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국제학석사학위논문

Study on the Importance of National Culture on Global Business

글로벌 기업에 있어 국가 문화의 중요성에 대한 연구

2015년 2월

서울대학교 국제대학원

국제학과 국제통상 전공

전 유 미

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A thesis presented

by

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ABSTRACT

Study on the Importance of National Culture on Global Business

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There are many scholars who reviewed globalization and its impact on national cultures. Globalization has enabled more people to connect and communicate with people from other country and culture. It cannot be said that globalization is a negative phenomenon to today's world, but it must be acknowledged that globalization possess side-effects and shortcomings. One of them is that globalization homogenized cultures around the world and many cultures are lifted out from their originating culture and lost their unique value. These lost cultures are being replaced by Western cultures. Scholars criticized capitalism and performances of global companies as main actors which create such side-effects and shortcomings of globalization.

This paper set two hypotheses based on the literature review in order to find the relationship between national and organizational culture and its result in brand value to find how global companies are sustaining originating culture and what its impact is on their performances is. Hypothesis 1 is that companies originating in economically weak countries have relatively weak relationship with its indigenous culture but strong with Western culture. Hypothesis 2 is companies with closer relationship to its national culture have higher brand value in the global market than others. The purpose of this paper is to stress the importance of national culture for global business through analyses.

Keywords: globalization, national culture, organizational culture, cultural imperialism, brand value

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Part 1. Introduction

Today's business world cannot be fully described excluding the global market and various activities in it. As local markets grew people started to look for foreign market to sell more and gain more profit. When markets of two different cultures meet in the shape of product exchange, it is natural for product-receiving country to encounter new or sometimes exotic culture underlying in the imported product. This, in 1990s was criticized by the name, "cultural imperialism" (Tomlinson 1991) which products from Western and powerful countries' cultures were brought into other markets and how it changed the lifestyle and even the way of thinking in the recipient culture. As time went by, the convergence and sometimes clashes of cultures happened more frequently since the markets were more integrated than before. This created the term "globalization" to describe the global market convention. Today, for most of the managers of global companies and firms consider the "Western style" is what they must seek and take as standard in order to compete in the competitive global market. However, are the thoughts of managers perfectly correct? Is it always successful to follow the Western style? It is argued in this paper that it is not true and managers of international firms must maintain and secure their indigenous cultural identity in the firm structure and throughout the value chain in order to gain competitive advantage in the global market and improve their product value.

In Part 2, the argument of cultural imperialism and globalization will be discussed in order to criticize the influence of Western cultures on other cultures. In Part 3, based on the literary review the research model will be set and used in order to prove how containing indigenous cultural identity in firms will improve the product value and help to gaining competitive advantage in the global market. In Part 4, the limitations and further research topic will be discussed. In Part 5, the arguments in this paper will be emphasized and be concluded.

Part 2. Literature Review: Culture and Globalization

What is culture? It is difficult to define culture and its boundary. The word "culture" means cultural activities such as watching movies, performances, or museums to certain people. To others, it

includes the entire activities of a person. Before delving into the issue, it is needed to set a range of what culture in this article refers to. It is a difficult task to define culture. Although there are many scholars who tried to define what culture is. They seem to differ in some perspectives while agreeing on some aspects of culture. Terpstra and David (1991) referred culture to ‘a learned, shared, compelling, inter-related set of symbols whose meanings provide a set of orientations for members of a society¹’ whereas Tomlinson (1999) referred culture as every secular practices that contributes for (chronic) interpretation of stories about our continuous life-narrative which Heidegger called the throwness of human conditions.² Hofstede (1991) brings these symbols, beliefs, values and ideas together and talks of ‘a collective mental programming.’³

Table 1. Definitions of Culture

Scholar	Definition of Culture
Terpstra and David (1991)	A learned, shared, compelling, inter-related set of symbols whose meanings provide a set of orientations for members of a society
Tomlinson (1999)	Every secular practices that contributes for (chronic) interpretation of stories about our continuous life-narrative which Heidegger called the throwness of human conditions
Hofstede (1991)	A collective mental programming
E. B. Taylor (1871)	[T]hat complex whole which includes knowledge, belief, art, law, custom and any other capabilities and habits acquired by man as a member of society
Tyler (1969)	Cultures then are not material phenomena; they are cognitive or organizations of material phenomena

