



# Culture and the Crash:

*Exploring the Connection Between People's Responses to the Economic Crisis and Their Culture*

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The way people choose to respond to external negative events should be similar to the way they make decisions about so many other aspects of their lives, and that decision-making process is profoundly affected by their culture. Foster and Barile test this theory and present an overview of their findings.

**M**aking lemonade out of lemons has become a refined art during the past year. Few individuals and organizations have been left untouched by the dramatic bursting economic bubble, and all have been challenged to adjust and respond. The way people choose to respond, however, should not be dissimilar to the way they make decisions about so many other aspects of their lives, and that decision-making process is profoundly affected by their culture.

At least that was the premise we were working from when we began an intensive study in April 2009, on the link between an individual's personal reaction to the economic crisis and his or her culture. Our hypothesis was simple and based on a belief inherent in all the work we do: how people behave is intrinsically and fundamentally tied to their culture; therefore, individual responses to the crisis not only should be culturally identifiable, but generally predictable, along cultural lines.

If we knew an individual's culture, we thought, we could anticipate the way he or she more or less might respond to key aspects of the crash. And by linking crash responses to culture, we then could anticipate the kind of reactions to the crisis, in terms of social, economic, and political decisions, that would be likely from various countries.

In short, we would prove responses to the crash to be, on the one hand, just the latest major example of the "culture-drives-behavior" phenomenon and, on the other hand, a new tool for understanding the behavior of nations as they attempt to respond to the crisis.

# The Survey

By April 2009, the effect of the economic crisis on individuals and organizations was being deeply felt around the world. The pain and anxiety was different, of course, in different locations, but few countries were immune from having to respond in some fashion to its impact. However, responses to this powerful new reality could vary, and we believed that the different ways of responding around the world were tied intrinsically to each individual's culture.

We decided to test this theory by developing a survey that would attempt to gauge an individual's response to a variety of different aspects of the crisis, and then try to link those responses to what we know to be the underlying societal orientations of their culture. The aspects of the crisis ranged from beliefs about who or what was responsible for the crisis, ideas about the best ways to get out of the crisis, thoughts about the best ways to cope through the crisis, and the like. We created questions in a variety of formats (some using scales from one to 10, multiple-choice questions, and open-ended questions) that we categorized into three areas:

1. **Reasons for the crisis.**
2. **How to get out of the crisis.**
3. **How the crisis affects you and your country.**

The survey was designed to be administered across as many different world cultures as possible and, being an intercultural consulting company, we focused heavily on ensuring that the survey was as culture-sensitive as possible, scrubbing out as much of our own U.S. bias of the design and language as possible (It was designed and reviewed by a number of individuals representing various cultural backgrounds. This was particularly important because, despite our desire to have the survey available in multiple languages, we could, in fact, only distribute the survey in English.). The survey would take approximately 20 minutes to one-half hour to complete.

Fortunately, our database of potential respondents is inherently global, spanning thousands of individuals in more than 100 countries. We were careful to distribute the survey with a regional focus: that is, we wanted to be sure that we would capture as many potential responders who might share similar cultural attitudes toward the survey questions because of cultural similarity within a particular geographic region, to ensure a large enough response from regions where we might have a smaller per-country number of respondents.

The survey design was completed and distributed electronically in June, with the request to responders to please complete it and send it back within 10 days of receipt. Responses started coming in almost immediately and, by the end of June, we had what we believed to be statistically valid responses from a variety of the world's major cultural and geographic regions (Europe, North America, Latin America, Asia, Africa, and the Middle East).

We spent most of July and August collating the data, integrating some additional last-minute responses, and beginning the challenge of organizing response patterns according to culture. For us, this was the exciting part, for if we could find patterns of responses that were clearly identifiable with what we knew to be typical orientations of the culture of the responders, this would support our hypothesis.

## The Linkage Challenge

The challenge of this undertaking, of course, was to link specific responses to known cultural orientations. While research in the cross-cultural field has identified a variety of different cultural orientations around which cultures can differ worldwide, we needed to prove a link between specific responses and these cultural orientations.

