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“Cultural Orientation in International Management and Marketing – An Empirical Study“

When conducting business internationally, companies are confronted with different national cultures. In order to deal with these differences, companies have various options: denying and ignoring the cultural differences, unilateral adjustment, or mutual convergence. In the international management literature, cultural orientations have been classified as ethnocentric, polycentric, or geocentric, or have also been described as multinational, global, or transnational (Perlmutter (1969), Wind et al. (1973), Adler (1980), Sundaram/Black (1992), Caproni et al. (1992), Bartlett/Ghoshal (1995)).

The intercultural psychology literature has also dealt with this topic primarily on the group and individual level in acculturation research (Berry et al. (1986)) as applied to international management (Nahavandi/Malekzadeh (1988), Malekzadeh/Nahavandi (1990), Gentry et al. (1995), McEntire/Bentley (1996)) or with problems arising from situations of intercultural overlap (Thomas (1993), Thomas (2003)).

It has been argued that different cultural orientations create different implementation requirements in all functions of the company. This coordination is especially important in the marketing function in an international context, because marketing is linked directly to the customers with the different cultural backgrounds. It has been suggested by both the congruence approach (Chandler (1962), Venkatraman/Prescott (1990)) and international management scholars (Porter (1986), Roth et al. (1991), Ghoshal/Nohria (1993)) that a better fit between the cultural orientation and marketing will improve business performance

Previous studies (Wind et al. (1973), Jain (1989), Roth et al. (1991), Leong/Tan (1993), Ghoshal/Nohria (1993), Harzing (2000)) are not very detailed in terms of linking marketing to cultural orientation. There is also a lack of research linking cultural orientation to performance. The questions addressed in this paper are therefore:

1. What characteristics of cultural orientation are to be found in companies conducting business internationally?
2. Are these characteristics coordinated with the international marketing?
3. Do companies that coordinate these factors better achieve higher performance?

Based on the research reviewed above and the international marketing literature (Samiee/Roth (1992), Cavusgil et al. (1993), Cavusgil/Zou (1994), Johnson/Arunthanes (1995), Shoham (1996), Shoham (1999), Theodosiou/Katsikeas (2001), Chung (2002), Solberg (2002)) and a total of nine interviews with CEOs from international companies, the following hypotheses were derived.

H ₁	Ethnocentric companies show a higher degree of standardization in international marketing than companies which are polycentric or geocentric.
H ₂	Polycentric companies show a lower degree of standardization in international marketing than companies which are ethnocentrically or geocentrically oriented.
H ₃	The greater the consumer differences, competitive intensity and regulations on the foreign markets, the higher the likelihood of the companies to be polycentric or geocentric oriented.
H ₄	The greater the international experience of a company, the more likely it is to be geocentrically oriented.
H ₅	In consumer goods industries, companies are more likely to be polycentrically oriented.
H ₆	The better the coordination between cultural orientation and international marketing, the higher the performance of the company.

These hypotheses were tested using data from a survey of German firms conducting business internationally in industries with significant import and export quotas.

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