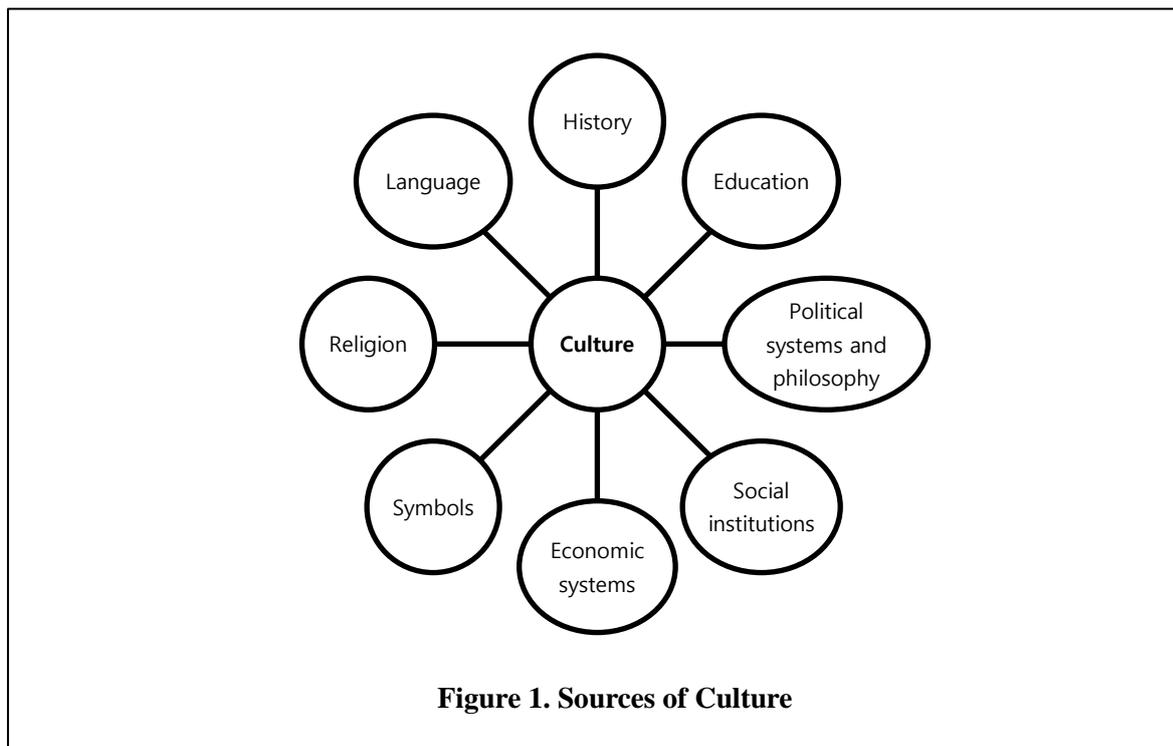
In this article, Hofstede (1991)’s definition and idea of culture will be used in order to analyze some global companies and its relationship with the indigenous culture. Hofstede’s ‘collective programming’ is comprised of various sources as Figure 1. Culture is shaped and changed when these

¹ Terpstra and David, *The Cultural Environment of International Business*, 1991, South Western Publishers

² Tomlinson, *Globalization and Culture*, 1999, University of Chicago Press

³ Hofstede, *Culture and Organisations: Softwares of the Mind*, 1991, McGraw Hill

diverse sources interact with each other in different locations or lifestyle. Hofstede also provided 6 cultural dimensions and it will be discussed in the later chapter. However, due to the globalization, the interaction between different cultures emerged. Sometimes they are mixed smoothly, but most of the times this process appear to be violent and destructive.



1.1 Cultural Imperialism

Globalization is a keyword in understanding the world today. With the beginning of the dispersion of mass media throughout the world, television or radio functioned as the main means of delivering and encountering foreign cultures. While mass media enabled people to experience new culture indirectly, it also attracted people to admire the contents of what were delivered through mass media. In some Latin American countries, they understood the power which mass media possessed earlier before the beginning of globalization or internationalization.

Especially since the Cuban Revolution of 1959, many artists and writers have come to see North

*American influence in the media as another facet of U.S. political and economic domination of the continent. They argue that its domination allows the United States to instill its values in Latin Americans, acting as a subliminal ambassador that can reach into the poorest home with a dazzling image of the giant to the north. Latin America's intellectuals have stressed the political importance of creating and sustaining separate Latin American culture in the mass media, as a means of finding a political alternative to U.S. dominion.*⁴

As Green explained, the mass media possessed the capabilities not only to introduce new culture, but also the power to dominate another culture by reaching the very last person on the border. Latin Americans learned from the past history that the U.S. will try to expand its power over Latin America in both economic and cultural way through mass media or any means.

The globalization through mass media was propelled by economic activities across the countries and the interaction among countries grew. This created the phenomena of favoring one culture over other or own culture. The favored culture is called hegemonic culture – mostly Western culture. This cultural hegemony influences not only the economic activities but also industrial, political, academic and cultural activities of one country. The hegemonic culture will attempt to expand its power and become the only hegemony from the perspective of realists in international relations theory. According to Wallerstein and his 'world system' theory, the hegemonic culture, or Western culture is the core of the world while the third world cultures are periphery. The core always influence or dominate the activities of the peripheries. Herbert Schiller (1976) wrote in his article:

*The public media are the foremost example of operating enterprises that are used in the penetrative process. For penetration on a significant scale the media themselves must be captured by the dominating/penetrating power. This occurs largely through the commercialization of broadcasting*⁵.

Thus, mass media was criticized by many scholars as the subject of spreading and creating

⁴ Duncan Green, *Faces of Latin America*, 2013, Monthly Review Press, p. 221

⁵ Schiller, *Communication and Cultural Domination*, 1976, International Arts and Sciences Press, p. 9-10.

cultural hegemony which created cultural imperialism.

We must realize that imitating the hegemonic culture or norms are not always negative. If people are selecting the best outfit for their industry, economy, policy, academy, or culture through learning another culture it can develop the country in a positive way. However, as the word “imperialism” explains itself, it is not always the case.

Most of the times, following hegemonic culture puts the indigenous culture in danger of disappearing. Sui-Nam Lee (1988) stated “(I found) communication imperialism can be defined as the process in which the ownership and control over the hardware and software of mass media as well as other major forms of communication in one country are singly or together subjugated to the domination of another country with deleterious effects on the indigenous values, norms and culture.⁶” Bullock and Stallybrass (1997) also criticized cultural imperialism that it is “a utility of political and economic power which elevates and spreads foreign culture or customs by sacrificing indigenous culture.⁷” Although the two arguments differ in interpreting the culture – Lee as cultural power and Bullock and Stallybrass as political and economic power – they agree cultural imperialism has negative effect which eliminates the indigenesness of a culture and replaces it with hegemonic culture. Language, for example, is ruined and destroyed by the cultural imperialism, or Western language in some cases. Many people around the world use English as a second language or consider it as a global language. Due to the spread of English, English is destroying and replacing some indigenous language and vocabulary structure of other languages. In Korea, it is easy to see how celebrities on television use English words even when there are words that have same meaning in Korean. Same situation is happening among normal people and in the younger generation. People become thinking using English make them look smarter and cooler.

