BOOK REVIEW

Navigating Global Business. A Cultural Compass

By Simcha Ronen and Oded Shenkar
(Cambridge, Cambridge University Press, 2017), 368 pages

The world has changed dramatically over the last two decades, moving through two distinct phases of globalization. Tapping into the rapid growth of goods and services trade (WTO, 2016a), the first wave of globalization was propelled by value chains, enhancing specialization, productivity and access to markets (Reeves and Harnos, 2017; OECD, 2017). The second is marked by digitalization and it is characterized by the flow of ideas, information and innovation, which has further enabled the exploitation of global business opportunities through internet applications.

A recent McKinsey report points out that traditional trade flows have slowed (in relation to GDP), whereas digital data flows are soaring. Today, cross-border digital data flows generate more economic value than trade in goods (Manyika et al., 2016). This trend has implications for business participation. While the traditional wave of globalization mainly benefited large multinational corporations, the digital wave of globalization may open doors also to smaller firms (WTO, 2016b). Engaging in global business no longer requires deep pockets – the preserve of large corporations. Indeed, this new wave enables the exploitation of global business opportunities at the click of a button.

Globalization is a much-discussed current concept. One of the key concerns, however, is that the debate too narrowly focuses on digital flows and workplace disruption. Digitalization has broadened the business realm to tech-savvy entrepreneurs and small firms creating new opportunities to firms in developed and developing countries alike. This highlights the need to increase our understanding of cultural issues to better navigate the complex current business world. For example, Moritz (2018) argues that in addition to the flows of people, goods and services, we need to discuss how we are connected, with whom we are connected, where we work, what we read online, who we trust and where we learn.

The world is witnessing multi-layered globalization in which contradictory realities manifest. We need to learn to navigate in a world that is simultaneously integrating and fragmenting (Rawlinson, 2018). Whereas political systems appear to be fragmenting, the digital connectedness of people, communities, devices and machines, together with the flow of data and ideas, are reconfiguring markets

(Bhattacharya et al., 2017). Firms that succeed need to know how to read and operate in this highly-connected world.

This book written by Simcha Ronen and Oded Shenkar provides a welcome response to this need. The authors explain why culture matters across business functions such as human resource management, strategy and finance. It demonstrates how cultural forces draw some countries together based on their relative similarity while pushing others apart. The authors have selected ten input studies and integrated the data used therein into a large dataset. By employing cluster analysis, they produced a cultural map reflecting the organizational norms, values and beliefs of 11 country clusters (or country families). Its findings will interest executives and researchers who explore these dynamics.

Whereas globalization can be viewed from several perspectives (i.e. social, economic, cultural, political and technological) Ronan and Shenkar's book emphasizes the economic dimension by which globalization is defined as "the geographical dispersion of the value chain, overlaid on increasing intra-regional and inter-regional flows of people, goods, companies, and ideas, and their respective interdependencies" (p. 26). However, while the book acknowledges the importance of digital flows, it does not provide much empirical evidence, nor does it sufficiently consider the managerial implications. Other studies have showed that volumes of digital flows that may prompt cultural convergence or divergence are high. For example, while 430 million international travellers cross national borders annually, more than 900 million social media users and 360 million e-commerce shoppers do the same without leaving their homes. Whereas five million students study abroad, 13 million students "cross borders" by studying online, while 44 million online freelancers work outside their home countries (Manyika et al., 2016, pp. 8-9). These figures raise the questions of how expanding digital forces facilitate cultural convergence or divergence.

Chapter 2 explains how the empirical evidence was selected and the cluster methodology employed to produce a three-layered cultural map – the main contribution of this book. The authors reviewed an extensive body of literature and evaluated over one hundred studies to identify those whose data were included in their dataset. This evaluation process resulted in ten input studies published between the years of 1992 and 2005. The respondents to these studies cover a broad spectrum of levels of employment and expertise and represent 115 countries. The fact that the original data of the input studies were collected as much as 25 years ago means that the dataset reflects the working attitudes of that decade. One can therefore not help but wonder how well this dataset reflects the values of today's working force. The era in which respondents worked hosted an altogether different business environment. For example, digital flows were much lower, therefore respondents had hardly used mobile devices, email, online conferences,

cloud storage or other digital platforms. Their global connectedness was based on sending faxes, letters and landline communication, and face-to-face meetings demanded a significant amount of travelling.

This problem is acknowledged by Ronen and Shenkar, but it is deemed not highly significant in determining clustering behaviour. They compare the results of the cultural map to their prior study published in 1985 and conclude that "it is striking how little has changed in two decades supporting the notion that cultural changes are stable or slow to emerge" (p. 110). Indeed, when assessing the cluster map and its 11 cultural families, there are few surprises. The map includes Arab, Aegean, Latin American, East European, Latin European, Nordic, Germanic, Sub-Saharan, Anglo, Confucian and South Asian clusters. In most clusters the cultural families are comprised of neighbouring countries suggesting that geography is an important factor in demonstrating covariance with culture. Hence, the globalization of business starts close to home.

In Chapter 3, the authors introduce in detail the variables used to explain the values, beliefs, attitudes and behavioural propensities of the different regions. These variables encompass geography, language, religion, economic development and economic freedom. The results of the cluster analysis are reported in detail and the key findings carefully explained. However, the expansiveness can frustrate. The first 180 pages of the book meticulously detail the reported results, however, their implications for business management are not considered. Chapter 4 provides relief. It delves into the attitudinal and behavioural dimensions of clustering and provides an extensive review of prior literature starting with the focal actor (individual versus group), explaining relations individuals seek to retain with others in their society. The chapter explains the individual's embedded position in society and organization and discusses societal and organizational orientation, illuminating the factors related to organizational behaviour.

The book concludes with a summary review of the characteristics of each geographic cluster. Because only dimensions with distinctively high or low values are included in this presentation, the summaries of clusters provide only a general view of the country families. The reader can use it as a tool to focus on the country family of interest. However, whereas these family clusters are relevant, the book does not address the rapidly growing digital families in the global business environment. In order to engage in global business, several digital platforms provide access to hundreds of millions of digitally-connected users. For example, the "population" of Facebook is larger than the population of China or India. Similarly, the population of the United States, the world's dominant economic power, is smaller than the communities of several digital platforms, such as YouTube, WhatsApp, Alibaba, Instagram, Twitter and Amazon (Manyika et al., 2016; Statista 2017). There is a need to produce relevant information about the cultural characters of these new digital families.

Overall, the book presents a useful cultural compass to help navigate global business, notably for companies that seek to expand abroad through investment or merger and acquisition activity. However, the guidance is more limited for smaller businesses preparing for a digital journey that need to respond to the demands of a rich diversity of customers in multicultural, multinational and multilingual environments. This is particularly important to the businesses in the developing countries for the purpose of engaging in global business by connecting digitally with clients, financers, suppliers and talent worldwide. The style of the book may also deter practitioner readers. The text is written in elaborate academic style, characterized by detailed explanation of methodology, results and references. Whereas these are essential to academic readers, they may be less useful to practitioner readers.

With regards to the relevance of its main findings, the unit of analysis being the nation may have had implications for the conclusions. The fact that within the countries there are large variations highlights the need for more respondent-level data on cultural issues. Finally, a deeper discussion on the managerial implications of the findings would have improved the reading experience.

In conclusion, it is easy to agree with the authors on how important it is to learn about human diversity. The book is highly relevant in the way it continues the academic discussion on culture and globalization, even if it is brushes over some knowledge gaps that can help small businesses exploit the opportunities of digital globalization.

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