# Decisions in Context: How Culture Shapes the Decision Process

Abstract: Decision theory has been the focus of research for the last 70 years and a plethora of models have been proposed to describe the process under varying conditions. Recent rapid globalization has made understanding culturally-based effects on decision-making models of growing importance. This article discusses how cultural differences can be assessed in terms of decision-making using four common models; and the concepts are then illustrated using two dissimilar cultures, France and Japan. The importance of understanding cultural biases in decision-making and pertinent future trends are also explored.

**Decisions in Context**

*How Culture Shapes the Decision Process*

**By Rick Roof**

The accelerating pace of business and the globalization of commerce are placing new demands on organizational leaders. The increasing multinational nature of enterprises and markets require that cultural affects be understood and integrated into business processes. Some of the most complex processes impacted by culture involve group decision-making. Understanding decision models within cultural contexts support effective negotiations, sales efforts, multinational and multicultural team leadership, and other relational-based efforts that are critical to contemporary business leaders (Bligh, 2006; Harrison, 1993; Saunders, Altinay, & Riordan, 2009).

Decision-making is not simply a scientific or economic endeavor, but affected by psychological and sociological forces, many of which are culturally based (Harrison, 1993). Those culturally affected social forces are significant because values, beliefs, self-image, societal rules, goals, and group norms all affect the behaviors and expectations of members (Beach & Connolly, 2005). Understanding the complex interaction between culture and various decision models can therefore aid in operating in both the multinational and multicultural business environments. That is, even U.S. based teams are increasingly multicultural and therefore impacted in decision-making approaches by cultural influences.

The complexity of the decision-making process has spawned a seemingly unlimited set of explanatory models (Harrison, 1993), but for illustrating the cultural impact on decisions, we will consider four of the more popular decision models and consider how they may be more or less relevant and applicable within very different national cultures.

### *Contrasting Decision Models*

The plethora of decision-making models reflects the complexity of decision theory, our rational-emotional conflicts, as well as the added complication of group dynamics. There is also a growing recognition that emotions matter even in seemingly purely rational decision-making, and rational-emotional conflicts are even greater for groups than for individuals (Lakomski & Evers, 2010). Decision models attempt to capture key elements of how group choices occur within these immense complexities and it is unsurprising that overlap occurs between models. The various decision perspectives have yielded theories with titles such as narrative, values, trajectory, strategic, utility, image, story, argument (Beach & Connolly, 2005), delphi method, nominal group and incremental (Rahman & De Feis, 2009). To simplify the consideration of cultural effects, we will consider four more common models; rational, emotional, political, and garbage can.

*Rational Model:* The rational model is a classic, logical decision-making method familiar to most of us. The model uses scientific, objective, quantitative processes to select the alternative with the highest payoff (Harrison, 1993). The model assumes unlimited information, access to all cognitive skills necessary, the supremacy of analysis to reveal answers, and agreement on goals by all members (Beach & Connolly, 2005). For clarity, Mr. Spock of Star Trek fame would love the pure logic of the rational model. Unfortunately, the model also suffers from idealism since

many facts are unknown in the real world (Harrison, 1993) and people do not live up to the underlying assumptions (Beach & Connolly, 2005). Nevertheless, the rational model contributes useful methods and objectives, and can be helpful in supporting other decision-making models.

*Emotional Model:* Where the rational model suffers from complexity and perfection driven limitations, the emotional model allows the incorporation of experience, learning, intuition, and instinct to synthesize a broader set of factors into choices (Lakomski & Evers, 2010). Emotional elements are always factors in decision-making of course, and the emotional model considers how mood, risk aversion, fear, prior sunk costs, overconfidence, and outcome desirability affect group decisions (Beach & Connolly, 2005). The emotional model is often considered as contrary to the rational model although both are employed to a greater or lesser degree in every group decision.

*Political Model:* The political model is more based on social dynamics and tends to be qualitative in nature. The objective of the model is to pursue a solution most suited to the widest audience; and the approach attempts to apply strategies of compromise and negotiation to reach maximum consensus (Harrison, 1993; Huber, 1981). Political model decisions are typically short-term, temporal in nature and progress is pursued through small, incremental changes which can limit the range and complexity of choices considered (Harrison, 1993). The objective is typically to solve immediate problems, and consequently success is measure by the breadth of agreement among participants more than rational quantifiable performance outcomes. (Harrison, 1993).

*Garbage Can Model:* The garbage can model offers a cute name to describe a rationally-based decision-model that is more realistic than the pure rational model. The garbage can reflects an

environment where dynamic goals, changing participants, time pressures, and confusing

decision methods demand a more chaotic and realistic decision process (Beach & Connolly,

2005; Takahashi, 1997). The name results from the concept that random, dynamic factors are

dumped in a can and then periodically emptied as decisions are made, and the model reflects

the ambiguity and anarchy that exists in organizational settings (Takahashi, 1997). The garbage

can departs from the rational model due to structural rather than emotional factors (Beach &

Connolly, 2005), and describes an environment where more rapid albeit less optimal decisions

are possible (Takahashi, 1997).

*Cultural Contrasts in Decision Models*

How a particular culture defines desirable results and the socially-shaped methods and

approaches of any decision model affect how each is applied and accepted within the culture.