For example, if a responder chose to answer the question, "who is best suited to get us out of the crisis?" by selecting the answer "each individual person on their own," as opposed to "everyone working together," that would strongly indicate a corresponding cultural orientation to what interculturalists call "individualism" (as opposed to "collectivism"), one of the major categories of cultural orientation around the world. Not all responses were as easy to link to a cultural orientation but, surprising, many were.

As interculturalists, we also know that a country's actions—whether creating and implementing social or economic policy or making political decisions—is mainly the result of the confluence of all of its many cultural orientations, not just one. Therefore, we anticipated that while some of the responses were clearly linkable to a single cultural orientation, many of the responses were the result of a more subtle confluence of a number of critical orientations.

Our final job then was to analyze the linkages between responses and cultural orientations and see if we could identify patterns that were predictable based on what we know about countries and cultures. If, for example, most of the responders from "individualist-oriented" cultures were answering the previous question with the "each individual

on their own” response, it would justify the generalization that such responses were predictive of these cultures. Further, we could then safely draw the bold conclusion that certain types of social and economic policy, as well as political action (in this case, policies and decisions that promote individual responsibility for lifting oneself out of the crisis), probably would be more acceptable, and perhaps ultimately more successful, in the individualist culture than other possible interventions.

If, on the other hand, respondents from these individualist cultures mainly answered “everyone working together” to this question, we would not be able to support a link between individual’s behaviors and their culture, or a conclusion about the best possible policies and decisions to implement for that country. We definitely were hoping for the former situation. And that’s just what we got... mostly.

Throughout, we tried to create questions that were engaging and relevant to the issue: “Who got us into this mess?” “What’s the best way to get out of it?” “How did you first feel when the crisis started?” “How are you feeling now?” When attempting to make the link between responses to possible cultural orientations, we found most of the responses were linkable to the following acknowledged intercultural categories, directly or in combination:

**Individualism or group orientation (or consensus orientation):** describes the extent to which cultures value either individual activity, initiation, decision-making, and the like, or group and consensus-driven action.

**External control versus internal control (or resistance to or acceptance of change):** describes the

extent to which cultures believe in “others” being in control of what happens, destiny, and the like, or the degree to which they believe they have control over their own destiny and the future.

**Risk or uncertainty comfort or discomfort:** describes the extent to which cultures are either comfortable with risk, uncertainty, and ambiguity versus the degree to which they may put great effort into avoiding uncertainty, reducing risk, and determining a clear process for getting to an end result.

**Time orientation:** describes the extent to which a culture values actions that move things progressively and conclusively toward the future versus valuing a “here and now” orientation, where how we achieved success in the past determines what we do today.

**Rules and systems orientation versus situationist orientation:** describes the extent to which cultures rely on rules, systems, and processes versus the degree to which cultures rely on the unique and particular aspects of any given situation as the overriding criteria for making decisions and taking action.

**Orientation toward hierarchy and privilege versus orientation toward egalitarianism:** describes the degree to which cultures confer and demonstrate respect for role and authority based on class, hierarchy, race, gender, age, and the like versus the degree to which such criteria are subordinated to competency as the overriding criteria for action.

**Process-driven versus results-driven:** related in certain ways to uncertainty avoidance and internal control, this category describes the extent to which cultures value creating a perfect process as a valid

method for achieving end results versus cultures that value determining an end-result and then discovering the most efficient and valuable ways of getting there.

## The Results

### 1. “When this economic crisis first began, how did it make you feel?”

This multiple choice question provided answers from “very anxious” to “somewhat worried” to “left it up to a higher power.” The majority of respondents were “somewhat worried” when the crisis first began, but Latin Americans and North Americans were the most worried of all (71.43 percent and 70.15 percent, respectively), with all Africans/Middle Easterners responding being “somewhat worried.” Of note, 80 percent who stated when the crisis first began that their response was to leave their fate “to a higher power” were Asian.

### 2. “Which answer best describes the way you feel today about the economic crisis?”

Multiple choice answers mirrored the first questions and, when asked how they feel about the crisis today, all respondents were generally more “optimistic,” with every region expressing greater optimism than North America. Of note, 75 percent of all people claiming to still feel “very anxious” today were U.S. men.

