

**Foreign culture environment as a problem in international  
management: A critical representation of the culture levels  
model**

**Vassilios Roussopoulos**

**TEI of Larissa**

***Abstract***

*For Eberhard Duelfer, German professor of business economics, there is a practical information problem by international management about the culture environment of a firm that works in a foreign country. The culture data is different from country to country and it changes through the time.*

*Duelfer distinguishes the environment of a firm to three parts: a) the internal environment of the firm b) the special business environment of the firm and c) the global culture environment of the foreign country.*

*He formulates the culture levels model according to it, there are, including the internal and the special business environment, the following levels: Firm and management, Special business environment, Right and politic norms, Social relations and bonds, Cultural depended values, Level of perception of the reality and technology, Nature facts.*

*The core of the levels model is that the various levels are bonded together to explain the global culture environment and its change. The order of the levels takes into consideration that in long-term (evolutionary) each level influences to the neighboring level in direction from the bottom level to the top level. From the other side there are also feed back relations from level to level and a simultaneous influence from all the factors of the global environment directly to the firm.*

*Duelfer applies the levels model to explain two historical events: the revolution in Iran and the reformation processes in the East Europe.*

*The author of this article tests from his point of view the explanation of the two historical events and some other cases through the levels model and its operational ability for the manager of a firm in a foreign country, and why not in his own country.*

*The conclusion is, that the levels model cannot explain or foresee the changes of the culture environment. However the contribution from Duelfer is, that he focuses the attention again to the culture environment, in which act and develop the enterprises.*

**Keywords:** E. Duelfer, international management, firm environment, culture and management.

## I. The culture levels model

### 1. Introduction

The companies function and develop in the frames of the economical, political and social relations and international evolutions. Therefore, many authors of management economics have formulated theories for the theoretical perception of the cultural environment of the firms. One of them is Eberhard Duelfer, a German professor of business economics. E. Duelfer examines those models-theories that do not fulfill him and that's why he formulates his own model.

For E. Duelfer, there is a practical information problem by international management about the culture environment of a firm, that works in a foreign country. This problem occurs because the culture data are different from country to country and change in a country through by the time (Duelfer 1997, p. 246).

Duelfer distinguishes the environment of a firm to three parts:

- a) the internal environment of the firm
- b) the special environment of the business of the firm
- c) the global culture environment of the foreign country (p. 249 f.)

To the internal environment of the firm belong the co-workers, the capital owners and the cooperation partners (p. 250).

To the special business environment of the firm belong the suppliers, the customers, the banks, the labor unions, the competitors and the network partners, the public, the authorities and for the countries of the 3rd world, if it is necessary, important religion leaders and ethnical nobilities (p. 251 f.).

To the global culture environment of the foreign country E. Duelfer formulates the culture levels theory according to it, there are, including the internal environment and the special business environment, following levels:

- Firm and management
- Special business environment

  1. Right and politic forms
  2. Social relations and bonds
  3. Cultural depended values
  4. Level of perception of the reality and technology
  5. Nature facts (p. 257 f).

The core of the levels model is, that the various levels are bonded together to explain the global culture environment and its change. Between all the influence factors exists interdependence, which must be more or less with violence broken, to identify dependence relations. This occurs in a way, which is characterized as "genetic", because it goes out from the origin evolutionist causal - connection (p. 257).

The order of the levels takes into consideration that in long-term (evolutionary) each level influences to the neighboring level in direction from the bottom level to the top level. From the other side there are also feed back relations from level to level, for example between the right and politic norms and the social relations (influence from wedding and family right) or between the social relations and groupings and the cultural depended values (influence of the organizations to the worth attitude from each individual). Also the top level (right and politic norms) can be changed through initiatives of

the interaction partners from the special business environment (lobbies, parties to a wage agreement). From the other side the interaction partners can be influenced most directly through the right and politic norms (p. 259 f.).

There are also simultaneous influences from all the factors of the global environment directly to the special business environment and to the firm and management environment. (p. 262)

The article is distinguished in two chapters: in the first chapter is presented the culture levels model, in the second chapter is the explain and operational ability of it.

## **2. The 4+1 levels of global environment**

The global environment is consisted of 4 levels of culture and 1 level of nature environment.

