On Culture and International Industrial Marketing

Jan-Åke Törnroos
Dept. of Economic Geography and International Marketing
University of Åbo Akademi
Henriksgatan 7
SF-20500 ÅBO, Finland
phone-sf-21-654 311

ABSTRACT:

One important aspect in industrial buying-selling interaction is culture which is an "intangible" part of the interaction process. It may be hypothesized that its role is increasing in cross-cultural settings, and this creates specific needs of understanding. Culture is also mediated through communication on individual, organisational, and national scales. A hypothetical model for understanding culture in this context is presented. Finally suggestions for theoretical and empirical research approaches are made.

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CULTURAL CONSIDERATIONS IN MARKETING

"Culture" is one of the most important general concepts that underlie the whole idea of marketing. If the human being would be wholly rational in his/her behaviour, there would hardly be any need for marketing science and its applications in business companies. Understanding the needs in different cultures and cultural groups is one important starting point for marketing and marketing research. The creation of marketing and the needs for services and products stem from the general and group-cultures in different societies. In one sense one must look critically at this - especially, in the modern society firms themselves can create "cultures" and needs. On the other hand, sophisticated marketing techniques and methods can find the specific needs which are potentially present in the segments served by these companies.

Even though we know that culture lies at the heart of marketing, it is a very difficult concept to handle - especially in the "marketing-orientation sense".

In a previous article I stressed the importance of looking at different aspects of "distance" in order to come to terms with some problems in international marketing. In the article it was argued that cultural distance is a main factor causing friction between the interacting parties in industrial marketing. The aim is now to look more closely at the concept of cultural distance. I am aware that this is an enormous task considering the wide complex of understanding that underlies the concept of culture.

In conducting the present research effort I will use as a starting point the research project "Finland as an industrial market". I will apply the concept of culture in international industrial business operations which is used in the project.

The role of culture may be treated as:
1) a specific factor in the industrial market;
2) an important factor in the interaction process;
3) a factor especially present in inter-cultural occasions, mostly seen in international marketing;
4) influential on the so called "cognitive" side in business negotiations.

Through these four aspects the present article is delimited to its core elements. Simultaneously, these aspects form a basis for discussion when we try to understand the role of culture in international industrial marketing.

In order to come to terms with these matters, each of the four themes will be discussed briefly below. I shall start by looking more closely at the concept of culture and its meaning. Finally, the specificity of international marketing and its cultural aspects are outlined into a hypothetical "cultural model" of interactive marketing as a proposed basis for comments.

This article has arisen from the observation that there have
recently appeared many studies concerning culture in general, and cultural differences in international marketing. There seems, however, to be a lack of understanding about the role of culture in international industrial marketing.

For the present purposes a frame of reference for identifying cultural areas for research in international industrial marketing could be specified as follows:

a) The countries involved in the marketing process create specific ways of dealing with questions in international industrial marketing. We may compare, for instance, situations where companies in the Nordic countries interact with Japanese firms to situations where a firm from a socialistic state is involved.

b) The firms involved in the marketing situation influence the interaction process as well. Different strategies, quality requirements, and ways of doing business and negotiations may cause "cultural" difficulties. In this respect, the organisational culture and the practices of the interacting firms play an important role.

c) Finally, the people or buying and purchasing units involved all have an impact on the role of cultural cognition and knowledge. As our research project has shown, Finland is a good case in point.

d) Influences from indirect participants in the buying-selling process may affect the outcome and direction of industrial buying/selling and the interaction between the firms in an international environment.

THEORETICAL OUTLINES

The concept of culture underlies our way of doing things, our ways of working and living. In the following I shall present approaches to the concept of culture.

The concept of culture

Hall defines culture as "personality, how people express themselves (including shows of emotions) the way they think, how they move, how their cities are planned and laid out, how transportation systems function and are organized, as well as how economy and government are put together and function." ^3 Hall continues: "Culture is what gives man his identity, no matter where he was born - the total communication framework of words, actions, posture, gestures, tones of voice, facial expressions, the way he handles time, space and materials and the way he works, plays, makes love and defends himself." ^4

Another definition is proposed by Alho, who defines culture as:

..."the wide complex that consists of the characteristic products of the material and intellectual activities of a specific
society."

Alho (1988) sees culture as a process and a product of the processes, which can be either mental or material human activities.

For Kluckhorn culture is:

.. "patterns, explicit and implicit of behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts, the essential core of culture consists of traditional ideas and especially their attached values."

This definition is close to the one Alho (1988) uses, though Kluckhorn (1951) is more explicit in his expression of the transmission of symbols, values, and tradition.

According to Gerten (1986):

"Culture denotes a historically transmitted pattern of meanings, embodied in symbols, a system of inherited conceptions expressed in symbolic forms by which men communicate, perpetuate and develop their knowledge about and attitude towards life."

