

Cross-cultural entrepreneurship: Entrepreneurship at the Interface of Cultures

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Business ethics, management styles and entrepreneurship

Content

1. Examples of value related management problems
2. Values at the crossroads: past, present, inside and outside
3. Communitarianism and individualism, hierarchy and egalitarianism
4. Voluntarism, sequential time management, attitude to labor
5. Universalism and particularism
6. Civil society versus gated networks
7. Choices in doing business once again
8. The role of religion



1. Value related management problems

Bangladesh

- Wouldn't a gearbox be magnificent in this case?
- An engineer took three months of his free time
- Design of one dollar (rickshaw around \$20)
- Yet the idea failed.
- Why were the owners not interested?
- Different values: status, power distance, demeaning and indifferent to low status people
- Different institutions: users were not the owners



Bangladesh

- Entrepreneurial approach: lease a rickshaw
- Normal rent \$2, earning \$3, \$1 left for a meal of rice for the family
- After some time the rickshaw puller becomes a small entrepreneur
- Intervention in culture and institutions: from high power distance and high status, little value of labor to more egalitarianism and individual initiative, changing ownership, installing enterprises



Change in values

Transition from traditional to entrepreneurial values

- Initiative, independent
- Planning, bookkeeping
- Precision in work
- Egalitarian
- Dealing with other businesses, maintenance etc.

Change of mindset of the rickshaw puller

Can he adapt? Can the surrounding society adapt (e.g. family claims)?



2. Values at the crossroads: past, future, inside and outside

Theoretical background: paradigm shift from Cartesian to grammatical engineering

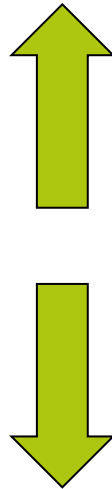
Engineering, a social science?

1. Engineering doesn't only reduce phenomena to earlier causes, but makes dead matter subservient to future imperatives.
2. It integrates dead matter into the process of life ("Matter shouldn't matter")
3. Broad (orientation on society) and deep (scientific analysis): at the crucible of both, "World creation", determining the world future generations will live in



Deep Engineering, the Cartesian model

Inside: subject, coordination, agreement, modelling



Outside: object, matter, implementation

Deep and Complete Engineering: the grammatical method

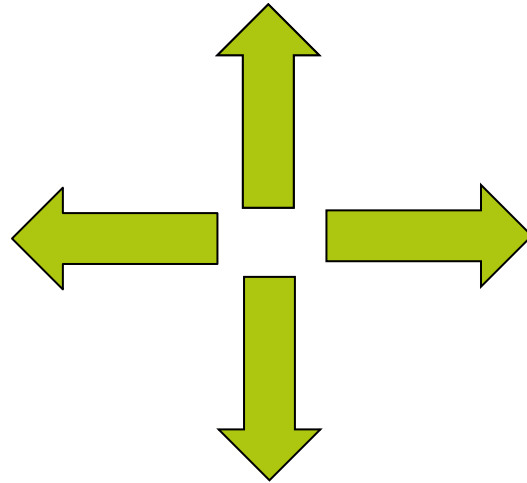


Subjunctive

Inside: subject, coordination, discussion, modelling, design proposals



Past:
History,
Tradition,
Values



Future:
Challenges,
Priorities



Imperative

Outside: object, matter, implementation, institutionalization



Indicative

3. Communitarianism and individualism, hierarchy and egalitarianism

Six important parameters for business cultures

1. **Collectivism** (in-group) – **individualism** (singled out): either the group or individual is more important.
2. **Hierarchy** (power distance) – **egalitarianism** (dialogue): decisions are taken top-down or more bottom up.
3. **Uncertainty avoidance** (tradition, fatalism) – **voluntarism** (initiative): difficult to get out of one's comfort zone (losing face) or individual judgment (and risk, or rewards)
4. **Synchronic** (everything at once) – **sequential** (planning)
5. **Status by position/tradition** – **status by achievement/labor**
6. **Particularist** (gated networks) – **universalist** (equal access, law enforcement): get something done via friends/relations or via rules and procedures

Value orientations of culture



I, proposing to you

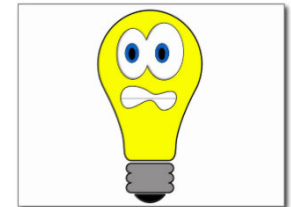
Initiative, egalitarianism, voluntary, conscientious, universalist

