

IBS220 Task 1 Reading 1

The Business of Culture

by: [Juan Luis Suárez](#) Issues: [July / August 2015](#). Tags: [business of culture](#), [corporate culture](#), [cultureplex lab](#), [digital age](#), and [International Business](#). Categories: [Strategy](#).



Culture has long been considered marginal to the core functional areas of companies. Only recently have academic and business leaders paid more attention to cultural differences as firms develop strategies to conduct business globally and adapt to various cultural settings. However, we still lack a proper understanding of how and where culture — that is, information affecting the behaviour of our customers and stakeholders — affects our business processes and the very positioning of firms in the market.

Part of the problem involves persistent common mistakes in our thinking about culture. This article addresses common misconceptions about culture. It then attempts to focus our understanding of culture by suggesting that we view it as information, while assuming that information makes and destroys communities. The goal is to help businesses devise cultural strategies that allow them to deal with the communities that make up their ecosystem and take advantage of the digital age to engage with them.

Many people wrongly believe that culture cannot be commoditized because it is intangible — something spiritual that depends on the creative impulses or efforts of artists. To a certain extent, everyone can identify with this assertion, especially when it has something to do with “our” culture. After all, culture is something that can only be understood by insiders, those who form part of a community — a country, a company, an ethnic group — where a culture can exist and flourish naturally. This is why it is so complicated to live in a place different from where we’ve grown up or to understand why certain things are so different in other countries, universities or companies. This is also why it is extremely complicated to change the culture of an organization. Simply put, if you are an outsider, you can’t understand the culture and so changes you suggest are a threat to the community. Meanwhile, if you are on the inside, you don’t have the distance required to bring about sustainable change. Culture, in some way or another, possesses us. And once we assume that culture belongs to the spiritual realm, another error in thinking follows: the belief that culture has nothing to do with money.

Beethoven’s compositions, García Márquez’s writing and Paul Cézanne’s works — all are priceless. Nonetheless, an album by Beethoven, a novel by García Márquez or a painting by Cézanne definitely

has a price, not to mention a distribution network, marketing strategy, managers, bids and producers. So if truth be told, whenever human beings have been involved, culture and trade have gone hand in hand. Indeed, any major movement of humans since prehistoric times has had a corresponding movement of cultural assets. And these cultural assets cannot be separated from the networks that govern other kinds of commercial products.

In our research of the Hispanic Baroque at Western University's [CulturePlex](#) Lab, we have identified and tracked the large flow of artistic products that have circulated within Europe, the Americas and Asia for three centuries. When it comes to painting, for example, more than 15,000 works formed and evolved from a series of subjects and motifs, which, in turn, continue to change throughout time in a vast geographical space.

The case of Rubens is paradigmatic. He understood distribution networks and undertook large-scale production for the European and American markets, producing masterpieces of art on commission that were then turned into collections of engravings and distributed in the form of books (through possibly the most important alliance of that time, with printers). At the place of destination, local patrons, who enjoyed some of the profits of the silver boom that later caused the first great modern inflation in Ming China and Europe, hired local artists. These artists used these "Rubenian" models to create their own works. As a result, we find versions of Rubens's "The Devotion of the Pastors" in Madrid, Seville and Murcia, to name just a few places. Books of engravings were easier to circulate than paintings and could contain far more information. Furthermore, they copied better, traveled better and contained more imitable models and, therefore, had more potential to reach a large number of people.

Another common error surrounding culture identifies it with a collective of values. Geert Hofstede's cultural dimensions theory—which argues that countries are systemically distinguished from one another by certain clusters of values—has helped make this misconception of culture common. One of Hofstede's most important contributions lies in the scope of his research, which covers more than 90 countries. Nonetheless, his work contains a lack of emphasis on the origin of values, not to mention the dynamic nature of cultures. As a result, he offers high-level abstract notions that are useful for predicting behaviour at the most basic level, while ignoring cultural elements that go above and beyond national boundaries. In this case, the emphasis on cross-cultural differences takes the attention off the role of culture within countries and communities.

So what is culture? According to Peter J. Richerson and Robert Boyd, authors of *Not By Genes Alone: How Culture Transformed Human Evolution*, culture is "information that affects individuals' behaviours and that they learn from other members of their species through imitation, learning, and other social practices."

With its focus on the role culture plays in the evolution of human beings, Boyd and Richerson's theory distances itself in many aspects from Dawkins's meme theory. Nonetheless, their approach is completely valid when it comes to recognizing the importance of culture to business in the 21st century and to understanding why all business strategies in the digital age need to be cultural strategies as well. And if we accept that culture is information that affects individuals' behaviour, then understanding it requires us to figure out what kind of content is included in these influential packets of information, not to mention who creates or recreates this content, how it is distributed within a given population, and how the transference between information and behaviour occurs. After all, these elements determine the processes of imitation, learning and social practices that are produced within any community.

There have been many attempts to define what Google is, but I think its mission statement does it best, at least as far as encapsulating the firm's *raison d'être*. Google's stated mission "is to organize the world's information and make it universally accessible and useful." In other words, Google aims to serve as the world's fundamental cultural institution by satisfying what has become a basic human need in the digital age — the consumption and production of information required by individuals to be integrated into social groups.