Although the discourse of media imperialism provides us with a first context in which to

⁶ Lee, *Communication Imperialism and Dependency: A Conceptual Clarification*, International Communication Gazette, 1988, Kluwer Academic Publishers, p. 74

⁷ Bullock and Stallybrass, *Fontana Dictionary of Modern Thought*, 1997, Fontana Books, p. 303

consider the general problem of what cultural dominance actually means⁸, the realm of cultural imperialism and its spread was no longer able to be explained only by mass media.

*I have argued that it is necessary to see arguments about the media as aspects of cultural imperialism and not to try to separate out a discrete range of phenomena called 'media imperialism' having no imputed connection with a broader cultural totality. Media imperialism then, as I understood it, is a particular way of discussing cultural imperialism. It is not simply a name for the study of the media in developing countries or of the international market in communications. It involves all the complex political issues – and indeed, the political commitments – entailed in the notion of cultural domination.*⁹

As Tomlinson mentioned, broadened perspective on cultural imperialism is required in order to understand the mechanism and phenomenon of cultural imperialism. Mass media can explain only a part of cultural imperialism. Schiller argued that 'the promotion, protection and extension of the modern world [capitalist] system' dwells on the use of communications and media technology as agencies¹⁰. As global market grew trade was conducted in many countries and the products replaced and expanded the role of mass media. In the beginning of the 1970s, when it was told to "go global," it usually referred to do international trade. The same is also found in traditional economics which the word 'international' is used to explain trading among countries. For example, economists use terms such as "international price," "international demand," "international competitiveness" to describe the relationship of trading between two or more countries.

Price or international price is crucial in global market. However, global market and trade is not only about the products and its "international price." Rather, it has broader characteristics. We have witnessed that going global means to expand the business into other markets by establishing manufacturing plants in different countries, doing foreign direct investment, acquiring foreign firms,

⁸ Tomlinson, *Cultural Imperialism*, 1991, Johns Hopkins University Press, p. 22

⁹ Ibid.

¹⁰ Schiller (1976)

selling to foreign customers online, etc. and including trade. But what relies underneath these global activities is the driving force of such activities – capitalism. Thus, the discussion on cultural imperialism moved from orientation on mass media to capitalism.

Oxford dictionaries define capitalism as “an economic and political system in which a country’s trade and industry are controlled by private owners for profit, rather than by the state¹¹.” To bring this broad definition of capitalism into the boundary of cultural imperialism, we must focus on Marxist materialistic perception of culture. From the perspective of Marxist materialists, ‘culture’ becomes meaningful upon the materials that sufficiently satisfy human desires. Marx considered that “capitalism” could and only could provide satisfaction for human desire and set people free from cultural inequality¹². It is true in capitalist countries people gain goods in exchange of money. Also, it is encouraged to pursue capitalism for firms as the purpose of firms is to maximize profit.

Bell (1979) defined capitalism as “economic and cultural system that is economically organized by the surrounding ownership and production, and culturally based on the fact that exchange relationship is prevailed throughout the whole society.¹³” However, we must understand that capitalism has the power of creating homogenization of world culture that resembles the Western culture. When you search “capitalism” in google image, you will immediately find some representative and popular brand logos of America or satiric pictures of capitalism by modifying those brand logos.

This is not a surprising result. Even the discourse on capitalism is based on the perspective that capitalism produces a *consumer culture* within which all cultural action and experience become ‘commoditized’¹⁴ and Tomlinson (1991) explained this approach was the most common one in cultural criticism. Thus, the relationship between capitalism and cultural imperialism is strong, yet

¹¹ Oxford Dictionaries, 2013,

¹² Bertell Ollman, *Alienation: Marx’s Conception of Man in Capitalist Society*, 1977, Cambridge, Cambridge University Press

¹³ D. Bell, <The Cultural Contradictions of Capitalism>, 1979, London, Heinemann Educational, p. 14.

¹⁴ Tomlinson, *Cultural Imperialism*, 1991, Johns Hopkins University Press, p. 103

largely dominant in capitalistic perspective. Along with the spread of capitalism not only the meaning of ‘success,’ but also the production and consumption pattern began to homogenize. Hamelink (1983) explained the characteristics of capitalistic culture as following:

One conclusion still seems unanimously shared: the impressive variety of the world’s cultural systems is waning due to a process of ‘cultural synchronization (homogenization)’ that is without historic precedent.¹⁵

As Hamelink stressed, the capitalistic culture is destroying diverse cultures around the world. It encourages people to seek for Westernized goods, way of thinking, way of behaving, and so on. Especially, along with capitalism, the consumerism is encouraged to the people. Consumerism makes people to want standardized goods which are provided and offered in the market and easy to access. Offe (1984) criticized consumerism as followings.

The methods of ascertaining one’s own needs are quite precarious under modern conditions characterized by a high degree of ‘differentiation.’ Deluged by ‘options,’ modern consumers find it difficult to choose, recognize and maintain needs as their own. This difficulty becomes greater the less recourse can be had to traditional habits and conventional standards of ‘normality.’¹⁶

Offe insisted that due to the vast ‘options’ in the market, the freedom of choice is reduced for consumers rather than stabilizing under the traditional cultural norms and behaviors. It is true in reality. Although the market is full of diverse items and goods, they are produced to fulfill the standardized wants of the capitalistic market. From the consumers’ point of view, the options have expanded for their baskets but basically they are filling the basket with similar goods. When such consuming behavior is continued, they gradually abandon the traditional way and replace it with the

¹⁵ C.J. Hamelink, *Cultural Autonomy in Global Communications*, 1983, Longmans, p. 3. Parenthesis was added in this article for consistency of the terminologies and better understanding of the readers.

