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Abstract

This chapter of the *Oxford Handbook of Asian Business Systems* provides an overview of culture in Asia. Culture is defined as shared meaning interpreted in institutions in patterns that are best analysed through a complex adaptive systems framework. The understanding of the variety of Asian cultures begins with certain socio-economic givens, such as level of development. Data are then presented to reveal variations between societies in values, social axioms, and patterns of socializing. Clusters of countries are proposed, namely the Advanced Cities, Japan, the Advanced Northeast, the Emerging Southeast, and the Post-Socialist. The effects of culture on organizations are introduced via analysis of vertical order, horizontal order, and differences in rationale. This chapter contributes to the literature on business systems and varieties of capitalism as well as international management.

Keywords: culture, Asia, business systems, varieties of capitalism, institutions, socio-economics, values, social axioms, rationale

Introduction

The business-system literature is essentially an exercise in exploring and categorizing institutional variations across societies, determining their impact on various outcome variables such as social equality or comparative advantage, and understanding processes of institutional change. Culture rarely enters the picture (exceptions include Redding 2005; Redding and Witt 2007; Witt and Redding 2009). This is peculiar in that the impact of cultural variations is widely accepted and taken for granted in some social-science disciplines, including business (Kirkman, Lowe, and Gibson 2006). Likewise, seminal works in the business-systems and varieties of capitalism literature suggest that the origins and evolution of institutions cannot be divorced from underlying cultural factors. Hall and Soskice (2001:13) noted that in addition to formal institutions,

> something else is needed to lead the actors to coordinate on a specific equilibrium and … what leads the actors to a specific equilibrium is a set of shared understandings about what other actors are likely to do, often rooted in a sense of what it is appropriate to do in such circumstances.

Their conception of culture is of "a set of shared understandings and available 'strategies for action'" (Hall and Soskice 2001:13), acquired over time through experience in a given environment.

Whitley's (1999) account of the emergence of six major business-system types likewise incorporates the role of culture, in the form of shared beliefs about authority, trust, and communitarian ideals. While he underlines that institutions mediate both trust and authority, the narratives included in his work illustrate how cultural and historical forces lead to the emergence of some institutions.

A similar concern with culture can be seen in the related social sciences. Fligstein (2001), for instance, presented a theory of organized social spaces, or "fields", in which collective actors such as corporate boards produce a system of dominance through local culture that so defines social relations as to legitimate the power structure. This results in a "conception of control" deriving from the cognitive elements within that culture that give meaning to action and define social relations. As a consequence,

> ideas of market orders are embedded within a particular society and a government and reflect the society's peculiar history. The dominance of different groups in society means that those rules tend to reflect one set of interests over another … there are national styles of ownership and regulation. (Fligstein 2001:16)

Similarly, Guillén (1994) pointed to "elite mentalities" as a central ingredient in organizational paradigms. These mentalities are enduring interpretations of how the world works that dispose groups to prefer some kinds of organizational solutions to others. Elite mentalities are distinct from ideology, which serves more to legitimize positions of power (cf. Mannheim 1936), though the two are connected in practice.

Despite culture being a taboo topic in much of the social sciences today (cf. Landes 1998), there is considerable reason to believe that culture must play a role in explaining the shape and evolution of business systems.

The influence of culture on systems of economic coordination and control is subtle and complex. We therefore begin by taking a position on what culture is, what it does, and how it does it. We will point to related theoretical problems and examine data from principal cross-cultural studies as they illuminate the world of practice. Finally, we will summarize the implications in a series of vignettes for the clusters of

countries we propose. Given space constraints, we will stay at a brief introductory level.

What Culture Is

Children of the species *homo sapiens* take a comparatively long time to learn adulthood (Konner 2010). What the child and adolescent learns is culture. General agreement can be assumed on culture having three main components within a society and its language: the shared understanding of what is, of the significance of what is, and the consequent understanding of what behaviours are needed to make life liveable and worthy.

A society contains people who share much of the same learning. Other societies work by different learning systems developed out of their distinctive heritages. and although there is much overlap stemming from the genetic inheritance of the species, in instincts such as sociability, curiosity, and pair-bonding there are nevertheless differences in interpretation and practice. These differences are typically addressed in research as differences in systems of meaning, in other words the interpretations of reality, society by society. At the base level of this acculturation process lies the question of what *is,* or 'the social construction of reality' (Berger and Luckmann 1966).

Especially potent here are questions about the *cosmos*. Looking at the night sky and seeing the universe can lead to deep curiosity as well as awe, uncertainty, and fear. To answer these puzzlings, early societies tended to create a way of explaining the encountered world, a *nomos*, that included unseen forces to be taken on trust and originating in their cosmos, usually gods or a single god, or alternative influences like fate, chance, or extended cosmic order.

What Culture Does

These shared explanations became the 'sacred canopies' (Berger 1967) and eventually the axial religions under which people could shelter. Religions over time have also taken a major part in the evolving of societal order, having often been incorporated into political systems to legitimate authority and its enactments. This tendency to seek and accept an overarching explanation for the mysteries of life may itself be part of the human genetic inheritance (Schloss and Murray 2009).

The child will absorb that worldview along with the 'primary socialization' needed to make sense of the surroundings of his or her upbringing. This primary learning will cover immediate relationships, structures of authority and discipline, and the identification in language of the key features in the social system that matter and why. Later, the child will acquire 'secondary socialization' into more specialized domains of meaning found in different occupations and age-specific roles like parenting, or into such advanced sub-unit conformity as membership in a profession or trade, or a family role other than child.

Socialization both defines and interprets the meaning of social behaviour, adding value judgement in the process. The norms then get interpreted into guidelines for action according to espoused understandings. These guidelines are what Leung and Bond (2004) call 'social axioms' – propositions that say 'this is how the world works'. Another term is 'rationale', or the set of reasons adopted by a culture or sub-culture for behaving in a certain way, as we shall describe for executives in different countries.

How Culture Influences Human Life

Two caveats are in order here. The first is that societies and their cultures are not necessarily as tidy and homogeneous as this introductory account suggests (Archer 1996, Gelfand et al. 2011). The second is that as a society becomes more complex, and especially as its economy moves into a highly diffracted modern form, then much of its members' behaviour takes place inside discrete provinces of meaning, bounded by particular spheres of action (Sorge 2005; Redding 2008): lawyers, accountants, plumbers all adopt their own meanings, priorities, operations, and norms. Sub-cultures then emerge, but the society defends itself from break-up by the work of the social axioms that penetrate all, or at least most, of the different semantic spaces, creating overarching umbrellas of agreed sharedness.