Although 20th-century media and entertainment conglomerates were headed in the same direction, Google first converted culture into business on a scale never seen before in human history by combining searching with the sale of advertising space. Google, Facebook, Twitter, Flickr, Instagram, WhatsApp, Weibo, Alibaba and Amazon have all anticipated and capitalized on changes that have turned culture — information that affects our behaviour — into the most distinctive and decisive asset for business.

These changes all relate to literacies now necessary to survive in the new era of communication between humans and machines, and between machines themselves. Outlined by Erik Brynjolfsson and Andrew McAfee in *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies*, they can be summarized as follows:

- Exponential technological progress.
- The digitization of everything.
- Creativity is digital recombination.

As Brynjolfsson and McAfee note, most human activities — from production to pleasure — now occur almost entirely in digital format, facilitating endless transformations. And the creative combination of digital information, whose displacement to another human context creates a new product with added value, creates possibilities for business.

When ING CEO Ralph Hamers introduced his "Think Forward" strategy last year, aiming to create differentiating customer experiences by focusing on primary relationships "enabled by streamlined organisation, operational excellence and enhanced performance culture," he warned that all banks were threatened by the likes of Google, Amazon and Facebook. And the recent forum on financial innovation, organized by the Ontario Centres of Excellence and the Toronto Financial Services Alliance, echoed the same concerns. Why did Hamers warn the financial sector to watch out for a search engine company, an online retailer and a social networking firm? Simple. Google, Amazon and Facebook all share the capacity to create communities that compel people to make payments within a closed and secure environment. They also have enough information and technological skills to turn the behavioural data they have, first, into predictions and, later, into triggers of new behaviours.

The creation of a community is not easy, while destroying one has always been relatively simple. This is why we fear social and political revolutions, and this is why it is so complicated for a company to recover from failure. But think in different terms. If a community is a group of people who share the same information, then being in the business of information is not an option anymore, because if you are not managing your information and communities, someone else will. Let's keep in mind that one person can belong to various communities (family, neighbourhood, office, consumer group, factory floor, etc.) that collectively share a diverse range of information. And once the traditional channels of creation and distribution have overflowed, the rate of formation and destruction of communities becomes much faster and more unpredictable than before, and therefore traditional communities of consumers are an easy target for challengers in any business-to-consumer industry.

In this context, the key is to define new spaces where the digital ground is ready for communities to grow, which is what Facebook, Amazon, WhatsApp, Twitter and Weibo have done.

Attracting and maintaining consumers in a digital community — clients who use a particular payment system, for example — is now easier and more profitable than trying to bring them to a physical location to do a transaction. In fact, the entire management of a company culture, from branding to loyalty programs, is much more effective if it happens in the ecosystem of a digital community. In other words, the outlook for the prosperity of any business improves the moment that we start to accumulate sufficient information and structure it in an adequate manner that facilitates the creation of communities, groups of clients or audiences, and behaviours that align customers — old and new — with the organization's strategy.

The bottom line is that applying models of another time to the digital and consumer-centric age makes no sense. How well companies understand and manage culture now can make the difference between success and failure. But to successfully transition into a culture-oriented company, it is fundamental to keep in mind the following when developing your strategy:

- Culture is a company's interface with stakeholders and must be dealt with in terms of two elements: information and behaviours.
- Digital is the key to reorganizing business models to perform in the new environment, so it should be a firm's central axis, the core of a company's organization.
- Consumers have two dimensions. On the one hand, there is the individual that produces and consumes information, and on the other, there is the community member who shares information and whose behaviour responds to a flock dynamic. Organize your business processes simultaneously for these two levels of granularity — individuals and groups/communities whose interactions bring about changes in behaviour.
- It is important to understand where your firm fits in the value chain of culture. In order to get the most out of this position (in all areas of business), you might have to reposition yourself upstream or downstream.
- It is necessary to have an ongoing and dynamic digital presence that allows you to create and manage your own communities (especially those with respect to new digital literacies) because that is where one finds human talent and ideas for new products in order to develop a competitive position in the digital era.
- Converting data relevant to your business into meta-information about the behaviour of individuals and groups is fundamental to aligning the organization with its global objectives and processes. So, the big data strategies must be part of the overall digital strategy, not something that only affects IT departments.

In a softer version of the revolution that we are experiencing, culture is simply the new interface for a company. In the more probable version though, getting cultural strategy right is required for success in the new digital world — which is why culture is the business of the 21st century.

About the Author

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Reference: Suárez, J.L. 2015. The business of culture. Ivy Business Journal. Accessed at: <https://iveybusinessjournal.com/the-business-of-culture/>

Questions to address in the Cultural insight essay

Question one: Managing an organisation also involves managing human resources. These resources are not static: employees can move to another position, or leave an organisation, or be replaced. Ideally, any newcomers will adapt to the culture of the company or at least respect it.

As part of your answer include

- what culture is
- what organisational culture is
- how the organisation will ensure that human resources will adapt or respect it.

Question two: What insights do you think Hofstede and the GLOBE project offer into the dynamic process of cross-cultural management?

- Briefly explain what Hofstede's theory offer
- Briefly explain what the Globe project offer
- Drawing on the reading explain the dynamic process of cross-cultural management.