¹⁶ C. Offe, *Contradictions of the Welfare State*, 1984, Hutchinson, p. 226

capitalistic way.

1.2 Globalization

Many scholars argue and consider cultural imperialism does not happen in such aggressive form as in 1980s. They explain it is rather a widely happening and accepted event throughout the world. They argue that technological development had enabled different countries to connect faster and efficiently. It is considered that the word “globalization” describes such phenomenon more precisely. But what does “global” actually mean? What does it represent? Is it diversity, or is it the commonalities in countries that could be acceptable in any country?

It is true that many companies attempt to globalize their firm. Due to the development of internet, information technology, it is even easier for firms to meet global customers. However, despite the wide phenomenon of globalization, the debate over its true meaning and characteristics has been continued in the field of sociology and social science. Why sociology and social science, but not business? Globalization is a complicated phenomenon which cannot be explained by one single answer. As shown in Table 2, the definition on globalization differs from scholar to scholar. Some argue that it is a similarity across nations while others argue as decreased distance between nations. Moreover, as Oman (1993) expressed, globalization can be explained as an economic phenomena.

Table 2. Definitions of Globalization

Who	Definitions of Globalization
Robertson (1992)	Globalization... refers both to the compression of the world and the intensification of the world and the intensification of consciousness of the world as a whole
Oman (1993)	Accelerated movement across national and regional barriers of economic ‘goods,’ i.e. people, products, capital, especially intangible forms of capital (technology, control of assets)
Gray (1993)	Similarity of economic conditions and policies across national boundaries
Nederveen Pieterse (1995)	Globalization is a long-term historical process of growing worldwide interconnectedness

Waters (1995)	A social process in which the constraints of geography on social and cultural arrangements recede and in which people are increasingly aware that they are receding
Tomlinson (2006)	Globalization refers to the rapidly developing and ever-densening network of interconnections and interdependencies that characterize modern social life. At its most basic, globalization is quite simply a description of these networks and of their implications across international boundaries

It seems that globalization had brought people closer to new culture and countries. Levitt (1983) strongly stressed that the technology had led the globalization by homogenizing people's taste and desires.

*A powerful force drives the world toward a converging commonality, and that force is **technology**.*

*Almost everyone everywhere wants all the things they have heard about, seen, or experienced via the new **technology**.*

Everywhere everything gets more and more like everything else as the world's preference structure is relentlessly homogenized

The commonality of preference leads inescapably to the standardization of products, manufacturing, and the institutions of trade and commerce.

Different cultural preferences, national tastes and standards, and business institutions are vestiges of the past. Some inheritances die gradually; others prosper and expand into mainstream global preferences. So-called ethnic markets are a good example. Chinese food, pita bread, country and western music, pizza, and jazz are everywhere. They are market segments that exist in world-wide proportions. They don't deny or contradict global homogenization but confirm it¹⁷

Levitt ends the article with his famous quote, "the world is flat." He insisted that the human desires are same and the company which can satisfy such common and flat desire will prosper. However, is globalization always a good thing as Levitt mainly insisted? Levitt somehow admitted the side-effects of globalization by stating that "some inheritances die gradually."

¹⁷ Levitt, *The Globalization of Market*, 1983, Harvard Business Review May-June 1983, p. 16, 18, 19, 22

Tomlinson (1999) is a scholar who also stressed such side-effects of globalization. He pointed that “the inequality that defines modernity, Western bias and normalizational tendency provides the argument for discussing the characteristics of globalization and global culture.¹⁸” As he mentioned, even though globalization is a more positive idea or terminology that “connects” different cultures¹⁹ than cultural imperialism, the influence of Western culture is still causing inequality, and yet has been solved. Tomlinson continued to argue that “the completion of globalization ... exposes the fundamental unevenness of globalization²⁰.”

For easier explanation, think about airport. Airport is a place which connects people from one culture to another. It functions both as the entrance and the exit. Interestingly, airports around the world seem to share some commonalities. Whichever airport one visits, he or she will encounter similar experiences and atmosphere. In such atmosphere, people can be prepared to meet new or go back to different cultures. However, airports also possess the unevenness. Although almost all of the countries have airports, it is not the whole citizens who can actually utilize such facility. The number of people who can afford to use airport is limited. This example easily explained the side-effects of globalization.

Such argument was also brought up to surface in the business field. Ohmae (1995), a global business strategist, mentioned that “traditional nation state became an unnatural, even meaningless business unit in world economy²¹.” As Ohmae stressed, the nation state is no longer considered important in the business under the globalization and recent economy. Rather, firms are turning their eyes to a broader perspective which can serve mass amount of people by meeting the common features. Ohmae insisted that firms must give more attention to regional economic world in the globalized market.

Globalization is often explained by deterritorialization. Deterritorialization is a concept used

¹⁸ Tomlinson, *Globalization and Culture*, 1999, Cambridge Polity, p.

¹⁹ See Tomlinson (1999) for more explanation on “complex connectivity” of globalization.

²⁰ Ibid, p. 19

²¹ Ohmae, *The End of Nation State: The Rise of Regional Economies*, 1995, New York: The Free Press

to describe how globalization had blurred the boundary of borders and regions and made people experience beyond territorial boundaries.