### 3. “In what direction do you feel the economic situation is going?”

Multiple choice answers ranged from “rapidly worsening” to “rapidly improving” (both of which received no measurable responses). While most people across most cultures believe the situation is generally improving, Africans/Middle Easterners and Latin Americans believe so significantly (100 percent and 71.43 percent, respectively).

**4.** *“How do you feel about the economic crisis as it affects your home country?”*

Out of the Europeans who state they are “very pessimistic” about the crisis as it affects their home country, 75 percent were British. Europeans and North Americans were “fairly pessimistic” about the crisis affecting their own country, while Latin Americans, Asians, and Middle Easterners/Africans were significantly more positive.

**5.** *“When do you believe the global economic crisis will be over?”*

Multiple choice responses ranged from “less than 1 year” to “7+ years.” When asked when they thought the crisis would be over, the only respondents who chose “more than 7 years” were North Americans.

**6.** *“Who do you believe is most responsible for the global economic crisis?”*

Multiple choice answers ranged from “multinational companies (MNCs)” and “governments” to “individuals” and “fate/destiny/higher power.” When asked who was most responsible for the crisis, the only respondents who chose “MNCs” were Latin Americans. The only respondents who chose “fate/destiny/a higher power” were Asians.

**7.** *“Who do you believe is the best choice for getting the world out of the crisis?”*

Multiple choice answers mirrored the same choices as in the previous question.

The majority of respondents chose “governments,” although Latin Americans and Middle Easterners/Africans almost equally chose “individuals” (almost twice as much as Europeans), and 75 percent who chose “fate/destiny/higher power” were women (Asian).

**8.** *“Please check the box that most closely reflects how you feel about the following possible government interventions designed to alleviate the economic crisis:”*

Possible responses were:

- A. Non-conditional business bailouts (no strings attached).
- B. Conditional bailouts (fully accountable).
- C. Nationalization of private companies by governments.
- D. Increase everyone’s taxes to pay for government bailouts of private companies.
- E. Criminal investigation and prosecution of individuals and businesses associates with causing the crisis.

Overall, most people “agree” with conditional bailouts (bailouts should only be given with strings attached) and “disagree” with non-conditional bailouts. The group to mostly “disagree” with conditional bailouts was Latin Americans. The group to mostly “agree” with conditional bailouts was Asian (50 percent of the respondents being from Asia). Almost all North Americans and Europeans wanted conditions.

Seventy percent of all respondents who “strongly disagree” with nationalization of private companies by governments are U.S.; although overall most people disagree with nationalization, the group that most “strongly agreed” with nationalization were Asian; Europeans were the largest group to choose “agree.”

Most people are “against increasing taxes to pay for government bailouts of private companies;” it is interesting to note that 100 percent of all Latin American and Middle Eastern/African respondents chose “strongly disagree.”

Overall, most respondents endorse the criminal investigation and prose-

cution of those associated with causing the crisis. The only respondents to choose “strongly disagree” (against prosecution) were North Americans and Europeans. The group most in favor of investigation and prosecution are Asians.

**9.** *“Which answer do you believe most reflects the best way to end this crisis?”*

Of note, Latin Americans overwhelmingly chose “government must create more work opportunities.”

**10.** *“Individuals can best survive the crisis by....”*

When asked how individuals can best survive the crisis, Europeans were the largest group to choose, “depend on family and friends,” Asians and Latin Americans were the largest groups to choose, “rely on government.” The only groups to choose “rely on employers” were North Americans and Europeans, with North Americans mainly choosing, “take charge of your own destiny.”

**11.** *“What do you feel is the best way for companies to downsize during the crisis?”*

When asked what is the best way for companies to downsize during the crisis, more than 60 percent who chose “lay off workers based on individual performance” were North American. Latin Americans and Asians were more in favor of “lowering salaries of all.” Europeans and Middle Easterners/Africans were torn between “lowering salaries of all” and “selective salary freezes.”

**12.** *“While enduring the crisis, I will....”*

North Americans, Europeans, and Asians all were overwhelming in their choice that while enduring the crisis they would “learn a new skill,” no Middle Easterners or Africans chose

this; instead, they chose, “spending time with family and friends” and “find continuing education.”

