

Slp 3 the cultural environment of international business

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Cultural environment of international business In his attempt to understand cultural values, social psychologist Geert Hofstede advanced his Cultural Dimensions Theory. He theorized that a society's culture influenced its members' values and behaviors. Initially, Hofstede inferred that four dimensions (masculinity-femininity; power distance; uncertainty avoidance; individualism-collectivism) were adequate measures of cultural values in a society. He later added two more dimensions (long-term orientation; indulgence-self-restraint) to mirror advancements in his research. Scholars in different fields continue to use Hofstede's theory to enlighten their understanding the impact of diverse cultures on their members' values and behaviors (Hofstede, 1984). Hofstede's Power Distance Index (PDI) refers to the extent subordinates accept that power is unequally distributed. According to Hofstede, power distance is either low or high whereby democratic cultures endorse low power distance whereas authoritarian cultures endorse high power distance (Hofstede, 1984). The US endorses low power distance, which affects the government and large organizations' daily operations. US citizens expect accountability and transparency from those in influential positions. This prevents powerful individuals or institutions from taking advantage of those that are less privileged. Legislation in the US safeguards the rights of regular citizens from oppression. As a result, businesses operating in low PDI cultures such as the US are keen on Corporate Social Responsibility (CSR) (Lodgson & Wood, 2002). In the US, organizations are transforming to become social enterprises. Social enterprises negate principles of traditional business model, which advocated for concise distinctions with regard to a business' primary intentions; for

example, organizations defined themselves as either private profit-driven entities, governmental parastatals, or non-profit entities. Ridley-Duff et al (2011) defined social enterprise as any organization that directs its efforts towards the application of commercial strategies in improving environmental and humans' well-being rather than maximizing shareholder profits. Unlike the traditional business model, social enterprises are flexible and capable of adopting either profit or non-profit structures, as their central agenda concerns advancing social, human justice and environmental agendas. For such organizations, aligning their business strategies to encompass Corporate Social Responsibility (CSR) strategies is not mandatory, as their core mission and vision entails helping the society. Social enterprise organizations exhibit diversity in the fields they specialize in; for example, retail, contracted providers of human and social services, fee-based consultation and research services, community development and financing services, and sponsoring art and literal exhibitions. Efficiency results from these organizations ability to mitigate social problems suffocating the limited resources possessed by various governments (Ridley-Duff et al., 2002). The national culture makes it easier for companies to do business in the US. Legislations set in place are clear; therefore, all businesses are aware of their roles and responsibilities. However, the national culture might impede business operations to some extent. For example, businesses dealing in products that might have adverse side effects on consumers' health might make limited profit if they disclose them to the consumers.

References Hofstede, Geert (1984). *Cultures Consequences: International Differences in Work-Related Values* (2nd ed.). Beverly Hills CA: SAGE

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