*We may live in places that retain a high degree of distinctiveness, but this particularity is no longer ... the most important determinant of our cultural experience. The idea of deterritorialization, then, grasps the way in which events outside of our immediate localities ... are increasingly consequential for our experience. Modern culture is less determined by location because location is increasingly penetrated by 'distance.'*²²

Tomlinson (1999) emphasized that deterritorialization is an essential cultural precondition before understanding globalization. Thus, he believed that numerous aspects of globalization could be explained and understood by applying the concept of deterritorialization²³. This interpretation of globalization holds today. Many companies are not targeting certain country or culture, but the distinctive market segment which can lead to differentiation in the global market competition.

For example, when Steven Jobs created iPhone, he did not target certain country's users but the broad user group around the world who would want to use a unique, innovative smartphone. In case of iPhone, although the target segment is broad, the product certainly succeeded in creating a different, new product in the market. This leads back to Ohmae's statement. As Ohmae emphasized, it is not the territorial location it is important but the regional economic world is important. In other words, it is not which country the company is going to sell, but to whom they sell - people sharing the same interest and characteristics – is important.

However, at the same time, as Tomlinson (2003) acknowledged, that deterritorialization had 'lifted out' the traditional culture.

What this idea implies is not the globalization destroys localities – as, for example, in the crude homogenization thesis, everywhere becoming blandly culturally uniform – but that cultural experience is in

²² Tomlinson, 2003, *Globalization and Cultural identity*, p. 273

²³ Tomlinson (1991), p. 153

various ways 'lifted out' of its traditional 'anchoring' in particular localities.²⁴

In this statement, Tomlinson (2003) explained globalization and its phenomenon had not destroyed the culture but lifted out the culture from its anchoring localities. It is true that globalization connected and brought the world citizens closer. However, it does not mean that the cultural identity and distinctiveness can be moved or 'lifted out.' Can this globalization mainly driven by corporate activities be approved by local cultures? According to Schiller (1976), the political and economic power expansion of transnational companies accompany the ideological power which decides the world culture.

However, the problem is that the developing countries must follow such commercialized world culture and conceive it as their only route and only lifestyle towards economic development. Herman and McChesney (1997) also stressed that the power of transnational media corporation not only stays in the economic, political boundary but spreads into the basic family units and thoughts. It means that the systematical stability relies on the world corporate ideology more than people think. As stated earlier in the article, some familiar words that people use representatively stands for the Western hegemonic – McWorld, Coca-colonization, McDonaldization, McDisneyization, etc.

In conclusion, globalization is a complex concept to understand due to its characteristics that homogenizes people's interest and culture but also needs to keep its diversity for companies in order to make success in the "globalized" market. However, as Tomlinson (1999) noticed, the recognizable resistance of 'localization' against capitalistic 'globalization' must be conducted. In order to prove its importance and effects, the methodological study and numerical research on this topic will be followed in the next parts.

Part 3. Research Model

Globalization is happening today. There will be no one who is against this proposition.

²⁴ Tomlinson (2003). p. 273

However, as stressed and reviewed in the previous parts, there are side-effects and shortcomings of globalization. Capitalism and global companies today are homogenizing world's diverse cultures and it was criticized by many scholars. However, in today's society, we cannot resist or discontinue global business only due to its influence on globalization and its side-effects. In order to argue and prove that the cultures must be kept and preserved throughout business activities, various data and research model utilizing the data will be explained.

3.1. Hypothesis

By reviewing related literature, two hypotheses were set:

Hypothesis 1. Companies originating in economically weak countries have relatively weak relationship with its indigenous culture but strong with Western culture.

Hypothesis 2. Companies with closer relationship to its national culture have higher brand value in the global market than others.

As criticized earlier, many companies, especially those in developing countries are trying to abandon their own culture in business while trying to adopt the Western culture. This side-effect of globalization is not only rooting out the original cultures from its original culture, but changing one culture into another. Hypothesis 1 is to numerically prove that current globalization has actually influenced global business environment. The proposition was already proven to be true by many literature and scholarly articles. However, Hypothesis 1 is examined in order to statistically check the eligibility of the proposition.

Hypothesis 2 is to argue that if companies, particularly global companies, maintain their cultures from where they originate into business activities, the brand value in the global market will increase. If Hypothesis 2 is proved to be true, not only the companies in developing countries, but also in developed countries do not always have to follow the Western culture that is conceived as the standard ideological way. In order to prove Hypothesis 2, the cultural index of countries will be

compared to that of global companies which originate from each country.

3.2. Data

There will be various data from various fields of studies in this literature. It is to link and incorporate the business sector and sociological, anthropological sectors and to provide a comprehensive result. The data of national culture, organizational culture, brand value, and economic size will be utilized to prove hypothesis which are stated earlier.

National Culture

In this article, the six dimensions data matrix of Hofstede will be utilized to measure national culture. Hofstede's cultural dimensions are one of the most comprehensive tools to understand and compare different national cultures. Hofstede developed first developed four dimensions for national cultures in his 1980 article – power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity. Then, the fifth dimension, long- versus short-term orientation was added in 1991. Lastly, the sixth dimension, indulgence versus restraint was added. In this literature, the cultural dimension data provided by Geert Hofstede from website will be utilized.

However, Hofstede's cultural dimensions were criticized by many scholars (Schwartz 1994; Smith and Bond 1999; McSweeney 2002; Smith 2002; Oysermann, Coon & Kemmelmeier 2002). The question regarding the validity and usefulness of cultural dimensions for today's global environment was continuously raised. Especially the uncertainty avoidance was considered to be insufficient to explain what it was invented to represent (Moon 2009; Kwok 2006; Newburry & Yakova 2006; Hansen 2001; MacSweeney 2002; Miller 2002; Dow & Karunaratna 2006; Dawar, Parker & Price 1996; Kogut & Singh 1988; Pan 2002; Barkema & Vermeulen 1997; Husted 1999; Lytle 1996).