Culture inspires a first-stage implied contract of conformity to what is collectively seen as 'right and proper'. People accept this because they are instinctively gregarious and dependent on membership. Conformity has a cost worth paying. The second stage is to take such definitions and create a form of stable order to express them. When norms are embedded into regular patterns of behaviour, such as a business executive always wearing a suit, then when seen altogether the society has created a layer of *institutions*. These are not culture, but translations of cultural ideals into stable forms of action – situation-specific expressions of meaning in action.

Such conformity to what is right and proper extends to the economic realm and is thus relevant to understanding business systems. Prior research has indicated, for instance, that company leaders in different types of capitalism espouse fundamentally different views of such fundamental questions as why firms exist (Witt and Redding 2010; Redding and Witt 2012). In this research, US executives considered the pursuit of shareholder value to lie at the heart of their firms' existence, while German executives emphasized the importance of production for the sake of society as well as the provision of benefits to stakeholders, employees, and shareholders in particular. In Asia, Hong Kong executives pursued family wealth and status, Japanese executives focused on serving their employees and society at large, and South Korean executives saw a need to balance the demands of shareholders, employees, and society at large, the latter mainly through charity, but also through a residual commitment to economic development of the nation. At the heart of this diversity in views are societally contingent values as to the right and proper role of firms in the social fabric. Related work (Witt and Redding 2012) has found that the conceptions of corporate social responsibility held by executives in these societies vary considerably. Evidence suggests that these variations in values matter, at times predicting institutional outcomes in societies better than inside and outside experts (Redding and Witt 2012; Witt and Redding 2009).

The realms of culture and institutions are in constant mutual interaction, shaping each other and evolving together as the society attempts to deal with the emerging challenges of progress (Witt and Redding 2009) which, seen in the context of economic progress (Mokyr 2009), reduce to two essentials: the universal needs to demonstrate (a) high levels of cooperativeness in economic action and (b) high levels of innovativeness. The way these key challenges are met differs greatly between societies. As noted earlier, historians and comparativists have regularly concluded that explaining success and failure by societies needs to include a place for culture because of its significance in the shaping of institutions (North 2005; Landes 1998; Weber 1968; McCloskey 2006; Greif 2006; Beinhocker 2007; Nowak 2011; Biggart and Delbridge 2004).

Culture fits inside such models as a contributor to observable societal outcomes (Beinhocker 2007; Redding 2005). The forces of economic rationality and resource availability are seen to work alongside cultural influences that, through the medium of institutions, affect the availability (or otherwise) to society of forms of cooperativeness and innovativeness. Alternative societal formulae are differently effective in terms of per capita prosperity. Some societies are still not organized fully to release beneficial effects and the Asian region contains the full range of options on display.

The Variety of Asian Cultures

This region contains immense cultural variety. Language and ethnicity illustrate the flows of ancient peoples generally moving from west to east and southeast, often pushed and then overrun by newer arrivals. This flow of populations has led to all the world's axial religions being represented. They are dispersed across the region and nowhere is there a tidy overlap of one country and one religion. Except for Islam, the norm is for people to adopt several religions and blend them into their daily lives as need be.

Three aspects of religion tend to intervene in the process of affecting societal behaviour. Some religions are more constraining than others, some more 'worldly', some import an external worldview. This last effect is now strengthened under the information flows that come with globalization and new technology.

Of the religions that are constraining, the foremost is Islam (Gelfand et al. 2011). In a study of 35 nations, the highest scores for tightness in Asia were in Pakistan and Malaysia. Here, extensive domains of life, especially public life, follow prescribed forms. Indonesia, the world's most populous Islamic state, has been secular since its founding in 1949 and practices a 'soft' form of Islam (Hefner 2010). Malaysia, by contrast, is a consciously Islamic state and, though less purist than its Middle Eastern counterparts, nevertheless fosters a strongly institutionalized role for religion in society, including laws informing company management.

On worldliness, it is commonly observed that Buddhism is 'unworldly', whereas Confucianism is the opposite and non-spiritual. Buddhism is humanist, egalitarian, and focused on individual salvation; its relevance for community and state is indirect (Tambiah 1970). Confucianism is not strictly speaking a religion, as it does not recognize a supreme being, nor does it provide an account of the cosmos. Nor does it have an organized 'church' structure. Instead, it is a very powerful system of social norms that perpetuate the stability of a family-based society and provide a strong sense of hierarchy (King and Bond 1985). Although it has always contained definitions of the ideal person as socially responsible, its focus has been less on society than on the family units upon which society's stability depends. Its practices result in a high level of self-sustaining and self-perpetuating order that at the same time is resilient against pressures. However, its family focus arguably inhibits a true sense of wider community and wider cooperativeness, restricting identity to the concentric circles around family units (Fei 1992; Hsu 1963) and producing an outcome of 'utilitarianistic familism' (Lau 1982; Redding 1990; Lemos 2012).

Islam, respected for its intended tolerance, still controls the conduct of life in a mercantile world, through for instance rules for usury. Inheritance and ownership are prescribed in ways that many current observers see as ancient and retrogressive. So too is there a core tension between identity with the mosque or *umma* and identity with the secular nation-state, with all that implies for 'modernization' (Kuran 2004).

The external ideas that have flowed into the region were first carried by colonial powers and the accompanying Christianity. Their legacies remain, some beneficent, many not. As far as culture is concerned, the principle imported idea-set was that of the rational pursuit of progress – in its latest guise, the 'Washington consensus' (Serra and Stiglitz 2008), borne along with development aid. Historically, the same logics of market discipline, efficiency, cost control, and rationality were part of the trading, plantation, and extractive interests of the colonial powers. The adoption of these influences has led to varying degrees of hybridization.

Reviewing the Evidence about Cultural Similarity

The clustering of countries into sets with some similarity is proposed in line with their economic prosperity, a key differentiator identified by Georgas and Berry (1995) for clustering prior to comparison. Culture will be examined from four perspectives, each illuminating an aspect of its complexity.