With the aid of these definitions (there are many more!) we may grasp some aspects that are more or less present in all the different views of what constitutes "culture".

1) Culture is historical. Habits of former generations are transmitted in time to new generations.

2) Culture is dynamic. It varies over time and is reshaped by human action.

3) Culture is spatially differentiated. Cultures take various forms in different societies and sub-cultures within a country and between countries.

4) Culture is .."a person's frame of reference towards life; culture gives people a sense of who they are, of belonging, of how they should behave." 

5) Culture is a way of human beings to communicate with each other.

These conceptions of culture are very general, and they may thus be applied to almost all aspects of life. But how can we approach culture in terms of international industrial marketing?

We have to start from sub-cultures. The main interest of this kind of research is in organisational cultures and individual cultures, as well as cultural behaviour within and between organisations interacting directly and indirectly. Such sub-cultures may form a nested hierarchy in a symbolic model of how cultures may be distinguished from each other and how they relate
A recent definition of paradigms of organisational culture is proposed by Deshpande & Webster (1989). Their five paradigms are presented briefly below in order to give an insight of the different approaches which may be used in studies of marketing in dealing with the cultural impact on organisational behavior. This is of course related mostly to the organisational level of culture.

1) **Comparative management.** Culture is viewed as exogeneous to the firm in question. Culture is comes from "outside" and influences the behaviour of the firm.

2) **Contingency** approach treats culture as endogeneous to the firm. Culture is developed within the organisation.

The three other forms are more closely related to anthropology and "cognitive" processes and do not treat culture as a variable in the sense that is understood in the two approaches mentioned above.

3) **Organisational cognition.** According to Deshpande and Webster, this view is oriented towards understanding "what the rules are that guide behavior - the shared cognitions, systems of values and beliefs, the unique ways in which organisation members perceive and organize their world".

4) **Organisational symbolism** looks at an organisation as a "system of shared meanings and symbols, a pattern of symbolic discourse that provides a background against which organisation members organize and interpret their experience."

5) **Structural/psychodramatic perspective.** The authors define the goal of this approach as to "...discover structural patterns that link the unconscious human mind with other manifestations in social arrangements. Researchers see organisations as a form of human expressions rather than as goal-oriented, problem-solving instruments."

These approaches can be divided into two groups of research efforts. The first two approaches seem to be suited for survey and quantitative research designs, whereas the three other approaches are oriented towards qualitative and deeper case-study designs.

The authors consider their article rather as a "research agenda, on organisational culture topics for marketing scholars.".

In my view the article by Deshpande & Websters is well organized in the form as expressed. It is quite clear that the research conducted in the present project is more closely related to the latter group of approaches. In cross-sectional cultural studies it may be difficult to come to terms with the variations in industrial marketing issues between firms and specific actors in the interaction process and networks. This is one reason why
personal interviews and case study research were adopted as methods. Further we have attempted to understand the specific processes in industrial marketing and interaction between Finnish buyers and sellers from European firms mainly through "decoding" and interpreting the messages given through interviews. It is important to take into account the role of communication and the interaction process when trying to adapt to customers needs and market orientation in the international industrial market.

It needs to be explicitly pointed out that the concept of culture is not static to its nature, but it is developing and changing constantly. This is why it is difficult to handle. Of course, some cultural values and cultural norms are static, while others vary faster in the course of time.

The role of communication

In general, the communication models of transmission of knowledge could be easily transferable to the cultural area. The role of communication is essential when we try to ease the cultural bias in business negotiations. Coding and decoding mechanisms and communication in a cross-cultural environment may be improved to a high degree (1) with experience, (2) through effective and skilled communication, (3) through "learning by doing" and (4) through intermediaries of different kinds. It seems that face-to-face communication plays a specific role in industrial marketing. Sales meetings, interactive environment and often large cash flows involved in industrial business create own business practices and atmospheres.

If we assume that human beings who code and decode messages in an industrial market should form the core of research, we could take the following model of inter-cultural communication as a starting point when dealing with the problem. We may adopt this perspective in studying the coding and decoding mechanisms between the interacting individuals from this viewpoint. Cultural influences come from different "levels": cultural background and experience in e.g. family-ties, friends, work, leisure, social system, and society as a whole. (See figure 1) The dynamic element is present all the time. The adaptation process in marketing and relationship strength in long-term and stable networks may be considered as a cultural process between individuals who have an important role in decision processes.

This simple model could be used as a starting point, but we may need specific interpretations in industrial and international marketing. The role of the market as such and its specificity, and the role of the process, i.e. industrial buying and selling and negotiations, and the role of the organisations influencing the decisions made can all have "cultural" influence. These could be grouped into a) primary influencers (or actors) and, b) secondary influencers (or actors). There might also be a third or fourth part who have influence on the decisions made. (e.g.
politicians, environmental groups, local or regional groups, and of course, competitors) (tertiary influencers).