Moon (2009) interpreted uncertainty avoidance variable to contain two different aspects and reconceptualized it by dividing it into Future Oriented Uncertainty Avoidance (FUA) and Past Oriented Uncertainty Avoidance (PUA). To Moon, Uncertainty Avoidance was not about high or low

UA but about how it was different for certain culture in the past and today that it must be separated. He criticized Hofstede for interpreting future-oriented aspect of UA as low level of UA and past-oriented aspect of UA as high level of UA²⁵. Through his model and Empirical tests, the results were given in his literature. Thus, for UA variable, this literature will adopt Moon (2009)'s CUA (Combined UA; the calculation as sum of PUA and FUA) index to avoid such shortcomings of Hofstede's indexes.

Organizational Culture

There are numerous models and analysis tools to define and measure organizational culture. Hofstede believed that it is inappropriate to compare national culture and organizational culture because culture is created and built upon the actors and their interactions and organizational culture must be considered as a separate kind of culture. It is true that organizational culture is created upon companies various actors including managers, employees and workers. However, as reviewed in the previous literature, the relationship between business and national culture is inseparable. Moreover the holistic view towards the fields of anthropology, sociology and business must be adopted to analyze today's global world. Thus, in this literature, the attempt to relate national and organizational culture will be conducted.

The data and information of Pandelica, Ionica & Petrescu (2012) provides the analysis of some multinational companies and their attributes according to Hofstede's dimensions. Their research reviewed the relationship of national and organizational culture and concluded that there certainly exists the relationship between two different levels of culture. By utilizing the information provided by Pandelica, Ionica & Petrescu, the relationship between national-organizational culture and its relationship with economic status is reviewed.

Brand Value

²⁵ Moon, *Re-conceptualizing Uncertainty Avoidance Cultural Variable and Measuring Its Impact on Economic Development*, 2009, Seoul National University, p.16

Brand value is an asset, value of a firm. Brand is developed by firms but also given by customers and shareholders. Thus, brand value reflects customers' reaction, cognition and evaluation of the firm, and an important factor for building firm's strategy (Myers 2003; Aaker 1991; Keller 1993). In some articles, other data or information was used to measure companies' competitiveness, such as Forbes 500 and etc. However, in this literature, Interbrand's Best Global Brands 2014 data will be utilized for brand value data because brand value is calculated by incorporating companies' financial performances as well as customer's satisfaction and recognition. The Interbrand rankings listed top 100 brands with its individual brand value through specific research methodology developed by Interbrand.

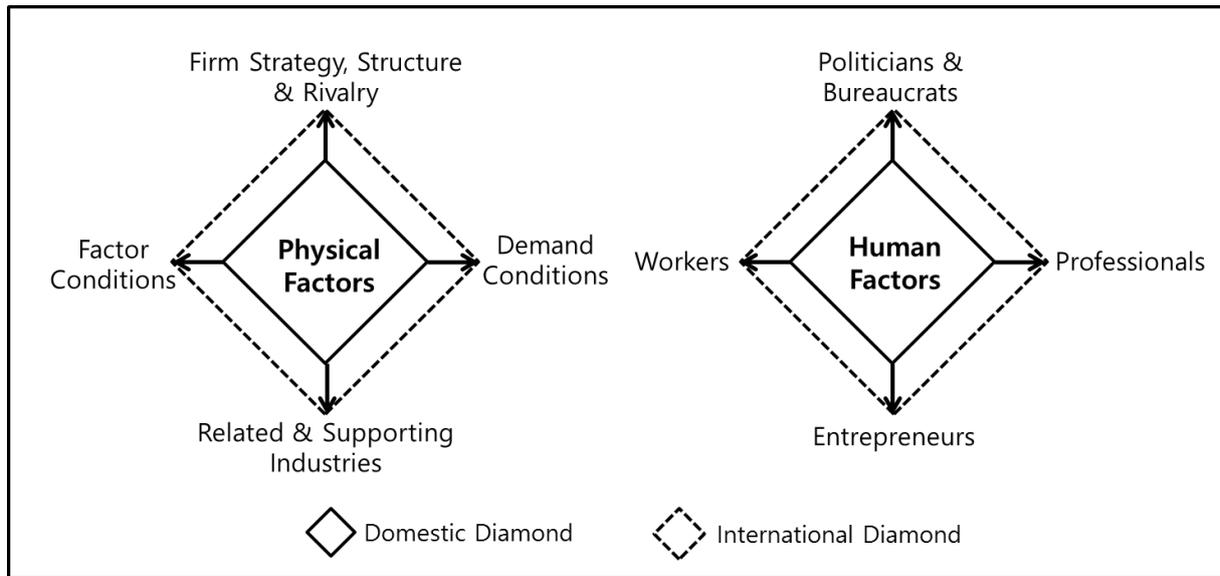
Economic Size

In this research model, determining the economic size is one of the key tasks in order to find the relationship of the national-organization culture and its economic influence. The IPS National Competitiveness Research 2011-2012 provides world and intra group rankings for 65 countries around the globe. The countries are first categorized by country size – large, medium, small – then divided into 3 groups – strong, intermediary, weak – according to economic power. This 3 by 3 classification was calculated by IPS model, or Dual Double Diamond²⁶ based 9-Factor Model is based on the diamond model developed by Michael Porter (1990)²⁷. The IPS National Competitiveness Research 2011-2012 evaluated the physical and human factors of each country industry using 9 criteria. Addition to the NCR rankings, the 9 different country groups are scored from 1 to 9 in this literature.

²⁶ Dual Double Diamond Model is utilized to analyze national competitiveness. It is comprised of six factors including factor conditions, demand conditions, related and supporting industries, firm strategy, structure and rivalry, government and chance. These 9 criteria were divided into 23 sub-factors.