- **First** will be the wide perspective of the eco-social (non-psychological) context of national cultures. This provides an account of the main alternative determinants of societal features alongside which culture must be placed in a full account.
- **Second,** we will note the data on national variations in espoused values. Included here will be the widely acknowledged studies of Hofstede, Schwartz, the ongoing World Values Survey, and the GLOBE study of the contexts of leadership behaviour.
- **Third,** we will turn attention to patterns of societal behaviour by examining social axioms. These reflect how people normally behave within a particular culture.
- **Fourth,** we will describe findings on child socialization that reveal the early shaping of core societal ideals in different cultures.

It should be noted that a separate chapter of this handbook is devoted to the related question of social capital, or trust, in the region (Li and Redding, 2013).

The Eco-social Organization of Societal Cultures

We have noted that, in addition to its culture, there are many other things about a nation that need to be considered when analysing behaviour within it. Georgas and Berry (1995) presented a response to these challenges by arguing for the use of a battery of objective measures applying to nations, for use in cluster analysis. These measures define two main contexts: the *ecological* (geography and demography) and the *sociopolitical* (economic, political, judicial, religious, educational, and communications-based). Of the seventeen clusters they report in which our sample nations are represented, the same clustering as we have proposed occurs in fifteen. The point of this exercise is to displace the notion of culture as the *prime* cause of behaviour and instead explain links between operational aspects of culture and behaviour in, and comparatively between, societal contexts pre-understood to be different on other objective measures.

The 25 indicators derived by Georgas and Berry were subsequently simplified by factor analysis into a single umbrella factor called 'affluence', i.e. the utility of the material and social-resource base out of which a society currently functions. We represent this as GDP per capita. By this measure it is possible to build in the influences on societies that stem from their stage of economic development, a crucial first determinant of differences in organizational and economic exchange behaviour.

In GDP per capita terms for 2011 expressed in international dollars (IMF), our clusters are as shown in Table 1.

*** Insert Table 1 about here ***

We see here countries at different points on a long continuum, and longitudinal data show them moving at different speeds. As societies evolve they take distinct paths, but all come up against certain universal transitions and political achievements if they are to progress. As seen by Fukuyama (2011) in an analysis of such historical patterns, the initial stage of societal evolution is essentially tribal, and kinship or sub-group identity dominates social and societal structures. To make the transition beyond this, it is necessary for state administration to emerge and be seen as legitimate. The key to this legitimacy is normally adoption of the rule of law. For instance, Europe made an early exit from kinship with the catalyst of canon law under Christianity (Fukuyama 2011:231). A much earlier equivalent in China was the use of Confucian ideals to produce a class of intellectual administrators to create the first 'modern' state able to claim an escape from tribalism, but here the rule of law remained essentially a matter of hierarchical control rather than the protection of rights (Fukuyama 2011). Under canon law in Europe, two significant basic institutions crystallized out: individual choice over social and property relations, and political rule limited by transparent and predictable law. From then on, both in Europe and elsewhere, the story is one of global experimentation over centuries to achieve a balance of three elements: having a state seen as legitimate; all being subject to law; and a government accountable for its actions. As Fukuyama (2011:16) observes: "The fact that there are countries capable of achieving this balance constitutes the miracle of modern politics, since it is not obvious that they can be combined". The region contains the full spectrum of such attempts.

The great cultural macro variables, such as the Traditional versus Secular-Rational in the World Values Survey (see below), reflect the positions of societies dealing with this challenge. The essence of the transition so far has been the replacement of personalism as a prime determinant of decisions by (a) calculative rationality and (b) principle conceived in the abstract. These latter two serve to slowly dismantle the instinct for traditional hierarchy. In essence, as seen by Kant (1784), it is a matter of societies becoming mature, and hence full of people able to use their own understanding without guidance from another.

Within such an ecological approach, a number of scholars have explored specific outcomes of interest. For example, Gelfand et al. (2011) set out to understand the degree of behavioural constraint experienced across a standard set of social situations by citizens of 33 nations. They aimed to distinguish 'tight' from 'loose' nations, contrasting those having many strong norms and a low tolerance of deviant behaviour from those having weak social norms and a high tolerance of deviant behaviour. From tight to loose, the Asian countries are: tight – Pakistan, Malaysia, India, Singapore, South Korea; relatively tight – Japan, China; relatively loose – Hong Kong.

The classic comparative studies of values

The contentions over epistemology that surround comparative surveys of values are well summarized in Lowe, Magala, and Huang (2012) for social psychology, and in Drew and Kriz (2012) for institutional theory. The essence of the problem in both fields is the absence of agreed general theory. Put simply, what is needed is "the identification of dimensions across which cultures may be compared and along which they may be ordered with respect to one another" (Bond 2012:11). The problem is partly an outcome of intellectual parochialism, as a result of which commentary can

become aggressive and dysfunctional. Three over-riding questions are pointed to in commentary, namely:

1. The risk that data based on national aggregates of individual contributions may lead to misleading reifications.
2. These may include a danger of bias such as that of unconscious Western Cartesian cognition rooted in a distinct ontological individualism.
3. The search for theoretic universals is derailed by discipline parochialism and can only be progressed with intellectual collaboration.

In the interest of encouraging such progress, we present now some of the main empirical data in the field, but while folding in parallel attempts to acknowledge and deal with the deeper challenges just defined, an example of which lies in the work of Gelfand et al. discussed above.

The first major comparative study of societal values to enter the world of management was that of Hofstede (1980). This revealed clearly the existence of three principal dimensions (presented as four by dividing one) to account for the majority of variance among the eventual foundation sample of 117,000 across fifty countries in one industry. Extension and replication studies have since proliferated, the primary outcome of which was the addition of a fifth dimension that helped illuminate 'Confucian dynamism', also labelled 'long-term orientation' (Bond and Hofstede 1990). As the Hofstede work is one of the most widely cited in social science, it is necessary only to summarize it here.

The original dimensions were: Power Distance, or the extent of a sense of hierarchy or its opposite, egalitarianism; Individualism-Collectivism, or the perceived focus of identity, either as self or as member of a specific social group such as family; Masculinity-Femininity, or the extent of a shared sense of nurturing or otherwise; and Uncertainty Avoidance, or a society's urge for specificity and control. The weighting of the dimensions gave strong prominence to the first two, and we see them as first-stage indicators of the universal societal challenges of producing institutional order in two dimensions, the horizontal and the vertical. Scores for high Power Distance and Collectivism are clustered together in Asia, compared with the opposite for many western countries, especially the Anglo-Saxon sub-group. The Asian scores are high for supporting hierarchy as a principle in social ordering, although Japan is an exception and the principle is also less strongly endorsed in Korea and Taiwan. This suggests the possibility of a correlation with prosperity and democracy; other longitudinal data (Inglehart and Baker 2000) support this.