### **2.1. The nature facts (the bottom level, level 5)**

The influences of the nature facts are direct and indirect. Directly, the nature facts influence geographically the firm by the position of the country and climatically the people. Indirectly it influences the nature facts to the global culture phenomena (p. 257 f.).

### **2.2. The perception of the reality and technology (level 4)**

Any kind of nature change from the human beings, requires two things: Firstly, some ability to perceive the characters, structure and function of the nature systems. Secondly, some stand of technical knowledge so that they can transpose the analytic knowledge in engineering (p. 258).

Science and engineering are affected by the language as a communication medium and by the education. Both can exist only in social-organizational context. So, that the farther development of the engineering is influenced from feed back relations from the higher levels f.e. from the social relations or the right norms (p. 258).

### **2.3. The cultural depended values (level 3)**

Only when there are some technical and communication knowledge can be formed and interpersonal exchanged individual values conceptions. In this level concentrate the powerful normative influences from the cultural system. To this level belong beliefs, mentalities, principles and personal aims of individual (p. 258 f.).

### **2.4. The social relations and bonds (level 2)**

The value conceptions are presupposed for the shape of social relations and bonds. These can occur in various forms of organized membership or of informal grouping. Because the individual values can be influenced powerfully from group relations between both levels exist also interdependencies (p. 259).

### **2.5. The right and politic norms (top level, level 1)**

The social relations and bonds are on their part presupposes that human communications and behaviors would be consolidated through right norms. The aim is to harmonize the life together and guarantee the interpersonal interest balancing. Right norms are so far always the result of social relations and they influence on their part the further development of the social relations. They are also frequently completed strengthened or modified through political norms. Politic norms are ideological founded orders and prohibitions for individual behavior, which are inserted from politic power center out of positive right but by using sovereign power means respectively under convocation of state authority (p. 259).

### **3. The culture levels model as an early warn instrument of culture change. The case of Iran.**

The culture levels model must catch and show the continual culture change in addition to the culture differences of the various culture areas at a given moment. (p. 266f).

In the last decade there is a world wide median - communication, that brings mutual partially influence into the cultures. Also in former absolutely monistic structured cultures appears recently a social - culture change that produces specific mixed "hybrid" forms. Very often expresses (above all in the developing countries) a confrontation between conservative - traditional mentality and progressive - modernistic behavior. (p. 267)

Therefore, it does not suffice a pure static analysis of the mutual relations between the traditional culture and the modern industrialization. It is required a dynamic consideration, that enters into the observed intermediate forms and change processes. It regards to the European integration, to the east-west approach and to the third world (p. 267).

Exactly those processes of change can be clearly illustrated with the culture levels model of environment differentiation, because they are always based upon influences between the various levels and indeed in long-term as a rule from the bottom level to the top level. For example, the political revolution and the resulting constitution change in Iran was less unexpected for those, who already previously perceived the observed evolution tendencies in the cultural depended values and from them resulting the restoration of the social relations and bonds. (p. 267 f.).

This shows, that the culture levels model as model of analysis and explanation can take the character of an early warn instrument. For this purpose can be established an information system, that registers with suitable indicators, special for each country, all the changes in the various levels of the model. By corresponding extension of the information system the updated data of the global culture environment can be combined with the data of the special business environment (suppliers, competitors, network partners) and the critical values of the business systems. Fact, that makes easy the perception of the relevant "weak signals" for an early warning (p. 268).

#### 4. The culture levels model as analysis instrument of transformation process in East European countries

A special fall of "social and economic change", that it was first perceived in the 3rd world, took place in East Europe through ideological - political alteration and the resulting economic restructure (p. 268).

The transformation process happens in various dimensions and in different levels. Dimensions are the fundamental constitution, political, administrative, economical structures and power distribution. These facts require extensive alterations of the whole public and private right, especially of the property law (p. 268 f.).

In spite of the typical - juridical reforms there is yet little stability and security. Such a radical change in the life of individuals and social groups brings a full irritation in the individual and group behavior. The behavior wise was oriented for long time to the previous order structures. So it is required a mentality change in the way of life, participation in the civic affairs and activities of the economic and business life. According to the reports, these mentality and behavior changes are absent in the wide population and the necessary transformation process let miss in the various groups and in the various organization levels (p. 269).