²⁷ Refer to *The Competitive Advantage of Nations* published in 1990 by Michael Porter for comprehensive understanding of Diamond Model.

Figure 2. Dual Double Diamond Model²⁸



3.3. Results

The regression analysis between the Brand Value Ranking and country group score showed that there is a negative correlation between the two variables and the economically weak companies tend to have lower ranking. The P-value also showed that the analysis was very significant. This result explained that Hypothesis 1 is to be true but only by 50 percent as reviewed in the literatures.

On the other hand, the relationship between Brand Value Ranking and the national-organizational culture also resulted to be negative. This means that companies having better ranking had a larger difference with its national culture. The results are described in Table 3. Interestingly, Apple which was the top company of the ranking had the largest deviation with its American culture. This regression results show that Hypothesis 1 was partly correct and that more detailed insights is needed to understand the results.

By plotting Hofstede's six dimensions into a graph, it was found that in most of the cases, the more balanced the indexes are plotted, the higher ranking in the brand value. However this was not true for Confucian Asian countries and Latin American countries. For Confucian Asian and Latin

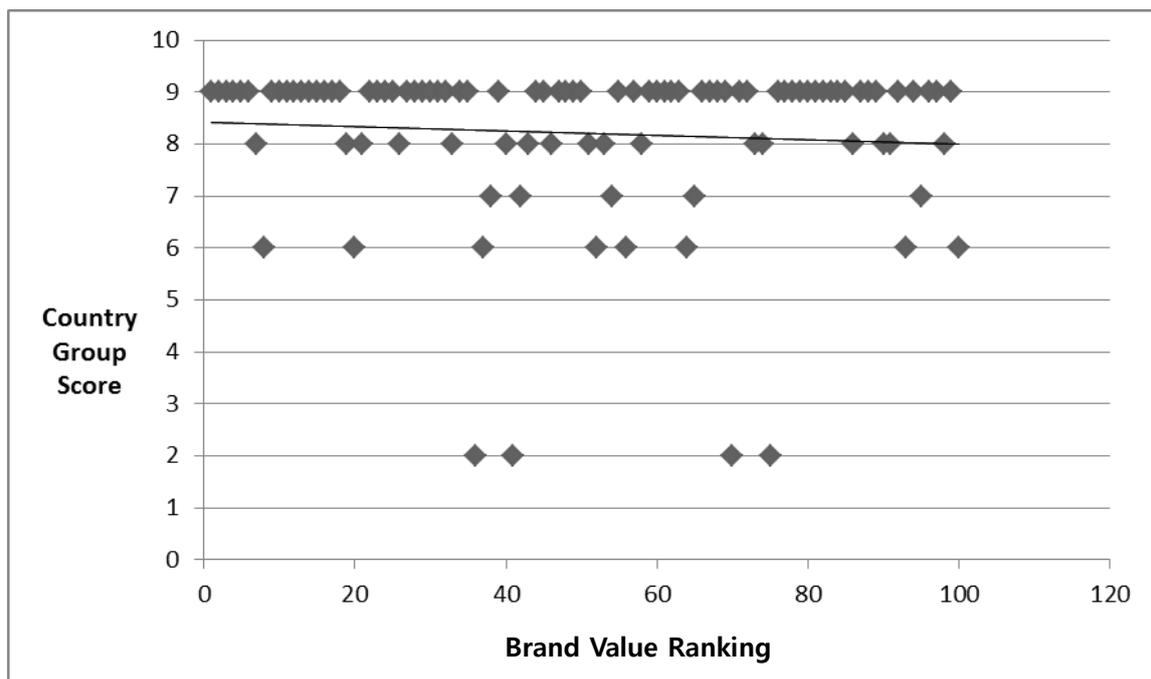
²⁸ Moon, Cho & Kim, 2009, *Does One Size Fit All? A Dual Double Diamond Approach to Country-Specific Advantages*, *Asian Business & Management* 8, 83-102 (March 2009)

countries, even though the shape was not balanced as well as other “Western” countries, some countries still ranked high.

Table 3. Brand Value Ranking and Country Group Score & Nat-Org Culture²⁹

Dependent Variable	Independent Variable	R-Square	Coefficient	P	T
Brand Value Ranking	Country Group Score	0.006112	-1.448946	0.00012**	4.000625
Brand Value Ranking	Nat-Org Culture	0.020408	-0.142857	0.068958	2.309401

Figure 3. Linear Relationship Between Country Group Score and Brand Value Ranking



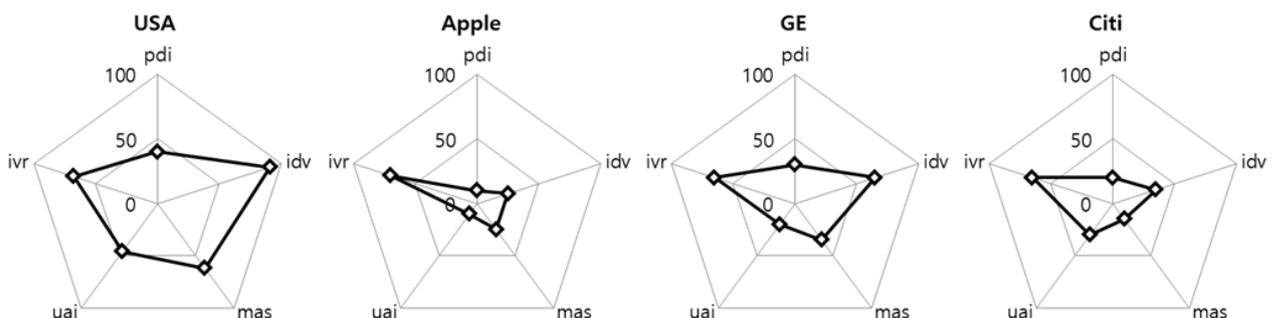
When the national cultures were compared with organizational cultures, the deviation and difference between the two was surprisingly large (Hypothesis 2). It was found that when employees