For the dimensions of Uncertainty Avoidance and Masculinity-Femininity, there is also clustering. Japan is again an outlier within Asia, with a very high score on Masculinity. The Singapore and Hong Kong cluster is another outlier, with low scores on Uncertainty Avoidance. This variable marks the sense of being threatened by uncertainty and it is possible that the success, relative stability, and prosperity of these two city-states has reduced the need for this response to be part of local psychology. It is especially marked for Singapore, arguably the most stable Asian country in recent history and now the world's second richest in GDP per capita terms. Hong Kong's relationship with China is not nearly so assuring of stability and may explain the somewhat lower score.

The fifth dimension, varyingly referred to as Confucian Dynamism or Long-term Orientation, revealed linkages between values not conceived earlier in the western frame of reference. It also suggested that in Chinese thinking there may be constant reciprocal interplays (*yin* and *yang,*) whereby linkages exist outside the range of the many external actors' perceptions. This issue of alternative cognitive structures has

been noted earlier (Nakamura 1964; Capra 1975; Redding 1980) and more recently analysed by Nisbett (2003), among others. It is also folded into the analysis of trust in Li and Redding (2013).

A recent study (Minkov and Hofstede 2012) has tested the universality of this fifth dimension by using the large database of the World Values Survey, and has concluded that Chinese and Western research instruments can produce a similar dimension of culture. Confucian Dynamism as a universal dimension with distinctly Asian scores has relevance for the world of business in the region. Its poles have been labelled long-term and short-term orientation, with the following components:

Long-term	**Short-term**
Persistence/perseverance	Personal steadiness and stability
Order by status	Protecting 'face'
Thrift	Respect for tradition
Having a sense of shame	Having a sense of reciprocity

Among scores on this for 23 countries, eight of the top (i.e. most long-term) nine are Asian, led by China, Hong Kong, Taiwan, Japan, and Korea, all in the highest quartile. By contrast, Sweden, Poland, Germany, Australia, New Zealand, USA, Britain, and Canada all score in the bottom third. In the extension study (Minkov and Hofstede 2012), the scores (on a 0-100 scale) were Korea 100, Japan 99, China 91, Singapore 75, Vietnam 75, Indonesia 67, India 66, Pakistan 54, Philippines 42. There is in the Asian Confucian cluster a sense of lessons learned, interpreted into norms, and passed on from times of deprivation, and with strong vertical order. In all the societies in this set, contributing to four of our clusters, it would be easy to trace family histories and folklore embedded across the economy that speak of hardship, risk of insecurity, and a driving work ethic that supports the aim of achieving respect for the different collectivities: in Japan the work-group, in Korea the nation, in China the family (Redding 1990).

The Hofstede studies pointed clearly to the existence of cultural clusters and thus a cultural effect. There is, however, such complexity in values analysis that such one-dimensional descriptions may be accidentally obscuring.

To consider that, we turn to the work of Schwartz, which has tended to focus on ways in which values themselves interconnect as integrated structures. One would see that, for instance, "if one cultural group gives greater importance to power values than a second group, the second will tend to give greater importance to benevolence values than the first" (Schwartz 1992:56).

Schwartz takes an alternative position to Hofstede in alerting us to these complex interconnections and the two studies end up equally powerful but different in the way they relate to societal theory. As Gouveia and Ros (2000:25) suggest, Hofstede's model "is better explained by macro-economic variables, while the Schwartz model is better accounted for by macro-social variables". For Hofstede, Individualism is counterbalanced by Power Distance. For Schwartz, Autonomy is counterbalanced by Conservation, but only Individualism and Autonomy are strongly correlated across the two models. Hofstede's opposing pair relate to wealth. Schwartz's pair relate to the distribution of wealth. Citing Triandis (1995) Gouveia and Ros suggest that Hofstede's Collectivism may relate more to the vertical emphasis on obligation and obedience to authority, whereas Schwartz's equivalent may be more related to the horizontal emphasis on cooperation, harmony, and equality. This is relevant, because clusters of societal meanings surround the broad notion of collectivism, and become visible in Japanese *keiretsu,* or Korean *chaebol*, Chinese family business, or the state-owned business groups of Singapore, all such forms of coordination having played a

key role in societal progress. The complexities attached to collectivism are also such that there are as many negative effects as positive, as suggested in the work of Fan, Jian, and Yeh (2009), which reveals that among the Chinese family conglomerates that reach the scale of stock market listing in Hong Kong and Singapore there is an average 57 percent loss of capital value over the five-year period of generational transition, a finding supported also by Gomez (2009) in Malaysia (see Carney and Andriesse, 2013).

Variations within Asia and also between Asia and the West are shown in Table 2.

*** Insert Table 2 about here ***

Conservation is found in societies based on interdependent social relations where security, conformity, and tradition are priorities. It is strongly affirmed in the Chinese societies of Taiwan, Singapore, Hong Kong, and Shanghai. It is also strongly affirmed in Malaysia and Thailand (where ethnic Chinese influence is strong). The lowest regional score is for Guangzhou and the China average is lower than that for overseas Chinese territories. The China result may well reflect the commonly observed ideological weakness affecting Chinese society as it struggles with the discrepancies and contradictions of (1) declining Communist dogma, (2) powerful Party control, and (3) the successful market-driven logics of entrepreneurial capitalism.

Affective Autonomy is the opposite pole of collectivism. It receives only mild affirmation consistently across the region and is less strongly supported than in the West, where high scores on individualism would encourage its salience.

Intellectual Autonomy is a value that relates to an individual's freedom to think independently. It receives strong affirmation everywhere except (tellingly) in Singapore, where government efforts to sponsor its growth have been quite public. However, its affirmation in Western countries, most notably France, is even stronger than in Asia.

Hierarchy is only supported at all within this sample in China and then not strongly. The Western view of it is not at all positive.