## Connecting the Cultural Dots

Looking at the data, we were struck by two major trends: first, we were pleased to see that the data, in the main, supported our hypothesis that responses were tied critically to cultural orientation and, second, in those few cases where responses veered away from what the cultural orientation would seem to predict, it was, for the most part, consistently what we came to call a “crash impact” response; that is, any variation from culturally predictable responses occurred mainly in those cultures where the effect of the crash was so powerful that it simply blew any and all other possible determining factors—including culture—away.

For example, it was a surprise to us that the United States, a significantly “individualist” culture, scored so high in support for government intervention to get us out of the crisis while, on almost every other measure, responses from the country supported the U.S. individualist cultural orientation. We attributed the response supporting the counter-intuitive government intervention to a crash impact response, given that the crisis had the most profound and immediate effect on the U.S. economy, and that the U.S. government was so deeply involved in the crisis as soon as it was identified.

Starting with the questions regarding attitudes toward when the crisis first began and now, it was not surprising to find that those cultures responding on the “more anxious” side also were mainly cultures that have high risk-aversion and a

stronger belief in external control. Cultures responding with “less anxious” or even “optimistic” were in the main cultures that had a higher tolerance for ambiguity and uncertainty and a stronger belief in internal control over events. It is interesting to note that certain age and gender groups in certain risk-comfortable and internal control-focused cultures (we did ask respondents to identify themselves, in addition to their culture, by age and gender for deeper analysis) scored high on “external control” and risk-avoidance, and we attribute that to the challenging perception for this group that events that would affect them negatively were occurring that they could not control, an uncommon situation for previously privileged groups. This sense of lost privilege and the ability to control previously controllable events revealed itself again in questions regarding when respondents felt the crisis would be over.

When asked about who was responsible for the crisis, cultures that typically would attribute individual responsibility and a sense of control over events unsurprisingly scored high on individuals (Atypically, the U.S. response indicated a clear tendency to blame banks and financial institutions, which we attribute to a crash impact response, the failure of the U.S. banking system being the primary cause of the crisis.). Cultures that diffuse responsibility among many typically scored high on institutions (governments, MNCs, and the like), and those cultures with a strong sense of external control also responded with “fate/higher power.”

When it came to questions about who could best get us out of the mess, cultures generally lined up uni-

formly behind some kind of government intervention; however, the type of intervention often was in line with the cultural orientation around individualism versus collectivism: individualist cultures chose responses that considered individual actions and conditions as a primary criteria, while collectivist cultures chose responses that required all to sacrifice for all. Interestingly, Asians scored the highest in approving of non-conditional bailouts (no strings attached), which we saw as a cultural statement on the importance of diffusing responsibility in collectivist oriented cultures (shame being more a more important motivator than guilt). Again, individualist North American responses were strongly against nationalization, while more collectivist European cultures were strongly for nationalization.

When it came to increasing taxes to pay for bailouts, North American individualist cultures supported individualist responsibility (more income, more tax; less income, less tax), while more government-oriented (collectivist) European cultures more uniformly supported increased taxes for everyone. Interestingly, both Latin American and African/Middle Eastern cultures resisted the idea of government intervention in most forms as a solution, reflecting, we believe, these culture’s historical and deep distrust of the effectiveness of government solutions to social and political problems.

While on the one hand, the collectivist cultures of Latin America, Africa, and the Middle East expect uniform sacrifice by all for the good of society, and express an ideal wish for government to solve the problem, they do not on the whole believe that government intervention can in fact solve the problem, or effect the required group

## What Do You Think?

Are our responses to the current global economic crisis “just the latest major example of the “culture-drives-behavior” phenomenon?” Join the co-author of this article, Dean Foster, as he continues this conversation from print to the web in the Worldwide ERC® online Global Workforce Mobility All Members Forum. To read Foster’s February 1 post and to post your own questions, comments, and feedback about this topic, click on the “Communities” link at the top of the Worldwide ERC® homepage, [www.WorldwideERC.org](http://www.WorldwideERC.org), and then select the Global Workforce Mobility All Members Forum.