In general, cultural differences and their effect on leadership have been the focus of significant

research in the last 30 years with dimensions such as power-distance, collectivism-

individualism, and uncertainty avoidance quantified to assist in considering culturally-based

differences (Hofstede, 2013). While certainly not all encompassing, when considering cultural

decision-making differences these general characteristics offer some useful cultural

perspectives. In fact, the national cultural differences can have more of an impact than

organizational culture in some decision processes or objectives (Carter, Maltz, Maltz, Goh, &

Yan, 2010). To illustrate, we will compare French and Japanese decision propensities. The

Hofstede (2013) cultural dimensions for France and Japan as of January 2013 are shown in

Table 1.

Table 1. – Cultural Dimensions for France and Japan

| Cultural Dimension | France | Japan |
|---|---|---|
| Power-Distance | 68 | 54 |
| Individualism-Collectivism | 71 | 46 |
| Masculinity-Femininity | 43 | 95 |
| Uncertainty Avoidance | 86 | 92 |

### *French Rationalism*

As the Hofstede dimensions indicate, decision makers in France would reflect a culture where individualism, power-distance between leaders and followers, and uncertainty avoidance are all greater than other cultures while gender differences indicated by the masculinity rating are less (Hofstede, 2013). In studying decision-making in France, Schramm-Nielsen also found that French leaders tended to aspire to be rational and employ intellectual rigor (Schramm-Nielsen, 2001). The French tend toward structured, sometimes overly exhaustive evaluation of alternatives and probabilistic outcomes as would be described by the rational model. Their individualistic tendencies render the political model less desirable and not commonly applied, and their pride in following the rationalistic rigor would inhibit their application of the more chaotic garbage can model. Generally such a strong rational tendency would suggest that the emotional model would be in disuse by French leaders, but Schramm-Nielsen (2001) found surprising emotional elements in French decision setting, a tendency toward less rational, emotionally impulsive decisions within the French leadership culture, which suggested that the rational model was more espoused than practiced in its purest sense.

In fact, often after a more emotionally-driven impulsive decision, French decision makers would then conduct a rationalization exercise to more rigorously support the decision.

As illustrated in this brief analysis of French decision-making models, the French tend toward the rational and sometimes emotional models with the political and garbage can models in less favor. The French example whereby the emotional model's use was revealed also demonstrates that while cultural dimensions such as Hofstede's (2013) can contribute to understanding cultural influences in decision-making, a more thorough evaluation of cultural influences is required to fully consider decision-making tendencies.

### Japanese Collective Practicality

The Japanese cultural preferences toward collectivism and uncertainty avoidance (Hofstede, 2013) as well as a cultural comfortable with vague, ambiguous environments (Takahashi, 1997) colors the decision-making models most often employed within the Japanese leadership practices. The Japanese leaders will tend toward rational models which reflects a culture of structure, order, and process-based decisions with the emotional model rarely if ever applied  (Hsu & Chiu, 2008; Johnson, Cullen, & Sakano, 1996). The political model is also a staple of Japanese decision-making reflecting their collectivist nature and a desire that maximizing constituents' satisfaction be an important outcomes (Johnson, Cullen, & Sakano, 1996). Also, while Japanese leaders tend toward rational processes, they are far more comfortable without slow, exhaustive decision processes and changing choices, flexible participation, changing decision elements, shared decisions, and ambiguity which suggest frequent use of the garbage can model (Takahashi, 1997).

So Japanese business teams tend toward political and garbage can decision-making models which reflect the collectivism nature of their culture, but which also integrate other cultural tendencies best discovered by a deeper exploration of their underlying cultural elements. Understanding cultural decision-making tendencies and the use of decision-making models to evaluate those differences can yield useful insight for the global leader.

**Decisions for the Global Leader**

This brief discussion and illustrative exercise has demonstrated how tendencies toward decision-making models are affected by culture. Using existing cultural dimensions measurements like those advanced by Hofstede (2013) can be helpful, but often a more expansive ~~supplemented by~~ cultural exploration will reveal further decision-making tendencies. With on-going globalization, understanding decision-making propensities across cultures will be an increasingly valuable tool for leaders. Like most culture-based investigations and especially those that use metaphorical models, the results are general tendencies and do not necessarily accurately depict behaviors in any particular setting.

Two trends threaten to complicate cultural decision-making even further. Globalization has rendered cultural considerations critical not just for international activities, but for domestic teams as well. Work teams increasingly include members of dissimilar cultures and resulting teams, while not multinational, display multiculturalism in their dynamics. There are also indications that cultural diffusion is underway, whereby global communication and interactions may over time significantly reduce the cultural divides that make multinational efforts so challenging… or perhaps rather than cultural divides complicating future international efforts, cultural divides will simply complicate all teams as multiculturalism colors groups

everywhere. In either case, cultural investigations and theories will surely entertain researchers and practitioners for decades.

**About the Author:** Rick Roof is an organizational leadership researcher and practitioner with over 30 years of experience in executive leadership and consulting. He currently serves as Leadership and Organizational Development Program Manager for a specialty aviation firm and is Founding Principal of Harvest Leadership Group. Rick holds a B.S from Southern Illinois University – Carbondale, studied graduate business at Temple University, earned a M.A.R. from Liberty University and is currently a doctoral student at Regent University where he is pursuing a PhD in Organizational Leadership from their School of Business and Leadership.

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