Mastery (in some accounts Competency) is a value that supports behaviour to dominate surroundings and the legitimacy of changing the status quo. It is universally affirmed in Asia and especially in China, with the exception of a somewhat weaker response in Thailand. The China response may well be an outcome of a context of opportunism and risk-taking that has accompanied the economic explosion (Guthrie 2006). Minkov (2012) has also reported from his readings of the World Values Survey (see below) that East Asian cultures emphasize individual self-reliance in economic matters rather than dependence on help from others. For the special case of Thailand, there is literature suggesting higher levels of fatalism in Buddhist societies (Lawler and Atmiyanandana 2003) and this may well weaken values about mastery of circumstances.

Egalitarian Compromise is typical of societies that share a concern for the well-being of others, seen broadly. In collectivist societies, welfare is displaced into the collectivities, and this makes the wider concern to some degree redundant. The correlation of this value with Individualism suggests that it would not be strongly asserted in Asia. It is in fact asserted consistently in all cases, but at lower levels than in the West.

Harmony is essentially about the fit with nature and the protection of the environment. It is universally affirmed, but slightly more strongly in the West. Asian exceptions are high scores for Japan and Taiwan, where much cultural influence has

been shared historically and where Japan's Buddhist heritage may be at work via the sacralization of nature that went with it (Eisenstadt 1996:234).

The World Values Survey

The World Values Survey, initiated, extended, and publicized academically under the guidance of Ronald Inglehart (Inglehart 1997, 2000; Inglehart and Welzel 2005; Norris and Inglehart 2004), has fostered the growth of a massive and growing global databank, as well as deep analyses of modernization, economic development, cultural change, and the role of religion (World Values Survey 2009). Analyses of its data across many of its waves of collection have revealed, as have other studies, that among the variety of values visible around the world lie two predominant and reciprocally balanced dimensions: (1) Survival versus Self Expression; (2) Traditional versus Secular-Rational.

The cultural map of the world in these terms is given in Figure 1. Here the Asian societies fall into two clusters. A secular-rational culture is at the top, with a wide separation within it between our two clusters, Japan and Advanced Northeastern. The second broad grouping is biased more towards the traditional and includes Vietnam, India, Indonesia, and the Philippines. All the Asian societies reported are relatively neutral on the dimension of Survival versus Self Expression, and this suggests a possible counter-balanced combination of (a) escape from a condition of subsistence and the consequent opening of new opportunity spaces and (b) a collectivist rather than individualist ideal that subdues self-expression as a norm.

*** Insert Figure 1 about here ***

The GLOBE Studies on Leadership

Another large-scale global study of cultural differences has been conducted under the research program known as Global Leadership and Organizational Behaviour Effectiveness (GLOBE), initiated and led by the late Robert House. This study was designed to prepare American executives for work in other countries and bring them to terms with the cultural variety in managerial contexts arising from globalization (Javidan et al. 2006; Javidan, Steers, and Hitt 2007). One category within which findings were placed was termed 'societal cultural practices', and we shall concentrate on the distinctions revealed under that heading.

They were seen in two ways, What is? and What should be?, in the context of organizational and leadership behaviour. 17,000 managers were studied in 62 countries by 170 researchers over ten years. Cultures were ranked on nine dimensions (derived from Hofstede 1980, 2001; Trompenaars and Hampden-Turner 1998; and Kluckhohn and Strodtbeck 1961).

In broad terms connecting culture and societal effectiveness, the GLOBE study concluded that Performance Orientation, Future Orientation, and Uncertainty Avoidance are "positively and significantly related to most measures of economic health" (Javidan, House, and Dorfman 2004:37). They also noted that Institutional Collectivism is positively and significantly correlated with three out of five measures of economic health, whereas In-group Collectivism is negatively and significantly related to economic health (see Li and Redding, 2013).

The key conclusions for our purposes can be summarized as follows:

1. The pattern of uncertainty tolerance follows that depicted by Hofstede, but here is seen against consistently higher levels of wishes for what should be. Only Singapore is an exception, with a higher actual tolerance of uncertainty

than is seen as ideal. Elsewhere in the region, people aspire to greater flexibility.

2. Future orientation (or Confucian Dynamism) is confirmed, but there are strikingly strong aspirations for what should be. This is universal except for China, which shows an opposite result. The gap is especially wide in the countries of our Emerging Southeast Asian cluster and is arguably a reflection of their being outpaced by their more purely Confucian neighbours.
3. Both forms of collectivism – in-group and institutional – are generally seen as being in reality close to the ideal.
4. The humane orientation does not match the espoused ideal in China, Singapore, Hong Kong, Korea, Taiwan, or Japan, although it does so quite clearly in the Emerging Southeast Asian cluster. This difference in the perception of applied humanism may well find its explanation in the pragmatic responses to social order and hierarchy often attributed to Confucian forms of society and in contrast with Islam, Buddhism, and animism. Another opposite to Confucian pragmatism is in the Philippines, with an unusually high score on humane orientation.
5. There is universal affirmation that hierarchy is a fact of life, but there is equally widespread strong rejection of it as an ideal. The only exceptions here are Thailand and Taiwan, where the scores for 'as is' and 'as should be' are high and fairly close together.
6. Assertiveness in managerial behaviour is moderately affirmed across the region as normal, but is judged very differently. In the Post-Socialist cluster, the Emerging Southeast Asian cluster (except in Thailand) and in Japan, more assertion is seen as an ideal. This is however rejected in the Advanced Cities and Advanced Northeast. It may well be that the achievement of economic success in these societies has come at the cost of hardening relationships in the economy and that a reaction to favour a more sensitive style of behaviour is now apparent.
7. Performance orientation is confirmed throughout, especially in the Advanced Cities, Advanced Northeast, and Japan. Aspiration to higher levels of this is universally high, although somewhat less so in the Post-Socialist cluster of China and India.

Distinctions across national cultures using social axioms

The classic studies of values have compared nations in terms of what their citizens deem to be *important*; recent work on social axioms has compared nations in terms of what their citizens deem to be *true*. Leung and Bond (2008) define social axioms as worldviews, assessments about how the physical, social, and spiritual worlds operate. Individuals in more than forty nations have been shown to organize these worldviews along five dimensions: Social Cynicism, Social Complexity, Reward for Application, Fate Control, and Religiosity.

