



CULTURE AND ECONOMIC DEVELOPMENT: AN EXPLORATORY STUDY OF SELECTED INDIAN CULTURAL AND TEMPORAL VALUES

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Abstract: As F. Fukuyama (2001) wrote, “the biggest challenge . . . is to find a way to incorporate cultural factors into theoretical and empirical models . . . in use by economists.” He and others understand that, while controversial, culture does play a role in exchange, savings, and investing, which are fundamental to economic development. Fukuyama says culture impacts economic behavior in “at least four ways: through organization and production; through attitudes towards consuming and work; through the abilities to create and manage institutions; and through the creation of social network (pp 3132-34). Through each of these, economic development can be promoted or inhibited and the sustainability of the development is greatly impacted by the long or short-term view of time. The study reported here focuses on India, a country in the throes of transforming itself from a “closed bureaucratic state into one of the world’s fastest growing economies” (Mattu 2009). Time and values data were collected from students enrolled in post-graduate business programs in Mumbai, India. Based on the reported values and temporal perspectives, conjecture is made as to how these values will impact economic behavior, which in turn will impact the development and sustainability of India’s efforts to modernize and globalize its economy.

Keywords: *Asian values, Economic Development, Time models, India*

INTRODUCTION

As F. Fukuyama (2001) wrote, “the biggest challenge . . . is to find a way to incorporate cultural factors

into theoretical and empirical models . . . in use by economists.”

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and investing, which are fundamental to economic development. Fukuyama says culture impacts economic behavior in “at least four ways: through organization and production; through attitudes towards consuming and work; through the abilities to create and manage institutions; and through the creation of social network (pp 3132-34). Through each of these, economic development can be promoted or inhibited and the sustainability of the development is greatly impacted by the long or short-term view of time.

Hofstede and Bond (1988) wrote about the connection between Confucius cultural roots and economic growth. Their research found that Uncertainty-Avoidance - a society's search for truth is uniquely Western, while Confucian Dynamism - a society's search for Virtue, was uniquely Eastern/Asian in focus. They further argue that while the search for truth and analytical thinking served the West well during the recent centuries by leading to discoveries that could be exploited to serve society, in the late 20th Century, management and government are based on the art of synthesis. What is truth or right is less important than what works. The four key principles

of Confucian teaching are proposed to be a better foundation for global management and economic development in the twenty-first century than the search for truth.

The four key principles of Confucian teaching referred to by Hofstede and Bond (1988) are: 1) The unequal relationships between people produces a stable society; 2) A person is not primarily an individual but a member of a family - the prototype of all social organizations; 3) One should treat others as one would like to be treated (*The Golden Rule*) and 4) One should try to acquire skills and education, work hard, be frugal in spending, be patient and persevere.

Michael Porter's (1990) work on what makes a nation competitive is represented by the Diamond Model he developed. This model explains the domestic components and interactions that give a nation a competitive advantage, thus an opportunity to develop its economy. The components of the model include: Factor Conditions, Demand Conditions, Firm Structure, Strategy and Rivalry, and Related and Supporting Industries as the main components with

Government and Chance as salient aspects. Of the four major components, all will be influenced by cultural values to some degree and the interaction among

the components will be greatly influenced by cultural values. Exhibit 1 shows Porter's model components and associated cultural values.

Components of Model	Associated Cultural Values
<p>Factor Conditions - Nation's ability to turn basics into specialized advantage</p> <ul style="list-style-type: none"> • Education • Human Resources • Culture, etc. 	<ul style="list-style-type: none"> • Value of education • Role of Women/work • Time sensitivity • Work ethic
<p>Demand Conditions - Consumer demand for the goods and services produced by the country's industries</p> <ul style="list-style-type: none"> • Quality • Convenience • Disposability • Affordability, etc. 	<ul style="list-style-type: none"> • Consumption values • Symbolic meanings of products • Culturally appropriate • Frugality/spending values • View of savings
<p>Company Strategy, Structure, and Rivalry - how businesses are created, organized, and managed as well as domestic rivalry</p> <ul style="list-style-type: none"> • Entrepreneurship • Family owned • Hierarchical/Flat • Reward structure, etc. 	<ul style="list-style-type: none"> • Desire for Conformity • Individualism • Collectivism • Equality vs. Inequality • Merit vs. Seniority • Cooperation vs. Competition
<p>Related and Supporting Industries - The existence of world-class suppliers and supporting companies.</p> <ul style="list-style-type: none"> • Connections 	<ul style="list-style-type: none"> • Relationships • Quality
<p>Government -actions of government that support or hinder economic growth</p>	<ul style="list-style-type: none"> • Collectivism • Individualism • Education • Equality vs. Inequality

EXHIBIT 1 PORTER'S DIAMOND MODEL COMPONENTS AND CULTURAL VALUES

Edward Hall (1981) focused on temporal aspects of culture, specifically, monochronic time (M-time) and Polychronic time (P-time) as two variant solutions to the use of time and space. (See Exhibit 2) He suggests that while both systems have strengths as well as weaknesses, it is difficult for the two to understand and work together. His work generally classified Asians as having polychronic based cultures

and American-European cultures as based on monochronic systems. Hall's work sees organizations run on "the polychronic model are limited in size, depend on having gifted men at the top and are slow and cumbersome when dealing with the business of outsiders (p. 24). He describes the organizations using the monochronic model as the opposite, they grow larger, combine instead of proliferating bureaucracies, tend to turn inward as they grow becoming myopic, grow rigid and frequently lose sight of their original purposes.

