Simon property group - sociocultural factors

Business

Introduction Socio-cultural factors are critical as they affect business environment tremendously. These are interactions between social and cultural factors in the environment and affect people's attitudes, values, and customs and also shape the thoughts and behavior patterns of individuals. In this case, they shape the habits, beliefs, preferences and lifestyles of members of a society thus affecting the business. Culture is defined by Schein (2010, p. 18) as " a pattern of shared basic assumptions learned by a group as it solves its problems of external adaptation and internal integration, which has worked well enough to be considered valid and to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." Social environment on the other hand, refers to social institutions and systems. Socio-cultural factors include but are not limited to: attitudes of people to work, family system, religion, education, languages, urbanization, and social trends. The aim of this essay is to identify and discuss various socio-cultural aspects affecting Simon Property Group in its domestic and global environment using Geert Hofstedes model of national culture. Culture can be clustered in two various ways: the Hofstede model of national culture and Fons Trompenaars' 7d cultural dimensions model. Trompenaars classifies countries according to three dimensions: relationships with people, time perspective and relationship with environment (Menipaz & Amit, 2011 p. 111). According to this classification, emerges universalism vs. particularism which involves the importance attached to rules and relationships. Individualism vs. collectivism, specific vs. diffuse, neutral vs. affective, achievement vs. ascription, sequential vs. synchronic and internal vs. external control. The Hofstede model on the other hand classifies countries according to geographic clusters and

attitudes. According to geographic clusters, Geert Hofstede identified five dimensions: individualism vs. collectivism, power distance, uncertainty avoidance, masculine vs. feminine and long-term orientation (Hofstede 2001; Menipaz & Amit 2011). This was based on employees' attitudes towards: importance of work goals needs fulfillment, job satisfaction, managerial and organization variables, work role and interpersonal orientation. According to this classification, the Simon Property Company Group is located in Sweden (domestic environment) which is in the cluster of Nordic countries which have high individualism, low power distance, low uncertainty avoidance and feminine dimension. Its global environment is in the Latin America cluster (Venezuela) with culture of collectivism, high power distance, high uncertainty avoidance and masculinity (Menipaz & Amit, 2011, p. 111). The socio-cultural factors affecting this business are diverse bearing in mind that the domestic and global environments are the exact opposite of each other in their cultural dimension. In the domestic environment, individualism is highly emphasized meaning the property business must recognize the potential of individuals in the organization and encourage them to be creative and high achievers (Hofstede 2001). Competition is the norm hence the business operates in a highly competitive environment and individual rights are highly valued. As relates to families, the nuclear or close family ties are valued as opposed to extended families hence designing housing estates should take this into consideration. On the global environment (Venezuela), collectivism is valued hence team and group work is highly encouraged. The company should thus change its strategy to handling its employees and encourage group achievements as well as welfare facilities in its management activities (Hollinshead, 2009). The company in Sweden also

operates in an environment where inequalities are not tolerated hence power is shared in the organization (Hofstede 2001). The organization structure should be flat to encourage equality and decision making decentralized. Hierarchies in organization or family systems are thus reduced or non-existent. As regards to hiring and compensation, own performance and ability is vital to ensure equality. On the contrary, Venezuela with high power distance views inequality as vital hence the powerful are given privileges. Moreover, the management must exercise control and monitoring to ensure workers comply with procedures in the belief that people dislike work (Menipaz & Amit, 2011). Hierarchy is vital hence social classes are prevalent and the property managers must seek to maintain this system by designing different houses for different classes in society. The organization is also characterized by many levels of management and centralized decision making and this may affect people's attitude to work. The domestic environment of the company encourages risk taking while the global country avoids risks at all costs; it is risk averse as it has high uncertainty avoidance. As such, the company in Venezuela emphasizes on order and predictability and strict adherence to rules and regulations; these become the norm and deviance is not tolerated (Hofstede 2001). The organizations in this region value loyalty and their employees are more concerned with job security and avoiding competition. In domestic country however, individuals are encouraged to be creative hence take risks for company progress. Individuals are not fearful of taking risks hence are easier to deal with especially in this property industry. They can take mortgages and buy houses and other properties despite any risks involved hence leading to company growth. The other cultural dimension is masculine vs. feminine

referring to the degree to which a country embraces masculine or feminine values (Hofstede 2001). Feminist nations like Sweden stress on relationships and quality of life thus giving high priority to welfare policies. Masculine countries like Venezuela on the other hand, value competitiveness, ambition, power, challenging careers, and success hence social factors such as education are vital. The domestic country and global country also differ in terms of long-term orientation. For the domestic country, short-term orientation is emphasized hence immediate results needed. It is not much concerned about the future but the past and the present. As such, respect for tradition, reciprocation and fulfilling of social obligations is vital (Hollinsshed, 2009). Venezuela on the other hand, stresses long-term orientation hence careful planning for the future to avoid risks. It is thus crucial for the company to develop long-term plans in Venezuela to assure buyers and other stakeholders of their commitments and to avoid any unnecessary risks in future. However, in home country the company can adjust its plans according to daily needs of customers as they do not make plans ahead. Analyzing the socio-cultural environment is crucial as different countries have different cultures and the national culture may differ from the business culture. For example, the business may be willing to embrace individualism hence promote competition but in a collectivist culture, this may be difficult. It also affects production, marketing and selling activities of the organization. However, some cultural factors collide and become same for the two countries. For example, individualist countries which are feminine in nature embrace interpersonal relationships and welfare facilities and so do collectivist nations. In a nutshell, managers of Simon Property Group should learn the different global cultures so as to adapt their management practices

to suit the global culture as what works at home may not always work in other countries. ReferencesHofstede, G (2001). Cultural Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations. 2ed. Thousand Oaks, CA: SageHollinshead, G. 2009. International and Comparative Human Resource Management. Basingstoke: McGraw-HillMenipaz, E and Amit, M (2011). International Business: Theory and Practice. London: Sage. Schein, E (2010). Organizational Culture and Leadership. 4ed. San Francisco, CA: John Wiley & Sons.