Collectivism
Traditionalism
Particularistic
Continuity
Status



We, sharing a history

Individual
Uncertainty
Vacant Resp.
Creativity
"Lost"



You, facing a challenge

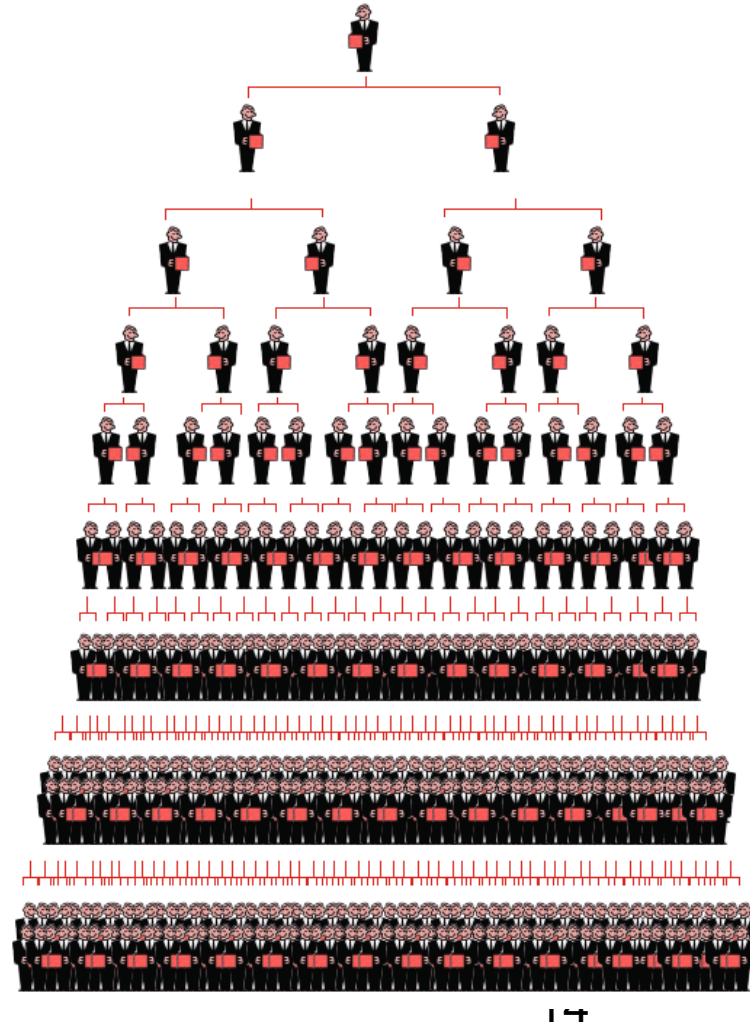
Planning, status by labor/achievement, precision, specific



It, analyzed, functioning

1. Power distance: hierarchy versus egalitarianism

- Hierarchy versus equality/individualism: top-down management versus cooperation and negotiation on an equal footing.
- Hierarchical control stimulates merely functional responsibility.
- The more professional an organization is the more independent and egalitarian it will be.
- Question: can equality be built in into hierarchy? How to arrange feedback/criticism from the bottom to the top in order to avoid wrong decisions at the lonely top?



2. Collectivism versus individualism

- Collectivism versus individualism
- Going with the group or being singled out by a “vacant” responsibility, by a problem “in search of” a subject.
- Question: does open deliberation lead to chaos or can it serve in finding common goals and a common support base?
- How to deal with pluralism and differences on major issues?



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4. Voluntarism, sequential time management, attitude towards labor

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It, analyzed, functioning

3. Internalism (or voluntarism) – externalism (fatalism, traditionalism)

- Does a person consider himself/herself as a turning point of change and inner conviction, or adapt to traditions and 'unavoidable' circumstances?
- Relationship with business and entrepreneurship?



4. Sequential or synchronous

Synchronous: doing things at random according to immediate urge or priority.

Sequential: planning, handling time as a quantity, measuring it and using it as an instrument, not as “presencing” or “epiphany”.



5. Status by achievement or position

Status by achievement or by position? Is labor a necessary evil or a value in itself?

What are the consequences of status by position for social and scientific progress?

Inventions and sharing of inventions by the monks in the middle ages. Making inventions public: progress.