Monochronic (M-Time)- emphasizes schedules, segmentation and promptness. Time is treated as something tangible

Polychronic (P=Time) - are characterized by several things happening at once. They stress involvement of people and completion of transactions rather than adherence to present schedules.

EXHIBIT 2 HALL'S TEMPORAL CLASSIFICATIONS

Setting of Study

The study reported here focuses on India, a country in the throes of transforming itself from a "closed bureaucratic state into one of the world's fastest growing economies" (Mattu 2009). It has been recently described as "walk[ing] the dividing

line between modernized and underdeveloped. (USIndia Business Council, 2011, p. 1). Its economic progress has been described as "stunning" by President Obama. Its history has been influenced by both Asian and Western values.

Background of India

India was outward-looking for much of its early history. It was

one of the world's superpowers with a very strong economy, having somewhere around 33% share of global GDP, until around the 12th Century (Bhattacharya 2008). Little is known about what exactly transpired in the 12th and 13th Centuries; however in the 18th Century, under Mughal rule, India still accounted for more than 20% of the world's GDP (Maddison 1995, Harrison 2006). At that time, India's economy was focused on agriculture and textiles. After independence from the British in 1947, the country was leftward leaning focusing more on socialism and collectivism. Capitalism was associated with imperialism and the country was oriented towards self-sufficiency rather than world trade. It wasn't until 1991, that a more open cultural attitude took over (Bhattacharya 2008) and India began its quest to once again be a world economic power.

India is a diverse country that includes numerous ethnic and religious groups. While the most dominant religion is Hindu, India is the world's second most populous Muslim country (after Indonesia). Christianity is the third most popular religion, practiced by approximately 3 percent of the population. There is a multitude (over

1,600) of languages and dialects spoken in India and it is common for individuals to speak a minimum of three languages. In addition to their mother tongue (local language), Hindi is the official national language, and most of the educated classes speak English.

India has one of the youngest populations in the world, with the median age of 21.5. Over 30% of the population is under 14, while less than 5% is over the age of 65 (CIA World Fact Book 2009). The population currently has an "excess" of males, which in the future could bring some social discontent.

The Indian Economy and Political Outlook

Prior to the world economic crisis of 2008, the Indian economy had experienced five years of impressive growth that averaged 8.9%. Today, India appears to be on the road to recovery and foreign direct investment (FDI) is also increasing. In the last decade, India's global share of the world's FDI went from 0.3% to approximately 2.4% and is ranked third globally behind China and the U.S. for potential FDI coming in the next two years, according to Business Monitor Online (2010).

Industrial production is growing at the fastest rate since 1990, fueled by a strong domestic demand – accounting for over 85% of GDP (Business Monitor 2011). While agricultural production suffered in 2009 due to poor weather, India's manufacturing's sector increase of over 18% y-o-y, more than offset the decline in agriculture. The quality of Indian produced industrial goods has been increasing along with an impressive growth in the capital goods production. Industrial activity, however, currently represents less than 20% of GDP. Increased capital formation, the expectation of growth in credit along with increases in the number of jobs created point towards a healthy economic outlook.

In contrast to the favorable outlook for the economy, the political challenges facing India, are substantial. In addition to the turmoil created by the government's decision last year (more recently put on hold) to approve the creation of a new state, Telangana, many other separatist groups are seeking more rights and independence. The creation of new states, as previous experience has shown, has its downsides – it does not always improve governance, it makes it more difficult for the

country to coordinate and develop nationwide infrastructure projects, and more states, usually means more money spent on administering the units, which will likely add to India's fiscal deficit.

Managing social inequities is also a challenge. According to Business Monitor Online (p. 8), "India's track record on fighting income and poverty disparities has failed to match the economic growth boom enjoyed during the past decade."

The Study

Based on the notion that the future developments in India will be in part, based on the values and orientations of future business leaders, the current exploratory study was undertaken at one of the leading business programs in India, the K J Somaiya Institute of Management Studies & Research located in Mumbai, the financial and business hub of the country.

The sample was composed of 69 students enrolled in post-graduate studies with an International Business emphasis and of faculty and doctoral students in business who participated in a research seminar at the University.

Approach

The first decision was to determine which values scale to use in the research. The criteria used to choose a scale were that the scale had been vetted and published as being valid and reliable and equally as important that the scale would have congruence and construct validity relative to India. India, itself, is an enigma in that some people see India as Asian, while others do not. An article by Baru (2002) concluded that India is Asian, but her links to Asia were disrupted by the arrival of Europeans in the region and also the non-aligned status of India during the Cold War period. In the twenty-first century, India is currently in the process of "rediscovering her Asianness."