From the point of view of the culture levels model can be explained, that the comprehensive transformation of the right and politic norms presupposes equivalent alterations in the level of the social relations and bonds. These again can take place comprehensive, if the people give up the cultural depended values, reject their belief contents, develops and adopts new orientations and ideals. For this is required acceptance of previous errors and misguidances, that means a higher ability of reality perception. In this way the thesis of model is confirmed, that the fundamental alterations, which are as a rule of long-term nature, unroll in accordance with the culture levels model from down to top level (p. 269).

A special case is the transformation process of former German Democratic Republic (GDR), in which was transferred the legal system of Federal Republic of Germany by the reunification. In this way it was introduced the transformation process from the top to the bottom. This wouldn't be possible, if the people were not having a general readiness to change one's views, that is a partially alteration in the deeper levels. Nevertheless the present difficulties and contrasts today (1997) after 5 years, confirm that a definitive alteration can be realized only as a complete change from the bottom to the top (p. 270).

About the beginning of the transformation process in East Europe *Duelfer* writes in another place: In example, about the reformation movements in East Europe, especially about the peaceful revolution at the former GDR, was to study, how on the basis of a subjective value changes of many citizens raised next the intention for only the diversification of the social structures. The resistance though of the system led to the confrontation (p. 360).

## **5. Once more: The 5 global environment levels**

*Duelfer* comes back to the 5 global environment levels and inquires their influences on management, labor and consume behavior. Here it interest us only some fragments from the above, which are mentioned with the levels relations.

### **5.1 Nature facts as environment influences**

The mineral resources exploitation guides to industry workers agglomerations and the connected traffic infrastructure determines the technical and educational development level. As well as forms the change of social structure (in relation to income distribution and through the migration movements cultural differentiation) up to tendencies of state-political secessions f.e. the fall of Katanga in Zaire and Biafra in Nigeria (p. 278 f.).

The experience in Iran shows also, that through the nature resources given development chances are not limited on the economic part. They concern not only sizes as per-head-income, consume and individual life chances through better health provision and education possibilities, but they influence also the development of social and culture structures. With that they produce novel conflicts and unrespectable ideological - culture developmenttendencies (p. 279).

The concentration of the population in ground resources center affects the culture respect. In extreme cases it comes to a slum formation at the edge of an industrial capital center, in which there are accelerated social-structural changes, that corresponds to political consequences (p. 279).

### **5.2 The stand of reality perception and procedure technique**

On the reality perception *Duelfer* distinguishes two development stages: the mythological - magical reality explanation and the scientific cause - effect perception, although the limits were from the beginning flexible (p. 307).

Another subject is the maintenance of wrong theories as the geocentric theory, that was preserved from the church against the scientific proven heliocentric theory of Copernicus (p. 308).

He also mentions the social acceptance of new scientific views in Africa and Asian states, which are spread in permanent conflict with traditional norms f.e. from Islam, Animism and other doctrines (p. 308).

### **5.3 The effect from cultural depended values**

The cultural depended values are influenced from the psychical constitution of individual and through the social interaction. In the second case significant information media is the education in parents house and in the school, contacts with leaders (idols), religions instructions and ideological indoctrination. The respectively constellation is far-reaching conditioned by culture, not in a homogeneous way for a country but with differentiation according to social affiliation. The specific structure of the value system of the individual comes from the interdependence with the social stratification and group formation. This is not against with the essential content tendencies of the over personal culture specific value system, which is determined through the ability of reality perception and the technology (p. 318).

#### **5.4 The influence of social relations and bonds**

According to the cultural specific values constitute and change the social relations and bonds. Referring to the individual exists, without any doubt, a special narrow interdependence between both levels. Because the individual, as member of his social environment, endeavors to satisfy the expectations of the group, in which he lives and works. But all this by the attempt on his own intentions and wishes (motives, derives, wants) bring to bear and through that to influence the group life (p. 360).

In social relations belong the families, the castes, the job unions and labor unions (that incline to labor parties because of the interest situation of their members), the social structure and the cooperatives (p. 360 f.).

#### **5.5 The relevance of right - politic norms**

In the modern societies, at least in parliamentary democratizes, the laws enacted by dispute of group interests from the parliament majority. So is the influence of the political conceptions and postulates on the legislation clearer and stronger as in 19th century. Where it was given in first line more care on the closeness of the right system. In addition comes the fact, especially in the new founded states (3rd world) or constitutional reformed states (East Europe), that political ideologies (f.e. the independence movement) influence strongly the beginning of the right exercise. Therefore are recommending both, the right regulations and the political norms and postulates, to treat as a complex conglomeration (p. 388).

