid organizational structure and unswerving reverence for authority," and as a result, "Korean employees do not question strict chains of command" (Wild et al. 2006, p. 65; see also Deresky 2006, p. 105; Holt and Wigginton 2002, p. 306). In fact, although the government and employers have claimed that Korean society and Korean firm structures rest on Confucian values, this is an ideological assertion and is perceived as such by ordinary Koreans and by workers in large Korean firms (see Robinson 1991; Kim 1992; Janelli and Yim 1995).

The repeated assertion in the texts that Japanese ethnic homogeneity is responsible for the distinguishing features of Japanese society is one variety of what is known as *nihonjinron*, or "debate about Japaneseness." Although it is a popular argument in pseudo-social scientific literature in Japan, it is false, as is the related claim that Japan is a "classless country" (for instance Griffen and Pustay 2005, p. 87; McFarlin and Sweeney 2006, pp. 133-134. See Yoshino 1992; Denoon et al. 1997; McVeigh 2004). Another version of *nihonjinron* attributes Japanese social structures to underlying cultural values. Arvind Phatak,

Rabi Bhagat, and Roger Kashlak, take this line and assert that, "Japanese culture is based on the principle of *wa* (peace and harmony). *Wa* is connected to the value of *amae* (spiritual harmony). *Amae*, in its turn, leads to *shinyo* (mutual interdependence, faith and honor), which is necessary to execute business relationships" (Phatak et al. 2005, p. 159). This is as over-interpreted as the statements about Britain and Germany above. In addition, unfortunately, although *wa* does mean peace or harmony and is widely held to be desirable, *shinyo* straightforwardly means trust, credit, confidence, or reputation in the financial as well as the personal sense, and *amae* means "psychological dependence (on others' good will)" according to Sanseido's Japanese-English dictionary. *Amae* is derived from the verb *amaeru*, "to presume upon" or "to play the baby," and in fact has been used by Japanese scholars to describe Japanese society negatively, as creating a dependent, infantile mentality (Doi 1973).

The texts are no more successful in portraying Western development, however. The argument that religious values played a role in the rise of capitalism, industrialism, and modern business in Western countries appears in a majority of the texts (Czinkota et al. 2005, p. 44; Ball et al. 2004, p. 301; ; Ball et al. 2006, p. 188; Cullen and Parboteeah 2005, pp. 93-94, 95; Deresky 2006, pp. 90-91; Griffen and Pustay 2005, pp. 94-95; Hill, C. 2005, pp. 95-100; Hill, J. 2005, p. 459; Wild et al., pp. 62-63). The underlying reference is to Max Weber, a justly famous German sociologist to whom we owe our concepts of modern bureaucracy, charismatic leadership and ideal type analysis. Weber's works were translated into English in the early 1950s and stimulated wide discussion in the United States and Britain. Weber argued that certain features of Protestant belief, particularly the notion of a religious "calling," fit especially well with certain aspects of capitalism, particularly instrumental rationality and future orientation (Weber 1904-05). Weber also argued that the lack of correspondence between the fundamental characteristics of capitalism and Confucianism explained the failure of China to develop a capitalist economic system (Weber 1920-21).

Weber's claims were strongly disputed. The

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doctrine of predestination, for instance, should have predisposed Protestants to a fatalistic acceptance of God's will rather than energetic economic activity.³ Nevertheless, in the 1950s and early 1960s it still made a certain amount of sense to look for underlying reasons for the disparity in development between north-western and southern and eastern Europe, and between Europe and Asia (see Green 1973). By the late 1960s southern and eastern Europe had almost completely closed the gap,

...no European historian today would argue simply that the Protestant work ethic caused the rise of capitalism, and no Asian historian would argue simply that Confucian values caused Asia's relative backwardness...

and therefore the long term impact of religious or cultural differences lost relevance and the discussion evaporated in European studies. By the 1980s the rise of Asian economies had inspired some to reverse Weber's argument about China, and to claim that Confucianism had aided, not hindered, economic growth (see Tu 1996).

Weber remains significant in modern sociology and political science, but no European historian today would

argue simply that the Protestant work ethic caused the rise of capitalism, and no Asian historian would argue simply that Confucian values caused Asia's relative backwardness in the nineteenth and early twentieth century (see Hobson 2004). It is therefore disappointing to say the least to see these outdated ideas playing so prominent a role in such a large number of contemporary textbooks. And, for today's managers, incorrect interpretations of history and culture can lead to serious difficulties. The assumption that Japanese are all the same, that Korean workers are uniformly docile, or that Asians, Southern Europeans and Latin Americans of Confucian or Catholic background are irrational and not economically motivated, can lead to incorrect and potentially damaging decisions on planning, human resource management, and marketing in those countries.