5. Universalism and particularism

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6. Universalism versus particularism

Every body is dealt with according to general rules, implying equal access,

Or:

Treatment according to personal relationships, privilege, clientelism, patronage

Within an individual company or organization, but also within society in general

Not only a value, but also embodied in institutions




October 6, 2016

940 - 24

Universalism versus particularism

- In every culture not black and white, but a continuum: old boys network, established relationships, continuity and reliability versus open competition, tendering.
- Relationship with the distinction between low context – high context, or specific and diffuse
- Relationship with distinction between neutral behavior and affectionate
- Anonymous trust versus selective trust

A photograph of a city skyline at sunset, with a prominent skyscraper in the center. The sky is a mix of orange, yellow, and blue. The quote is overlaid in white text.

Not everyone can be trusted. I think we all have to be very selective about the people we trust.

– Shelley Long

Governance models: family or social contract

Family lineage and clan existence: establishing a tradition, connection between the generations, a spiritual body through time.

Individuals, supposedly contracting with each other to maintain a society to mutual benefit, according to universal rules.

Old myth versus new myth



6. Civil society versus gated networks

Trust: universalist governance and civil society

Thesis (or hypothesis): Lack of cooperation (and trust) at the bottom of society

in combination with

lack of universalism and rule of law at the top of the society is one of the central development problems.

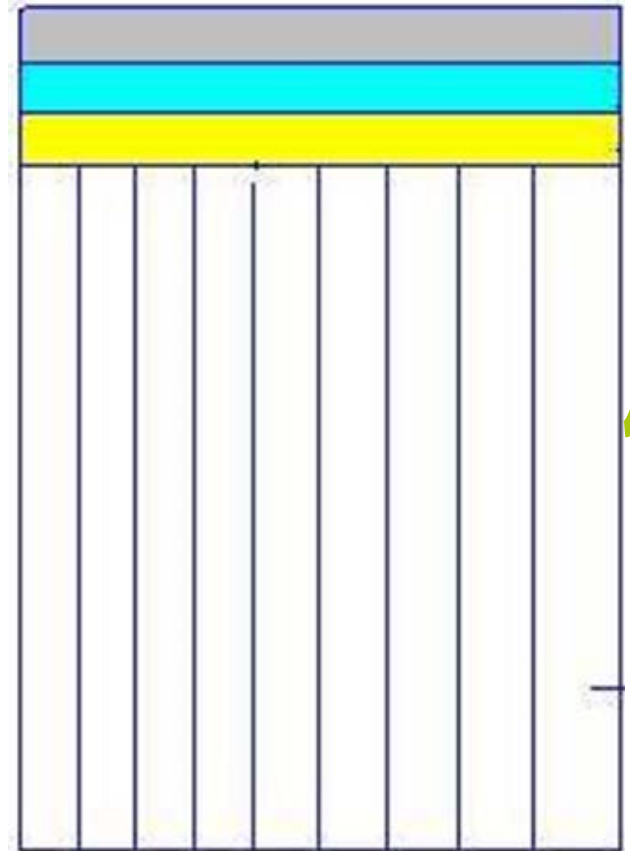
Gated networks: clientelistic patronage systems and in-groups can cooperate where they overlap. Trust has to be bought via the gates.