Nations may be characterized by their citizens' typical profile on these axiom dimensions. Leung and Bond (2004) provide a cluster analysis of these national profiles that show the proximity of a nation's profile to that of 39 other national groups. The first striking thing is the variation between societies in strength of affirmation of axioms, with notably stronger responses in Hong Kong, Korea, Taiwan (and in the West, Germany as opposed to France). Countries where affirmation of axioms is relatively weak are China, Indonesia, Malaysia (and in the West, UK and France). This suggests an important point about culture noted earlier, but rarely

surfaced: there are 'strong' and 'weak' cultures (Archer 1996). Arguably, this is affected by four forces: the strength and continuing clarity of the historical cultural legacy; cultural homogeneity within the demographic make-up of the society now; the impact of perceived societal success or failure on cultural affirmation; and norms may be very closely connected to the basic integrity of the social unit around which life, and in recent memory survival, rests. In Asia the clarity, power, and success of the Confucian legacy is suggested in the clear beliefs reflected in certain societies.

Social Cynicism is a negative view about people and social institutions. A low sense of religiosity and high sense of social cynicism support the recognized pragmatism and 'utilitarianistic familism' (Lau 1982) of the Confucian world. So too does the high sense of reward for application resonate with the economic success of Korea, Taiwan, Hong Kong, and Singapore. Lower scores in China, Indonesia, Japan, and Malaysia on social cynicism suggest that people are not so resigned as elsewhere to that pragmatism.

The role of religion is predictably higher in India than elsewhere, and in China predictably very low. So too are there low scores for Japan and the Philippines. But Hong Kong, Singapore, and Taiwan score high on this element, something that suggests the persistence of both spirituality and ancestor veneration, attributed by observers to the grass-roots nature of much traditional Chinese religious observance (Weller 2010). It is also noteworthy that Fate Control is high for Confucian countries and it is evident that religious practice as conducted in those societies remains associated for many with beliefs about fortune-telling, astrology, numerology, and *feng shui.*

Citizen-making: National Differences in Socializing Children

As with earlier work by Minkov (2008), Bond and Lun (2012) have analysed ten goals for socializing children presented to respondents in Wave 5 of the World Values Survey, with responses from over 75,000 respondents in 55 countries. Their results may be used to array nations across a two-dimensional structure. The first dimension, Self-directedness versus Other-directedness, contrasts a socialization emphasis on self-management, like independence and feeling of responsibility, versus an emphasis on being tractable by others, as in being obedient and showing religious faith; the second dimension, Civility versus Practicality, contrasts a socialization emphasis on public decency, as in being unselfish and showing respect and tolerance for other people, versus attention to material concerns, as in conserving resources and working hard.

*** Insert Figure 2 about here ***

The location of countries on this map of socialization emphases reveals again the clustering of countries into the same sets as already proposed. Japan is an outlier and so too are the Post-Socialist pair of India and China. Taiwan and Korea again converge and so too the Emerging Southeast Asian group of Malaysia, Thailand, and Indonesia. Only Vietnam varies from the earlier cluster pattern of Post-Socialist membership, being here close to the Emerging Southeast Asian group.

The Japanese findings on socialization reveal a tendency to approach – doubtless in principle rather than by copying specific practices –Western ideals of combining self-directedness and responsibility with the sense of duty to the public good seen in the variables of civility, public decency, tolerance, and unselfishness. This idea-set is strongly associated with societies that have achieved high levels of social capital and

so trust of strangers (see Li and Redding, 2013). Such an achievement is also associated with societal wealth and general views of that broad phenomenon attribute it varyingly to 'bourgeois virtues' (McCloskey 2006), interpretations of Enlightenment values (Himmelfarb 2004), the social capital provided by religion (Berger and Redding 2010), and the dynamics of free-market capitalism when practised with 'decency' (ILO 2011; Nowak 2011).

The Confucian world, represented here by two success stories, Taiwan and Korea, shows again a clearer emphasis on pragmatism and less of a commitment to the public good as opposed to that of the inner social circle. The Southeast Asian group affirms practicality rather than communal idealism, but takes a middle position on passivity versus activism. China and India show the opposite of the self-directed ideals associated with individualism and so confirm the collectivism noted earlier. They also display strong ideals about community, perhaps reflecting the heritage of their recent political past, especially in the case of India.

These commonalities reflect the eco-social condition of their nations, described earlier. So for example, affluent nations endorse a profile of socialization goals emphasizing both Civility and Self-directedness. These socialization goals may be regarded as promoting both typical citizen responses as well as national characteristics. For example, both Civility and Self-directedness are associated with egalitarian values, less belief in Fate Control, and greater life satisfaction among a nation's citizens. Both Civility and Self-directedness are associated with preferences for the national goal of providing individual voice as opposed to governmental control, as well as the judgement of that nation as being freer of corruption in its business practices. Thus, we can detect in nascent form a model for national development that moves from eco-social features, through socialization goals for its children, into national outcomes, both for individual and national characteristics. Citizen-making appears to work through culture to deliver appropriate behaviour.

Culture and Business Systems in Asia

We will conclude with a summary of findings, as a means of supporting the opening proposition that culture matters in the business systems of Asia, and by implication elsewhere.

There are three perspectives for consideration when looking at the interplay between the region's culture and business systems – how the structures of vertical order come to be shaped, how the structures of horizontal order come to be shaped, and how the societal ideals for a good society come to be reflected in its institutions. To consider these, we will retain the clusters, while acknowledging their approximate nature. For the question of societal ideals, we have earlier noted the variations in the meaning structures of executives in different societies.

The Advanced Cities

The simple fact of prosperity in Singapore and Hong Kong has made them quite distinct as societies and has allowed them to construct institutions capable of world leadership. They are very different in detail, especially in the power of government in the economy, where they differ philosophically and in practice. They are also each culturally Chinese, but have also embraced a great deal of external influence now absorbed in their societal systems. They were in a sense always hybrid societies. So what does Chineseness bring to the hybrid?

In terms of vertical order, the Confucian heritage is one of the world's clearest and most robust. Founded on a moral order that sponsors the exchange of duty and

protection, it induces a discipline that underlies virtually all relations. This clear sense of compliance presents the world of organizing with people already pre-formed to fit in.

In terms of horizontal order, the identity of Chinese people with family overwhelms all other alternatives. It similarly affects the business arena by being a primary source of organizational ownership, but also a provider of motivation and obligation for the owner to succeed. This means that the society is psychologically made up of discrete family units, each competing with the rest over scarce resources. This is visible in high Social Cynicism and Self-reliance. The perception in Singapore that In-group Collectivism is less than ideal may reveal the breaking of traditional identities attendant on modern levels of prosperity and social re-ordering. The wider sense of communal belonging is weaker than in many other societies and has been the target of much effort in Singapore as it blends in two other sub-cultures, Malay and Indian, to achieve racial harmony.

