

Lesson Notes: Comparing Canada with Other Countries Using Cultural Theories and Viewpoints in International Business

Ethics

Overview

This lesson explores how cultural theories and viewpoints can help us understand the ethical considerations in international business, using Canada as a case study in comparison with other countries.

Porter's Diamond Theory

Porter's Diamond Theory suggests that there are four determinants of national advantage that make countries more or less competitive in particular industries: (1) factor conditions; (2) demand conditions; (3) related and supporting industries; and (4) firm strategy, structure, and rivalry.

- Canada: **Strong in natural resources** (factor conditions), has a sophisticated local market (demand conditions), benefits from a robust supporting industry especially in areas like technology and natural resources, and has intense domestic competition fostering innovation.
- **Comparison:** Countries like Japan and Germany might not have the natural resources of Canada but excel in creating advanced factor conditions through technology and highly skilled labor, showing different paths to competitive advantage.

Hofstede's Cultural Dimensions Theory

Hofstede's Cultural Dimensions Theory outlines how cultures vary across six dimensions: Power Distance, Individualism vs. Collectivism, Masculinity vs. Femininity, Uncertainty Avoidance, Long-Term Orientation vs. Short Term Normative Orientation, and Indulgence vs. Restraint.

- Canada is characterized by low power distance, high individualism, a balance between masculinity and femininity, moderate uncertainty avoidance, a short-term normative orientation, and high indulgence.
- Comparison: When comparing to countries like China or the UAE, Canada's high score on individualism contrasts with the collectivism seen in these countries. This impacts business ethics, particularly in practices around decision-making, hierarchy, and the role of relationships in business.

Ethical Imperialism vs. Cultural Relativism

- Ethical Imperialism: This idea says that there are some basic rules of right and wrong that everyone in the world should follow, no matter where they are from.
- Cultural Relativism: This concept believes that what's right or wrong depends on a person's culture. According to this, we shouldn't judge someone else's actions using our own cultural standards.

About Canada:

In Canada, businesses usually support the idea of ethical imperialism because they really care about human rights and treating everyone equally. But, as Canadian businesses work more and more around the world, they're starting to see the importance of cultural relativism. This means they're learning to respect and understand the different ways people think about right and wrong in other places.

Comparing with Other Countries:

If we look at countries with a strong sense of their own culture and ways of doing things, like India, businesses there might be more inclined towards cultural relativism. They value their own traditions and moral beliefs, especially when it comes to how they run their businesses. This shows a contrast to Canada, where there's a mix of sticking to universal rights while also trying to understand and respect the local customs and ethics in international business.

Conclusion

Comparing Canada with other countries through the lenses of cultural theories like Porter's Diamond and Hofstede's Cultural Dimensions, as well as viewpoints like ethical imperialism and cultural relativism, provides valuable insights into the complexities of ethics in international business. This understanding is crucial for companies to navigate the global market effectively and ethically.