October 6, 2016



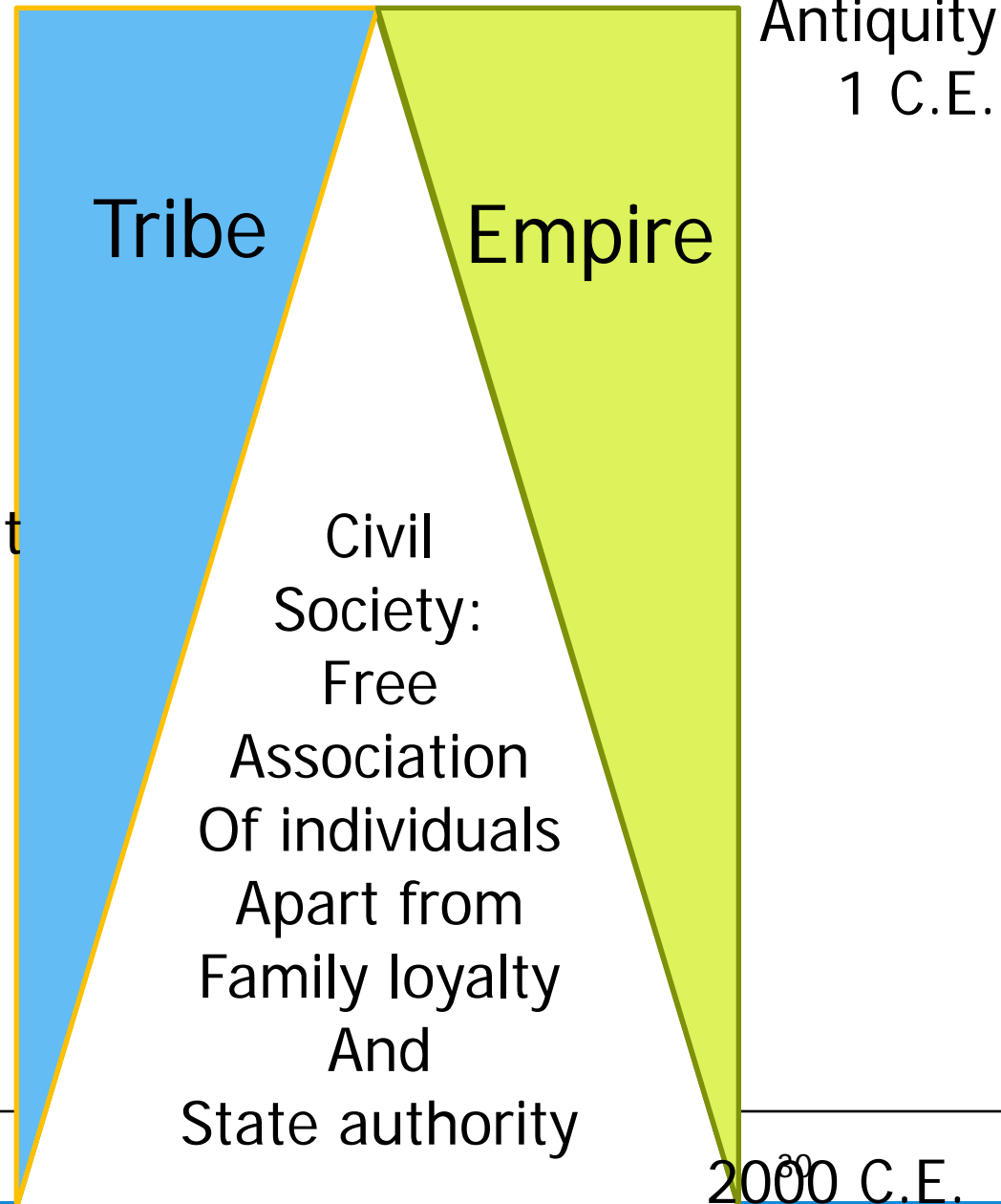
System I: Traditional society (agrarian/nomadic)

1. Compartmentalization at the bottom of society
Closed in-groups
2. Military, civil service (if present) in the hands of a minority of leaders who are served by and have to serve their clientele (no equal access, no universalist state).
3. Functions well if they are good fathers and on a small scale (in traditional Africa always the exit option).



System II: Modern society (industrial, high-tech)

1. Anonymous trust and cooperation at the bottom of society
2. Universalist state, equal access, law enforcement at the top of society
3. Checks and balances: how to have a strong state, that is at the same time accountable and universalist?



State, civil society, individuals/companies

Level of the state

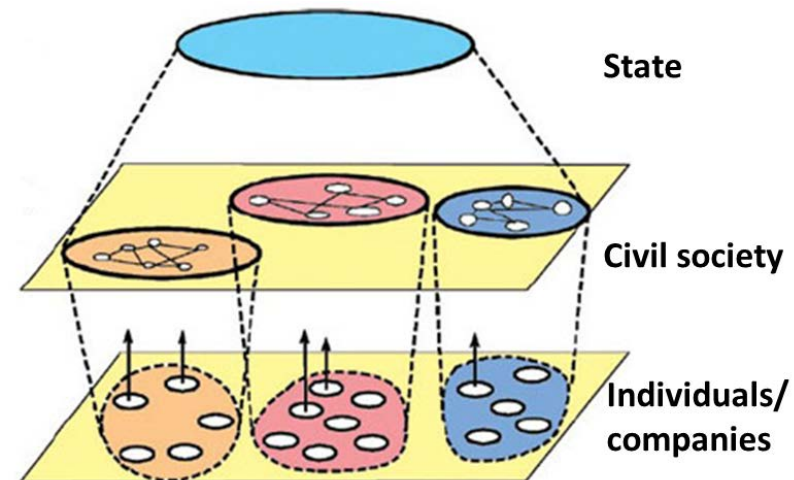
- Governance: rule of law, law enforcement, transparency, policy and regulation