²⁹ *If $p < 0.05$, **if $p < 0.01$

and workers become part of the company, they create a totally different culture and value of their own. Figure 3 is a graph which depicted the data and its results of USA and US originating companies. Apple was the top ranking of the brand value list, whereas General Electric was sixth and Citi was 48th. Although the shape of the graph is more similar between GE or Citi and USA, Apple had better ranking. Similar result was found in that of Japan, and Europe. In the result of Japan and Europe, the national culture and organizational culture was difficult to consider as similar. The only exception to this finding was Korea. In the case of Korea, the similarity was very high. For example, Samsung's converted organizational culture was highly similar to that of South Korea's national culture.

When only the company's organizational cultures were compared, companies from same continent or close culture was also found to be similar. For example, Volkswagen and HSBC are companies from European countries. Although the relationship with their originating culture (Germany and United Kingdom) was not that similar or strong, when only the organizational cultures were considered, the similarity was very high and almost identical. Similar result was found in the case of South Korea and Japan.

Figure 4. USA Compared with Apple, General Electric and Citi³⁰



Also, despite the originating culture of each company and its cultural values were different,

³⁰ The organizational dimensions of companies were measured and converted into cultural dimensional variables of power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, long- versus short-term orientation, and indulgence versus restraint. However, the corresponding variable for long- versus short- term orientation was difficult to analyze and was scored 0 for converted data.

when it was brought into the boundary of business, companies seem to share similar values such as high indulgence, masculinity, and individualism. It was found in most of the companies regardless of which region or culture the company was originating from.

Part 4. Limitations and Further Studies

The results of this literature were not sufficient to explain the function of national and organizational culture. It is true that companies listed in brand value rankings mostly originated from Western culture. There was only one Latin American company, Corona, whereas 54 companies were from the United States. The information and research on Southeast Asia, or Middle East were not incorporated into this analysis. The gradual slope in Figure 3 could be explained by through this matter.

Hofstede insisted that national culture only affects 50 percent of organizational culture. Through the results of this study, it was proved that Hofstede's argument was correct to some extent. Study on the source that led to the deviation between national-organizational cultures needs more comprehensive analysis. The key factor that determined the higher brand value was not the relationship between national and organizational culture but other factors.

One factor can be certain cultural characteristics or attribute that leads to better business performance. As found in the analysis, most of the global companies shared similar characteristics such as high indulgence, individualism, and masculinity. The research regarding each cultural dimensions and its impact on global companies' performance can be one topic for further studies. This may find the answer for explaining how global leading companies from different cultures achieved their success with such difference in cultures.

Part 5. Conclusion

The literature review showed the shortcomings and problems of globalization in today's world. Globalization is not negative to global world. It enabled people to interact and communicate better with people around the world and in other cultures. However, the severe competition propelled

by capitalism through global companies had brought some side-effects. They have blurred the importance of indigenous national cultures and in some countries, the value of indigenous cultures were ignored over Western culture.

In order to stress the importance to maintain national culture in global companies, two hypotheses were set and various data were utilized. However, the research results were not sufficient to explain what was attempted to prove throughout the literature. It was proved that economically weak countries had a lower brand value. However, the relationship between national and organizational cultures was surprisingly deviated. The number one ranked company, Apple, appeared to have the largest deviation with United States' national culture. This result led to another important issue to analyze which cultural value was determinant for becoming successful and leading global company.

However, the importance of maintaining one's national culture is important as reviewed and criticized by many scholars. In case of Korea and Samsung, the relationship between national and organizational cultures was found quite identical. Korea is one of the countries which had a successful economic development in a short period of time and Samsung was one of the companies that took important role during Korea's economic development. This relationship may show that maintaining national culture in companies lead to a faster economic development.

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이재혁 & 김순성 (2014) 브랜드 포지셔닝 전략과 글로벌 경쟁력: 현대자동차 인도법인의 사례를 중심으로, *국제경영연구* 제25권 제1호 2014년 2월

장시복 (2004), *세계화 시대 초국가기업의 실제*, 책세상

글로벌 기업에 있어 국가 문화의 중요성에 대한 연구

국문 초록

현대 많은 학자들이 세계화와 세계화가 국가 문화에 미치는 영향에 대해 논의해 왔다. 세계화는 현대인들을 새로운 문화, 새로운 국가와 더욱 가까이 소통할 수 있도록 연결해주었다. 하지만 세계화는 부정적인 영향을 갖고 있기도 하다. 그 가운데 하나는 한 국가, 혹은 지역의 고유한 문화가 자본주의에 의해 유입된 서양 문화, 혹은 현대화된 문화에 의해 교체되고 있다는 사실이다. 이 점은 사회학, 인류학 학자들에 의해 논의되었고 과거에는 미디어의 발달과 확산, 현대에는 자본주의에 의해 움직이는 글로벌 기업의 활동이 중심이라고 결론지어졌다. 뿐만 아니라 현대 글로벌 기업들은 뿌리내리고 있는 국가의 문화가 아닌 서양 문화, 더욱 “현대화”된 문화를 답습한 기업 문화를 만들어 내려고 하고 있다. 본 글에서는 두 가지 가설을 중심으로 국가와 기업 문화 간의 관계와 그에 따른 브랜드 가치의 변화에 대해 논의하고자 한다.

주요어: 세계화, 국가 문화, 기업 문화, 문화 제국주의, 브랜드 가치

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