In both societies, the traditional Confucian societal design of the strong state with moral leadership, judged according to the delivery of peace and prosperity, is interpreted in two forms, neither of them democratic in a full sense, but each constructed to include extensive consultation, especially at grass-roots level. There is arguably a fertile connection between this basically stable order and the opportunities that flow from free-market capitalism. This latter is also here a hybrid that engages both (a) a very long Chinese tradition of mercantile behaviour and commerce and (b) an externally derived set of economic logics and institutions. Access to global markets has in both cases been especially relevant as an influence beyond culture.

Japan

Japan is a cultural outlier in Asia and, despite early Confucian and Buddhist imports, has remained distinct in the evolution of its social psychology. It forms its own cluster. It has also achieved what no other Asian society has yet done; a very high level of advanced industrial power based on its own industrial formula, competing in world markets. The cultural inputs to this were arguably formed in earlier centuries of isolation and were quite radically re-interpreted in two waves of modernization, firstly in the late nineteenth century and secondly after World War II. Two main features distinguish the Japanese interpretation of both vertical and horizontal order from that of the Chinese.

Vertical order in Japan is also founded in Confucianism, but in a form based on the re-interpretation of that ideology by Tokugawa, the founder of the dynasty that controlled the country between 1601-1868. In this, power was allocated to local leaders, but only held as long as peace was maintained in that domain. This required the building-in of extensive processes of local consultation. Autocracy (and power-building) was consequently slowly eliminated. Along with this went the growth of an administrative class of intellectuals that (as in China) controlled from the centre and maintained orderly conduct without corruption. The two forces of (a) the consensus ideal and (b) the high sense of administrative calling, were then added to the mixture of influences that made modern Japan twice over, post-1868 and post-1945. Collectivism had earlier coalesced around the work-group (*ie*) and was carried forward into the new organizations, where it remains. The combination of Confucian pragmatism and administrative tradition contribute to the very high levels of secular-rational belief, the high Masculinity scores, and the high intolerance of uncertainty. At the same time, high social sensitivities reduce assertiveness, induce harmony as an ideal, and moderate self-directedness to include a sense of communal duty. This

unique configuration of features is arguably conducive to the stable coordination of large-scale enterprises as well as their smaller equivalents.

The Advanced Northeast

Both Korea and Taiwan were under Japanese control during much of the first half of the twentieth century and Japan imposed on them its own version of state-directed industrialization, itself consistent with Confucian ideals. The post-war re-assertion of autonomy (including in the case of Taiwan a strong sense of asserted Chineseness) did not entirely eliminate the Japanese legacy, despite resentment of it, especially in Korea. Economic prosperity has been added to the mix of elements, and in achieving this it must be acknowledged that heavy influence came from the United States in both cases, especially in the field of technology and the societal ideals surrounding democracy.

Both societies display a mixture of the old and the new. There is for instance high Conservation and high Secular-Rationalism. The common Asian finding of high Collectivism and high Power Distance is found here and also the patrimonial view of power. Confucian dynamism is accompanied by high self-reliance and high social cynicism. The Pragmatism commonly found in Confucian societies is also high. In Korea there is reservation about institutional collectivism, which is seen as higher than the ideal, possibly revealing a negative response to the organizational militarism that can take over large companies. In Taiwan, there is notably high religiosity and concern with harmony, as well as the acknowledgement of high social interdependencies. This latter may be reflected in the tendency of Taiwan companies to be smaller in scale and more personalistically managed than in modern Korea.

Emerging Southeast Asian

A wider spectrum may be expected here, as much of each economy is under ethnic Chinese control, while employing people of local cultures. So too is there a wide range of religious traditions and colonial experiences. Even so, common denominators are visible in high power-distance, high collectivism, tolerance of uncertainty, and traditional humanism. Another shared feature is non-assertion of Confucian Dynamism or performance orientation.

Indonesia, with its soft form of Islam, is nevertheless a society of relatively tight cultural constraints. Thailand under Buddhism displays low mastery. The Philippines displays unusually high humanism, but also social cynicism.

Post-Socialist Economies

There are no obviously common cultural ideals that stretch across India and China, except for the sharing of Buddhism among many citizens and the tradition of hierarchy. India is mainly Hindu, traditionalist, with tight social constraints, high social cynicism, and a form of vertically-defined collectivism redolent of much earlier Confucian hierarchies. China is anti-traditionalist, high on secularity and rationalism, and stressing self-reliance.

Despite some overlaps, the essence of their current dissimilarity lies in their opposite responses to post-socialist existence. In India the path was that of democracy, free markets, and accountable government. In China it was state control and managed markets, with a constrained entrepreneurial sector. The instinct for hierarchy is exercised in contrasting ways.