Level of civil society institutions:

- Cooperation/competition: changing coalitions of government agencies, trade unions, sectoral organizations, employers organizations, individuals, ethnic groups

Level of individuals and companies:

- Values: hierarchy versus egalitarianism, individual judgment, planning, status by achievement (labor), professionalism and level of education (and ability/freedom).



7. Choices in doing business once again

Transition at three levels

Level of the state

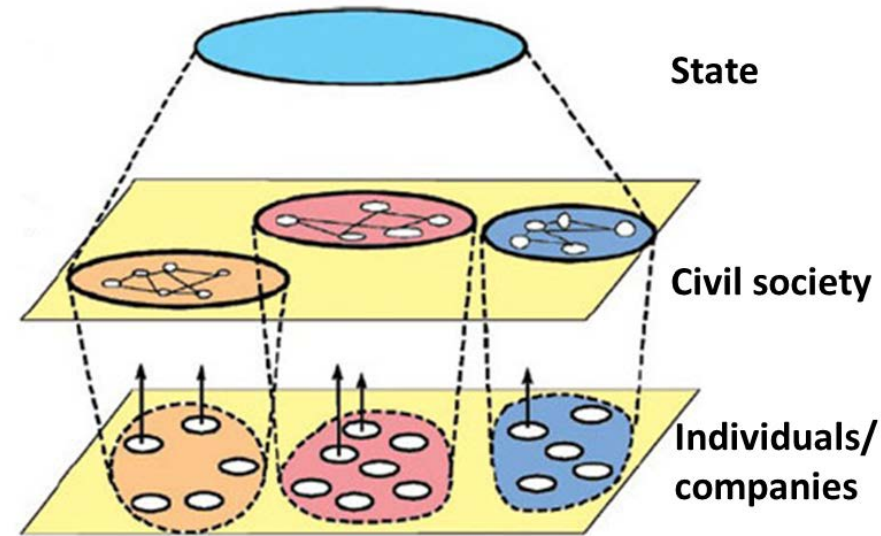
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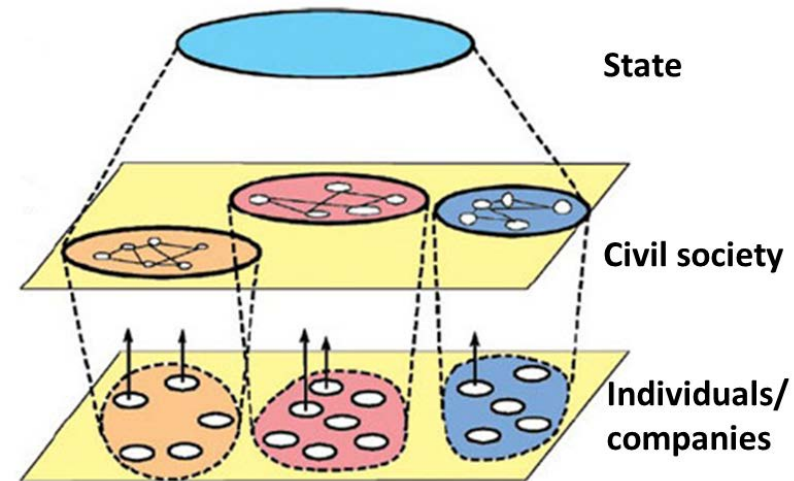
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Transition in management style/values

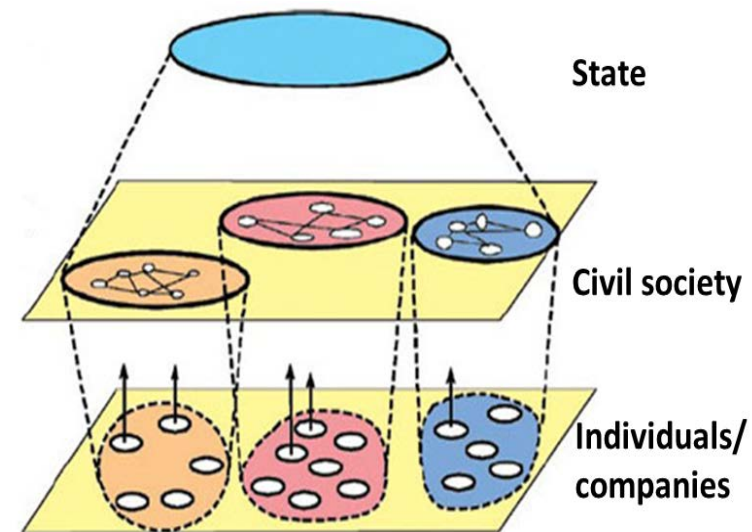
Entrepreneurial initiatives from the bottom up