Problems with Professional Isolation and Pedagogy

The most obvious explanation for what has gone wrong is that the authors have not done their homework. They rely on a narrow set of references, for instance in the discussion of non-verbal communication. In all of the sixteen texts, there are only two cases in which authors have consulted specialist area studies literature, both dealing with Japan, but the three works Charles Hill cites were published in 1970, 1987, and 1988, and he highlights in italics an embarrassing misspelling of "gaijin" for *gaijin*.⁴ John Sae's half-dozen references date from 1979 to 1991, and one of them is a popularized management version of the work of legendary samurai swordsman Musashi Miyamoto, *The Five Rings* (Sae 2005, pp. 47-50). The more conscientious authors have consulted the scholarly management literature (notably Peng 2006 and McFarlin and Sweeney 2006), but typically the texts rely on journalistic references, some very heavily.⁵

The texts assert that students have to become familiar with other cultures. However, they also assume that those cultures are doomed. The chapters on globalization, despite references to cultural diversity and the negative consequences of global economic development, describe an inexorable shift to universal consumption patterns, and a change toward global management patterns (for instance Holt and Wigginton 2002, p. 66; Phatak et al. 2005, p. 70). It is implied, for instance, that the Indian caste system is "dying" (Cullen and Parboteeah 2005, p. 99, although their only sources are the *Guardian* and *Seattle Times*). When they come to spoken language, the authors agree that the dominance of English is insurmountable (for instance Wild et al. 2006, p. 68, although their only source is the *International Herald Tribune*). Several identify the direct beneficial influence of United States firms on foreign cultures (for instance Czinkota et al. 2005, p. 38; Griffen and Pustay 2005, p. 111).

Many of the texts criticize American business as ethnocentric, insensitive, unwilling to change, and slow to adapt to foreign cultures, and warn of the dire consequences of cultural insensitivity, as in the case of the thumbs-up

gesture. However, there are some remarkable cases of cultural insensitivity in the texts. One author takes pride in having picked up a sledgehammer and attacked some old equipment in a factory in Spain, to encourage the local staff to change over to new machinery more quickly (Ball et al. 2004, p. 700 note 11 to Chapter 9; Ball et al. 2006, p. 682 note 11 to Chapter 6). A number also worry that fluency in the host country language may cause expats to “go native.” John Daniels, Lee Radebaugh, and Daniel Sullivan cite a case prepared in 1963, in which marriage to a Japanese woman causes an American to develop a “complete emotional involvement with Japanese culture.” He moves to a “Japanese” neighborhood, defends the system of promotion based on seniority, finds a job with the Japanese joint venture partner for an employee his American boss has fired, and when confronted by the boss says “he had done what was expected of a superior in any Japanese company.”²⁶

Explicitly, these texts intend to train students in the techniques of modern international management. Implicitly, however, their message is that only a certain set of values is appropriate for such managers, and their implicit purpose therefore is to inculcate those values. Perhaps not surprisingly, the implicit message emerges most clearly in the text by Les Dlabay and James Scott intended for high school use. In a section on “subcultures” we are told that “business” is a separate subculture in every country, and we are presented with a list of “common sayings” that “reflect some widely held beliefs, values, and assumptions of the U.S. business culture” (Dlabay and Scott 2006, p. 61). The presentation therefore reflects, not the values that the students have as Americans, but the values that the authors want to instill in them as American business executives. It is worth noting that some of the values, especially “time is money,” are precisely the ones that are commonly held to cause problems for American executives in other countries.

If all cultures will change and become more like American culture in the near future, then why do students need to learn about these cultures? Parallel to theoretical studies of nationalism, I suggest that there another agenda, an attempt to reinforce and strengthen the Ameri-

can “business culture” precisely by pointing out the differences between American and other cultures. National traditions are invented constructs, and identifying the “other” in foreign cultures, by highlighting their differences, is a tactic to define and reinforce the distinctive features of “our” culture (see Greenfeld 1992; Billig 1995; McVeigh 2004). In the international business texts considered here, this becomes a sort of educational nationalism, a tactic for the support and reinforcement of a particular variant of American culture. Internationalizing and openness to foreign cultures in fact becomes a means for nationalizing American managers by teaching them to recognize and emphasize the difference between themselves and the less fortunate members of other cultures. And if this is correct, then of course it does not matter whether the other cultures are accurately portrayed or not, because the purpose is merely to present them as “different.”