Figure 1 Inter-personal communication and different environmental influences

E = ENCODING OF MESSAGES

D = DECODING OF MESSAGES

Primary influencers are seen as the buying and selling units in an industrial marketing process. They are the main actors, and both may through their actions hinder or facilitate decisions. The buying-selling groups and key persons in them may be identified as the most critical factors in this respect. The main outlines of this view are shown in figure 2.

The role of communication is crucial in the process of understanding and adapting to the other part in the interaction process. The interaction and the coding mechanisms also create the strategies of the selling and buying units/firms involved. (The selling/marketing strategy for the selling firm, as well as purchasing or e.g. logistics strategy for the purchasing part.) Understanding the strategic needs of the counterpart might be a
key aspect in understanding the counterpart. Through network arrangements it is also possible that the firms get through their communication process strategically dependent on each other. This fact also contributes to "long, lasting and stable relationships" in industrial business and networks.

The next section will focus on some of these factors which have recently attracted interest in industrial marketing.

Relationship marketing and organisational buying - the role of culture, some suggestions

Three distinct aspects may be brought up concerning the role of culture in industrial buying. Firstly, culture may be treated as one important aspect in understanding international buying behaviour. (Samli, Grewal & Mathur 1988)
In their article, the authors observe that the role of culture is neglected in most models concerning industrial marketing in general and, its inclusion in international studies is almost non-existent. They propose a general model of international industrial buying. This model is based on the relation between the buying unit, the motivation to buy and the identification of needs and influencing factors. The influencing factors are culturally determined in many ways. (The authors present them as individual, environmental, organizational, societal/cultural, uncertainty, government & regulatory)

The second aspect that is important when we consider culture is the spatial element which was mentioned earlier in this article. This element is present at different spatial levels (or geographical levels) from the individual perspective to the organizational (and sub-organisational levels), to regional, national, and international levels. This is a complex of problems of its own which is not further explored here. It is worth mentioning, however, to emphasize the complexity of the problem.

Thirdly, cultural ties may be important in explaining the bonds and ties developed in industrial markets. This approach takes the standpoint that organisations in a network - through cultural communication - learn to understand each other and each other’s cultures and needs. This aspect is explored in more detail in the following section.

Cultural bonds and investments

Cultural bonds can be regarded, as e.g. Johanson & Mattson (1985) do, as investments in relationships. These investments may be seen as market investments in organisational markets by virtue of being investments in know-how, needs and wants of the other interacting part, as well as cultural bonds and knowledge. Knowledge may also be in the form of knowledge in the buying firm’s strategies in e.g. just in time (O’Neal 1989). Cultural bonds and investments are established in order to understand the interacting part’s organisation, technology and its way of doing business and relating this to the selling or buying firm’s own strategic goals and development.

Cultural bonds in the interaction approach perspective are grounded on personal contacts and personal bonds in the network. This network can be treated as both internal to the firms participating in a network and more or less external. One could divide these ties (both cultural, economic and technical) as in the model constructed below. The primary bonds and ties and cultural investments are found in the interaction between the buying-selling firms. These bonds are found in the interaction process and may be related downstream and/or upstream in the value chain into other firms in order to manage to create business in a network. These I call secondary actors in a network. Understanding the whole process of "cultures" in the stream from suppliers into the final market could constitute a way of coming
into terms with all important influencers on the buying process.

FIGURE 3 Hypothetical model for industrial marketing with different actors and influencers
POSSIBLE EMPIRICAL APPROACHES

In his article Håkansson (1986) considers two managerial and firm approaches to problem solving. These are called a) Rational Comprehensive method, and b) Successive Limited Comparisons method (after Lindblom 1959). The first is related to a rational, detailed and planned analysis of decision alternatives. The second approach is a step-by-step process with a limited rationality, and a gradual learning process. Håkansson postulates that many research efforts claim that the second approach is closer to real company behaviour, and his article on "the Swedish Approach to Europe" he takes this standpoint. 

He uses a model with two variables explaining the international approach of a company. The first is the individual perspective, which is dualised into a perception process and a knowledge and experience process. The second deals with the situation which is dualised into the customer interaction process on the one hand, and a channel organising process on the other hand in different markets.

All these processes could be evaluated from the perspective of culture. The individual level and the situation level are just two aspects of the complex cultural surrounding.

In addition to these "core" factors in a cultural perspective, the process is affected by organisational cultures. Both the way in which the whole organisation tries to reach its objectives and the way in which the buying-selling units behave affects this process. The level of the business culture is next in the cultural hierarchy. It involves taking into account how business is conducted in different areas of business. Trading of oil for instance has a specific "culture" or organised way of doing business. So is the case with the steel market, ship-building, paper-business and so on.