- Exercise **egalitarianism and professionalism** (expertise and independent judgment) among the employees
- Create **commitment** by equal treatment, an atmosphere of belongingness, recognition of expertise
- Exercise **inclusive/civil values** like cooperation and dialogue, and a work ethic of planning, initiative, status by achievement/labor
- Create a transition and trade-off between hierarchy/top-down management and the above-mentioned values.
- Also in the relationship to partners and customers.



The level of civil society

- Enhance **open networks**, create trust and business partners, chain management, changing coalitions, combination of cooperation and competition, inclusive ethics towards group identity.
- **Reframe the corruption discourse** and replace it by an open discussion on the amount of System I and system II approach.
- Sometimes trust has to be bought (System I); it is cheaper if it is institutionalized (inclusive ethics and transparency/law enforcement – System II) as anonymous trust



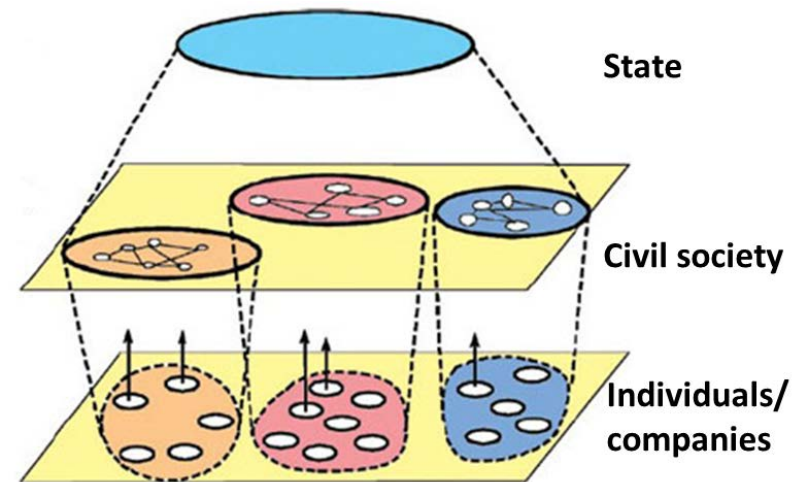
Strong, universalist, accountable state

Level of the state

Create an enabling environment for doing business by law enforcement, transparency, conducive policies, equal access.

Concluding: many business initiatives from the bottom up can together lead to a regime change and a transition towards more inclusive ethics and institutions – in order to create an enabling business environment.

But: how to include, preserve and revive the traditions of communalism, lifelong solidarity and belongingness?



8. The role of religion in sociology and business ethics

A moral person?

- A dialogue with your supervisor in the South: “I am an atheist” – “Are you then a moral person?”
- Sociology of culture excludes religion from its description of culture except for the identification of religion with fatalism.
- Were all the generations before us stupid? Did they live in the dark, while we (in the West!) have seen the light?
- Or: the secular discourse and the religious discourse are two sides of the same coin.



Traditions, values, solutions

- Different traditions embody different values.
- Values arrange human relations, living in peace and justice.
- Values construed? Yes and no. Yes, you can construct values. No, you do obey some value or other (if you are not completely indifferent).
- We speak words that bind ourselves. We are the hearer of our own words. Taken by our word we have to stand by our, including sacrifice and self-denial.



Physics and the Spirit

Old traditions did not distinguish between physical and spiritual reality (ancestors, the stars).

The Jewish Christian tradition dethroned the gods by obeying the invisible God of future justice.

- Nature became secular, the world open for change
Voluntarism and individual judgment became possible: free space for human action and discourse.
- But values do impose themselves as inescapable: ambivalence of spirit and Spirit.
- In the end: religion the binding word. Quite relevant for entrepreneurship as well.