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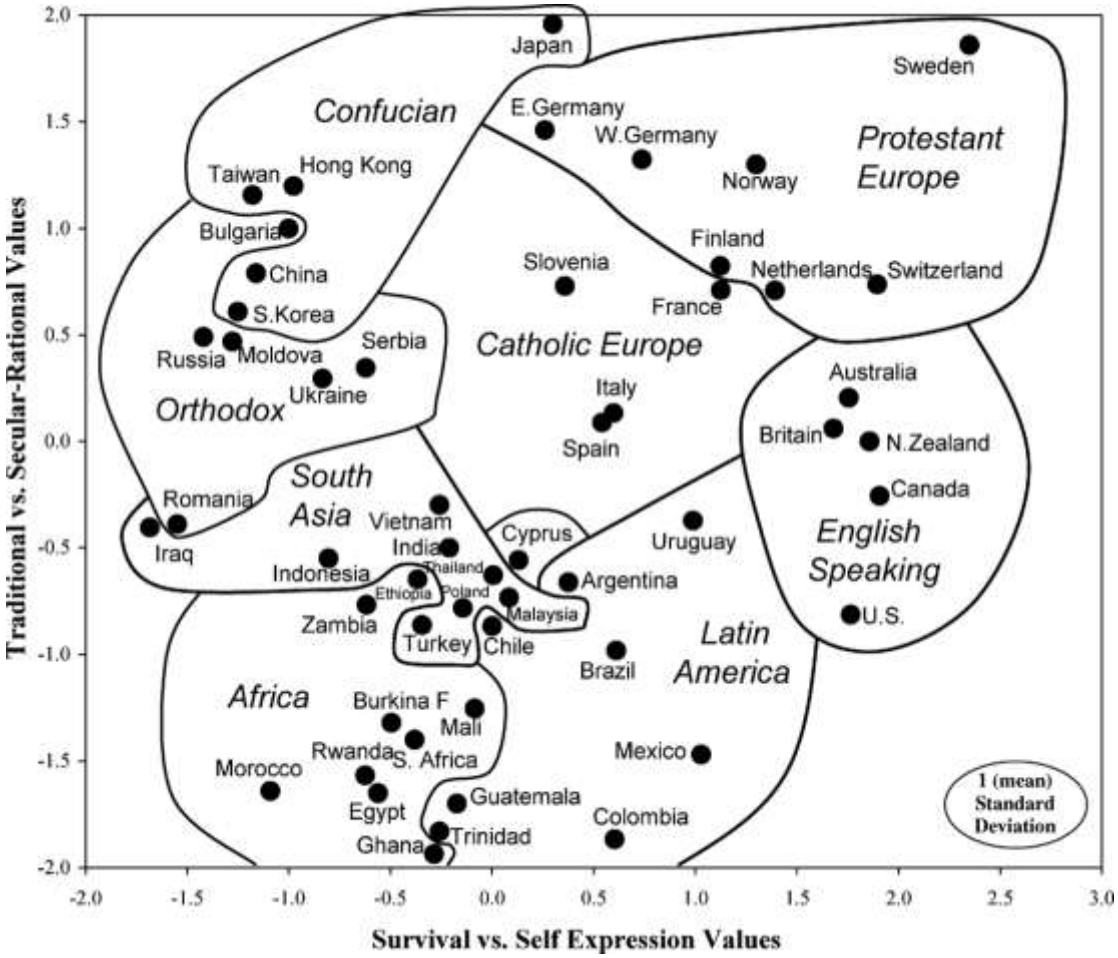

Figure 1. Locations of 53 societies on global cultural map in 2005-2007.
Source: Inglehart and Welzel 2010.

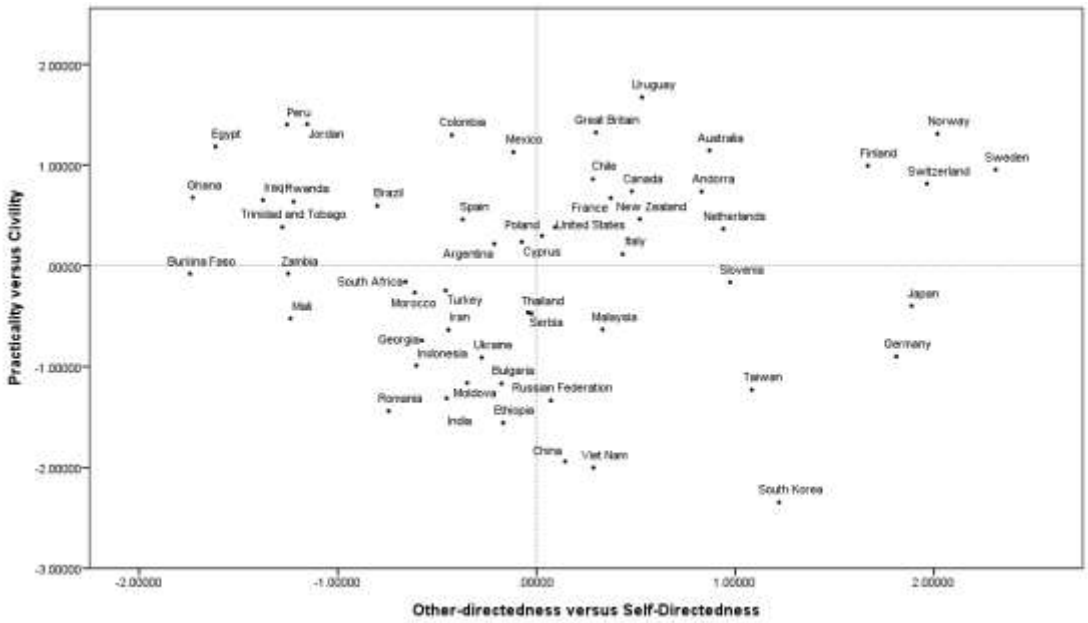

Figure 2. Goals for socialising children. Source: Bond and Lun 2012.

Table 1. GDP per Capita of Clusters, 2011.

Cluster	Country	GDP
Advanced cities	Singapore	59,722
	Hong Kong	49,137
Japan		34,740
Advanced Northeast	Taiwan	37,720
	Korea	31,714
Emerging SE Asian	Malaysia	15,568
	Thailand	9,396
	Indonesia	4,666
	Philippines	4,073
Post-Socialist	China	8,382
	India	3,694
	Vietnam	3,359
	Laos	2,659

Source: IMF World Economic Outlook Database Dec. 2012

Table 2. Asian and Comparative Scores on the Schwartz (1994) Dimensions of National Values.

Country	Conservation	Affective Autonomy	Intellectual Autonomy	Hierarchy	Mastery	Egalitarian Commitment	Harmony
Taiwan	4.31	3.21	3.93	2.85	4.11	4.68	4.17
Singapore	4.38	3.04	3.68	2.75	3.93	4.79	3.72
Hong Kong	4.04	3.11	4.08	2.83	4.18	4.85	3.34
Shanghai	4.10	3.09	4.25	3.36	4.57	4.65	3.63
Guangzhou	3.75	3.45	4.58	3.78	4.84	4.35	3.83
China (comb.)	3.97	3.32	4.27	3.7	4.73	4.49	3.71
Japan	3.87	3.54	4.68	2.86	4.27	4.69	4.07
Malaysia	4.46	3.16	4.07	2.43	4.34	4.66	3.50
Thailand	4.22	3.62	4.08	3.32	3.99	4.34	3.93
US	3.90	3.65	4.2	2.39	4.34	5.03	3.70
Netherlands	3.68	3.51	4.44	2.26	3.98	5.39	3.98
Denmark	3.64	4.01	4.58	1.86	3.97	5.52	4.16
Australia	4.06	3.50	4.12	2.36	4.09	4.98	4.05
France	3.35	4.41	5.15	2.16	3.89	5.45	4.31

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