Both types of norms result from the social relations and bonds and from their underlying cultural depended value judgments. Hence they are at the top level of the global environment of model (p. 388).

The right order must be considered in connection with the common right consciousness of the people (p. 390).

## **II. The critique of the explain and operational ability of the culture levels model**

Duelfer doesn't mention step by step the corresponding level of the developments in Iran, East Europe and the other examples. We must do it in order to find out, if the developments of the societies follow the levels model. In spite the existing difficulties in some cases to find the equivalence between the historical events and the model levels. By this classification problem of the historical events we classify the state activity in level 1 and the results (as reality) in level 4.

### **1. The political revolution and constitution change in Iran (1979)**

Duelfer is very taciturn about the concrete conditions of the political revolution and constitution change in Iran. He mentions only that the exploitation of the nature resources except of economic development produces novel conflicts and unrespectable ideological - cultural tendencies (p. 279).

Usually by development and improvement of the life conditions in

spite of novel conflicts and counteractions the big mass of the people supports the state power. Though in case of Iran it was formed an opposition from all social classes.

The reality in Iran was characterized with a feudal structure in agriculture (level 1), dependence from oil exploitation (level 4), demographic explosion (level 2) and rural exodus (level 2). By these condition constellation 1962 the government of chess (level 1) touched the interests of clergy (level 2) with the expropriation of the clerical feuds (level 1) and the restriction of the religion on the education (level 3?) The demographic explosion (level 2) and the rural exodus (level 2) created unemployment problems (level 4), especially to the young people (level 2) in the cities. The confronting of the unemployment problems with loans and credits (level 1) carried on an uncontrolled inflation (level 4). In 1975 by an effort of the government (level 1) to control the inflation (level 4) came in confrontation with the merchants and the manufacturers (level 2). The expectations of nearly all social classes (level 2) were contradicted (level 4). In 1978 the dissatisfaction begun to be expressed with antigovernment demonstrations (level 2?). The authoritative regime of chess (level 1) proclaimed the military law (level 1) over all the big cities. (P.W. Avery et al 1984, p. 115 f). The expression of interest from the religion leaders (level 2) for the poor (level 2) through the charity (jakat) and the social solidarity (level 3) referred the Islamic society (level 3) as ideal. The time of the political expression (level 1) of the religion (level 2) has come for changes in Iran.

As is shown the revolution in Iran was not a process from bottom to top but the result from interaction between bottom (perception of the reality through the people etc.) and top (a series of political acts with negative results) and by some skips between the levels. Besides these, the levels model mentions only the relations between the levels and not the internal significant relations of the events within each level through a general society theory.

Still, there is one remark about the installation of an information system. The registration only of tendencies with an information system cannot suffice, because a tendency can be continued, stopped, changed or reversed for several reasons such as through the operations of the political power and the intermeddling of the foreign factors (s. Egypt, Algeria). Tendency expressions belated also by a time lag. The attendance of the tendencies must be embodied in a theoretical hypothesis, in order to explain and to foresee in time the next probable evolutions.

## **2. The transformation process in East Europe**

In the countries of the real socialism the reality was characterized by bad economic results (level 4) and dictatorial government (level 1). Under these circumstances appear various transformation processes inspite of the same economic and political conditions:

- 1) In China (1978) was transformed only the economic system (level 1) from state power (level 1) noiseless.
- 2) In USSR (1989) were transformed both the economic and the political system, initiated from the state power (level 1) by noiseful fall of the old structures.
- 3) In Poland (1989) there was before the transformation a long-term confrontation between the union trade "solidarity" (level 2) and the



state power (level 1).

4) In GDR (1989) there was, as *Duelfer* also writes, the intention of many citizens (level 2) only for diversification of the social structures (level 1), so was from down initiated.

In all cases the right and politic norms (level 1) are a jurisdiction of the state (level 1) no matter if the new order is transferred from a country (the case of GDR) or by being self shaped (USSR). The transformation of the right took place in some countries abrupt in other countries gradual. The new norms were kept in some countries from people strictly in other countries not strictly (level 3). Therefore the levels model can not anticipate or explain these evolutions. Although these differences are very significant for the manager of a firm, that actuates in East Europe.