And, while you’re online, you can see the full charted responses to the 12 questions asked by Barile and Foster in their crisis response survey here:

[www.WorldwideERC.org/Resources/MOBILITYarticles/Pages/0210-Foster.aspx](http://www.WorldwideERC.org/Resources/MOBILITYarticles/Pages/0210-Foster.aspx).

sacrifice (traditionally, such collective action in these cultures occurs through non-governmental institutions, such as the church, family, and non-government-sponsored political action, i.e., resistance).

When we asked the question about how individuals planned to best survive the crisis, the responses revolved mainly around the cultural orientation toward individualism versus collectivism (take charge of my own destiny, or rely on institutions and others—including a higher power—to do so). For example, Latin Americans and Asians chose “depending on government action” and “relying on family and friends,” while North Americans chose “take charge of your own destiny” consistently.

When asked about the best way for companies to downsize in response to the crisis, the responses were very clear and revolved around a number of cultural orientations, including individualism versus collectivism, and rules/systems/

processes versus subjective/particularist/situationalist action. Latin Americans, for example, were more in favor of “lowering salaries for all,” while North Americans were more in favor of “company-wide salary freeze” and “layoff workers based on individual performance.”

Finally, when asked about what they will do while enduring the crisis, responses were clearly in line with their country’s cultural orientation: Middle Easterners and Latin Americans scored the highest on “spending more time with family and friends,” with Latin Americans scoring the highest on “seeking spiritual guidance;” Europeans scored the highest on “learn a new skill or hobby,” with North Americans and Latin Americans eager to find “a new job” (indicating to us a high level of distrust in relying on existing contacts and institutions, and a willingness, inherent in both cultural sets, to try new things and creatively solve problems).

## Some Major Conclusions

Beyond the inherent fascination with the responses, we were pleased to see that there were direct correlations between the cultural orientations inherent in the questions and answers and the responses from the different cultures being surveyed. We believe that the study supports our initial hypothesis that the variety of responses to the economic crisis are clearly rooted in the cultural orientations of the individuals responding. As the data shows, most of the time, responders from any one particular country overwhelmingly chose answers that were in sync with the cultural orientations of their country. In addition:

- Different responders (and subsequently the countries they represented) provided very different responses to the same questions, each mainly in synch with their own respective cultural orientations.

- Individual responses were in the main predictive of the country from which they came.

- Some countries were affected by the crisis more severely than others, and the perceived severity is reflected in the responses from individuals of those countries (this might have a mitigating affect on culture being the overriding driver behind the response; the “crash response”).

- A nation’s social, economic, and political response to the crisis can, therefore, be anticipated based on their cultural orientations.

- Social, economic, and political interventions, designed to ameliorate the crisis, need to be created and applied differently in different cultures, based on the cultural orientations of those countries.

- Drilling down into the data, we also can draw some interesting conclusions regarding differences

between gender and generation to the questions that, going beyond culture, do support known gender and generational orientations.

**Editor's note:** *Dean Foster's upcoming book, "The Culture Prophecy," makes the case that culture often is the overlooked indicator as to the actions of individuals, organizations, and nations. All too often, we look for explanations for an individual's behavior, an organization's strategy, or a nation's political decisions, in an economic or political analysis of the event. "The Culture Prophecy" makes the case that the real reason for these*

*behaviors is deeper, embedded in the cultural DNA of an individual, organization, or nation, and that economic, social, and political decisions are, in fact, the result, and not the source, of cultural orientations. If we analyze any issue, whether it is an individual's behavior, a business' strategy, or a nation's actions, from a cultural perspective as opposed to merely an economic or political one, we have a whole new tool for understanding—and anticipating—the behaviors and decisions of individuals, businesses, and nations. The book looks at a number of examples, ranging from popular cul-*

*ture, business lore, and the world's headlines, to support the idea of "cultural analysis" as a fundamental predictor of behavior, and the results discovered through the study of cultural responses to the world economic crisis of 2009 goes far in supporting Foster and Barile's belief in the prophetic power of culture. ■*

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