This theoretical insight leads us back to pedagogy. As teachers, one thing we should certainly not do, is to encourage our students to think that because they have memorized ten alleged facts about foreign countries, that they are ready to undertake international operations (Ball et al. 2004, p. 331; Ball et al. 2006, p. 213; the Culture Quiz offered by Hodgetts et al. 2006, pp. 530-534 is equally pernicious). If the suggestion as to the implicit pedagogical agenda of these texts is correct, we should avoid that as well. If there is a universal ethics, one of its principles is surely the honest recognition of difference. In practical managerial terms, cultures may be mutable, but they will not disappear any time soon, and therefore it is important to spend the effort to engage with them seriously. On the other hand, we most likely should avoid the counsel of perfection, the argument for instance that “Area studies should be a basic prerequisite for other types of training programs” (Czinkota et al. 2005, p. 62). There is too little time to learn everything about any one culture, let alone the over 200 national cultures currently requiring our attention.

Rather than isolated facts, it is the tools for study that are important. Our job is to ensure that our students have the research skills to find and analyze the information that is avail-

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able. This involves their critical faculties, and it means accepting that there are no hard and fast answers. It means understanding that every nation's culture is a contested field, and it therefore involves discovering what both indigenous scholars and outside observers consider the key points of interpretation and dispute. Beyond this, I would argue that research into management techniques also needs to align with our

teaching goals, our study of culture, and our study of the international context. This is not an easy task, but it is a necessary and potentially fruitful task. Failure runs the risk of isolating international business research and teaching in a conceptual "silo" (Inkpen 2001), providing sub-optimal advice to practitioners and unlikely to influence developments in adjacent disciplines.

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Footnotes

- ¹ Although it is difficult to say exactly, the notion that the thumbs-up gesture is obscene in Australia may have migrated from a 1975 book (Condon and Yousef 1975, pp. 120-126), to a quiz originally published in 1987 in *Foreign Agriculture*, a publication of the U.S. Department of Agriculture, which is the one used by Donald Ball and his colleagues (Ball et al. 2004, p. 331; Ball et al. 2006, p. 213), and then to another book originally published in 1991 (Axtell 1998, ch. 2). The citations vary. Cullen and Parboteeah 2005, p. 498, give Axtell as 1991 in note 9 and 1998 in note 12; Holt and Wigginton 2002, p. 341 have a different title and cite Axtell as editor rather than author; Saeed 2005, p. 108 spells Axtell as Axell and gives a third version of the title.
- ² Japanese wear the masks when they have a cold, to prevent the spread of germs.
- ³ Czinkota et al. 2005, p. 46 argue that “Islam’s basic fatalism (that is, nothing happens without the will of Allah)” is the reason for economic backwardness in Muslim societies today.
- ⁴ The mistake apparently originated in a 1991 article in *The Economist*, which remains after three subsequent editions his only source for the statement that, “Some claim that a major cultural shift is occurring in Japan, with a move toward greater individualism.” Hill, C. 2005, pp. 113, 122-123; Hill, C. 1998, p. 90. In line with its general editorial thrust, *The Economist* has continued to report that Japanese are becoming more individualistic and more “Western” for the past two decades. See “Looking for Rugged Individualists ... in Japan?” McFarlin and Sweeney 2006, pp. 118-119, citing articles from 2000 and 2002.
- ⁵ Ball et al 2004, ch. 9 has 45 journalistic references to 25 scholarly citations, liberally defined to include websites and multiple references to Geert Hofstede; Wild et al. 2006, ch 2, has a ratio of 33 to 10, including references to Hofstede.
- ⁶ Daniels et al, 2004, pp. 72-75, citing *Case: John Higgins*, by M.Y. Yoshino, Stanford University Graduate School of Business, 1963. This particular case was published in 1989, and was considered so threatening by John Cullen and Praveen Parboteeah that they also used it, but transposed the national identities so that the Westerners are now French and the Asians are now Koreans. As before, the besotted Westerner marries the Asian woman and finds a job with the JV partner for the sacked employee, but now when confronted by the Western boss, instead of an American saying “he had done what was expected of a superior in any Japanese company,” we have a Frenchman defending “the Korean way,” who “simply explained it was his ‘moral duty to take care of subordinates—to protect their family and their reputation.” Cullen and Parboteeah 2005, p. 73, citing Yoshino 1989.