*Duelfer* tries to rescue the levels model with the distinction between typical - juridical reform (that begins from top) and comprehensive transformation (that begins from down) which conforms to the levels model. But a model must explain the reality by combination of both, the typical - juridical and the substantial transformation, because the transformation process is united.

### 3. Some other cases

By perception of the reality and technology *Duelfer* writes, (p. 258) that the further development of the engineering (level 4) is influenced from the feed back relations from the higher levels f.e from the social relations (level 2) or the rights norms (level 1).

Also by perception of the reality and technology *Duelfer* writes (p. 308) about the maintenance of wrong theories (level 4) through the power of church (level 2, perhaps level 1).

By the nature facts *Duelfer* writes (p. 278 f.) about the exploitation of mineral resources (level 5) and its influences on economy (levels 1-4), social structure (level 2) and state (secession in Africa and revolution in Iran, level 1). The exploitation though of mineral resources (level 5) presupposes the activity of companies (level 2) and surely the permission of the state (level 1).

It is evident, that in all three cases the influences between the levels are towards all directions and skipped between the levels.

### 4. Conclusive critique

As it is shown, two are the main weaknesses of the level's model:  
1) The evolution of a society does not follow the mutual influences between two neighboring levels. There are influences from bottom to top and vice versa by skips between one or more levels.

2) The levels model does not connect comprehensively the various concrete phenomena to each other, irrespective of level classification: government, parties, foreign factor, companies, social structure, churches, religion, ideologies, values, interests etc., and above all explicit the relation between economic conditions and state policy. With some exceptions though: as the influences of the exploitation of mineral resources on economy, society and politic (p. 278 f.) and as the inclination of workers from labor unions to labor parties because of their common interests (p. 379).

It can not be adapted, that the levels model can be rescued through some changes. It is too simple and mechanic to explain the complex social reality and its changes. It cannot substitute a general society theory that embodies all the significant factors and their

relations in a theoretical system. This is the traditional way of the established sciences. On the one hand they connect institutions, functions, and results separately of each area (economy, politic, society, culture) and on the other hand they try to integrate all these areas in a general theory.

This way follows likewise *Duelfer* in some cases and not the levels model, f.e. he explains the influences happened from exploitation of mineral resources to economy, society and politics. Other significant remarks from *Duelfer*, as the distinguishes between conservative - traditional and progressive - modernistic behaviors and the relation between the people and the state power (confrontation in case of GDR) are to be integrated in one general theory.

Up to date there are in economic science three dominant theories about the relation of the various areas of society. The chronological row of these is:

- 1) The classical school with Adam Smith and Marx-Engels. (Both theories can be classified in the same school, because they have some common elements in the theory of institutions, in spite of their diametrical contrary proposals about the economy organization).
- 2) The German theory of economic order formulated by Walter Eucken (1939) as it has been further developed to explain the relations between economy, politic and culture.
- 3) The American new institution theory, which begun in 1937 by an article of Ronald Coase and developed in the last decade with diverse and separate theories. The widest unification of the particular theories is contributed by Dunglass C. North (1981, 1990) for the explanation of economic history.

If there were going to compare all these theories there were going to create an object of another large - scale work.

Finally, in spite of the critique at the levels model, the contribution of *Duelfer* consists, that he focuses again the attention of the Management at the culture environment, in which acts and operates an enterprise, in order to achieve optimal decisions about production, investments, financing, personal policy etc. Because an enterprise is a boat or ship that sails in the rough sea such as the one of social developments.

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## C.V.

The author was born in 1943 in Greece, where he has been partly educated. He studied economics in Philips University in Marburg (West Germany), from where he graduated. He made a research about the economic systems at the same University for which he has been awarded with Ph. D.

From 1977 he is a Professor in economics at the T.E.I. of Larissa. He teaches international trade and finance.

His interest areas are a) the relations between economy , politic and culture b) science methodology.

Contact addresses:

T.E.I. of Larissa, Greece, phone 00302410684242, e-mail Roussopoulos@teilar.gr

Private 38221 Volos, 110 str. Kassaveti, Greece phone 00302421031771