Finally, cultures affect the international marketing of producer goods and interaction on a national and a transnational scale.

In evaluating the role of culture in organisational buying/selling one possible approach would be to try to participate in the process. This is of course often impossible. Another approach is to try to interview the interacting parties and on the basis of this decode and evaluate the aspects of culture which may be traced as influencing the behaviour and the process. A third "external method" would be to try to get cross-sectional data about the cultural factors, and starting from them evaluate the role of culture in international industrial marketing.

The first approach has to be neglected because of the impossibility of interacting as a researcher in the process of industrial marketing.

The second approach is preferable, though it is limited to case-studies, and the information gathered is "decoded". The researcher has often no access to the specific aspects of the business, the interacting parties involved, nor to the market and/or
strategic perspectives of the firms in question. The international setting also creates cultural bias and no "exact" results may be obtained.

Finally, the third approach is not suited for studying the role of culture because of the complexity of the concept.

There are several aspects such as spoken communication, body language, and cultural surroundings in e.g. the built environment, used technology and so on that may not be traced by sending questionnaires.

CONCLUSIONS AND SUGGESTIONS FOR FUTURE RESEARCH

The preceding discussion has revealed that there is still a long way to go in order to gain understanding about the role of culture in inter-organisational buying-selling processes especially on an international scale. The following areas of research have proved relevant in our exploration:

The role of culture in industrial marketing generally, and international marketing especially;

Culture as a form of meaning and structure in international business negotiations;

Cultural bias and learning processes in interaction between firms in a network;

Culture as a dynamic process, and factors influencing cultural change in international business on industrial markets;

The specificity of cultural forms in different business situations and the identification of these in different situations and "segments" on different levels.

Theoretically the term 'culture' is relatively difficult to handle, but it might be even worse in empirical research. General rules about how, when, and to what extent culture interferes with international industrial marketing situations seem to be impossible to make "optimally". But we might through both empirical and theoretical learning be aware of different cultural aspects of industrial buying-selling processes.

A final model - which is hypothetical - is based on some of the main conclusions of this paper. We may encounter this model as dualistic in the way that it expresses two forces where culture plays an important role concerning international industrial marketing. These aspects are 1) factors which are culturally determined in industrial marketing and which shape the environment. These are called forces of difference. They are seen as obstacles to the interaction process.
The second forces are 2) the forces of similarity. They are seen as factors in the environment and practice of industrial international marketing. They play a role during the process of interaction making it easier to communicate, and therefore ease the problems created by culture.

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<thead>
<tr>
<th>INTERNATIONAL BUYING BEHAVIOUR</th>
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<tr>
<td><strong>FORCES OF DIFFERENCE</strong></td>
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<tr>
<td>1. DIFFERENT LANGUAGE (BOTH SPOKEN, BODY- &amp; TECHNICAL COMMERCIAL LANGUAGE)</td>
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<tr>
<td>2. BUSINESS BEHAVIOUR &amp; ETHICS &amp; BARGAINING</td>
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<tr>
<td>3. NEW BUYING NEEDS AND COMPETITION AND COMPETITIVE FORCES</td>
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<tr>
<td>4. DIFFICULTIES OF UNDERSTANDING BUYERS NEEDS AND &quot;CUSTOMERS-CUSTOMERS&quot; IN INTERCULTURAL ENVIRONMENTS</td>
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<td>5. UNCERTAINTY ABOUT QUALITY &amp; COGNITIVE UNCERTAINTY</td>
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Table 1 Forces of difference and similarity in international industrial marketing - some hypothetical examples

This model is to be understood as a discourse with two "ends" and these factors can be seen as different forces active in specific business surroundings and situations. The forces of the
"similarity-side" in one situation may in another situation be on the "difference-side". The model is in this sense specific for different buying-selling situations and interactive environments. It can be used as a starting point for business firms to plan and look at factors causing similarities, and promoting them, and on the other hand to try to weaken factors causing differences.
NOTES:

1. "The Relations Between the Concept of Distance and International Industrial Marketing" in Turnbull & Paliwoda (eds.) forthcoming.


4. op. cit.


8. After Harris & Moran (1987) p. 12. The also claim that "Culture is a distinctly human capacity of adapting to circumstances and transmitting this coping skill and knowledge to subsequent generations". op.cit. p. 11


12. op.cit. p. 8.

13. In this sense - it has to be stated - the IMP-group has done many studies concerning explicitly international industrial marketing.

14. See Samli, Grewal & Mathur 1988 p. 21. Their article contains more detailed discussions of possible influencing factors considered in their model. Also the buying unit and its internal relations are explored.

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Weick, Karl E. (1985) "The Significance of Corporate Culture", in "Organizational Culture", P. J. Frost et.al. (eds), Beverly Hills, Sage publications Inc.