Based on the desire to examine the strength of Asianness as compared to more Western values, a scale that measured Asian ethnic cultural values was selected. The original scale was developed to measure the enculturation of Asian Americans and whether they held to some salient Asian values. The scale was later revised and 20 items from the revised scale were used in this study. These items are related to the Asian cultural values of 1)

Conformity to Norms, 2) Family recognition through achievement, 3) Emotional Self-Control, and 4) Collectivism (Kim and Hong 2004). These are the four factors that had been found to have the greatest explanatory value (Kim, Atkinson and Yang, 1999). Portions of Kaufman's (1991) Polychronic Attitude Index were used to measure orientation towards polychronic or monochronic time models. In the Kim, Atkinson and Yang 1999 study, a small sample of U.S. students was used for comparison purposes. Following the Kim, Atkinson and Yang example, a comparison group of 32 students at a major U.S. west coast university were also given the questionnaire.

Findings and Discussion

The average scores of the Indian sample respondents turned out to be modestly higher (more Asian) than comparable scores of Asian Americans from the Kim, Atkinson and Yang (1999) study. (See Table 1) And the scores of the American sample were, in general, slightly lower than those of the Kim et. al. study. This implies that the Indians hold values that are more Asian than do Asian Americans and the more recent California sample of U.S. students, generally holds more western

values with only one exception. That exception is that “Academic Achievement should be highly valued among family members.” There was an extremely high agreement (6.09 on a 7 point scale) with this sentiment, which was both significantly higher than the Kim et. al American scores and significantly higher than the Asian American or Indian score. Otherwise, it appears U.S. students are becoming more western in focus.

There were very few differences among male and female respondents in either the Indian or U.S. samples. On only two items were the gender differences statistically significant, both of which related to conformity. It appears that males are slightly more likely to say that adherence to society’s beliefs, behaviors and expectations are desired.

As Hofstede and Bond (p. 18) state, “Culture in the form of certain dominant values is a necessary condition for economic growth; however, culture alone is not sufficient for such growth to occur.” The two other factors necessary according to Hofstede and Bond, are the existence of a market and a political context that allows for development. It can also be argued that the cultural values

of India will have an impact on all four points of Michael Porter’s Diamond Model (1990) and the role of government. The average scores of both the Indian and U.S. samples on each of the 20 Asian values items are shown in Table 1.

The cultural value of frugality will impact a nation’s savings rate, which is a major contributor to a nation’s capital resources – a major Factor Condition. Frugality will also impact the demand for goods and services within a nation – a major driver of economic growth. Business Monitor OnLine (2011) reported that India places heavier reliance on domestic demand than any other major Asian nation. In addition, cultural values will play a role in the structure and strategies of firms and well as the relationship among the various stakeholders. This includes relations between and among firms, their suppliers, and other supporting industries.

As India continues to develop its economy, it is likely to become more involved in the global economy. In 2010 exports accounted for only 13% of its GDP (BMI, 12 April 2011), far below the 67% average of other Asian nations. Going forward it is expected that India will be more engaged with Western styled markets and businesses.

Item	India Mean	US Mean	Sig
Conformity to Norms			
Academic achievement should be highly valued among family members	4.91	6.09	.01
Conforming to norms provides one with identity	3.83	3.30	n.s.
Conforming to norms provides order in the community	4.81	4.12	.05
Conforming with norms is the safest path to travel	4.11	3.91	n.s.
One should adhere to the values, beliefs, and behaviors that one's society considers normal and acceptable.	4.68	4.03	.05
One should recognize and adhere to the social expectations, norms and practices.	4.42	3.79	.05
Family Recognition Through Achievement			
It is one's duty to bring praise through achievement to one's family.	4.63	4.76	n.s.
One should work hard so that one won't be a disappointment to one's family.	4.67	4.58	n.s.
One's academic and occupational reputation reflects the family's reputation	4.42	3.88	n.s.
One's educational success is a sign of personal and familia character.	4.17	4.73	.10
Succeeding occupationally is an important way of Making one's family proud.	4.85	5.00	n.s.
Emotional Self-Control			
One's emotional needs are less important than fulfilling one's responsibilities	4.05	3.90	n.s.
One should not express strong emotions	3.79	2.85	.01
One should not act based on emotions	4.19	3.67	.05
It is better to hold one's emotions inside than to burden others by expressing them	4.67	2.60	.01
Collectivism			
The welfare of the group should be put before the welfare of the individual	4.73	4.09	.05
The needs of the community should supersede those of the individual.	4.15	3.67	n.s.
One's personal needs should be second to the needs of the group.	4.30	4.0	n.s.
One's efforts should be directed toward maintaining the well-being of the group first and the individual second.	4.36	4.21	n.s.
One's achievement and status reflect on the whole family	4.72	3.55	.01

Table 1 Average Scores for Asian Values

The results of Polychronic attitudes, using the four items of Kaufman, Lane and Lindquist (1991) scale and additional items, are shown in Table 1. In this Table, the higher the score, the greater the agreement with the statement. The first three items were reverse scored in Kaufman, et. al.'s work,

but they were not reverse scored in this study, meaning that the higher the score, the less the polychronic attitude. The first item, which was the only item found to be significant between the India and U.S. sample respondents indicates that U.S. definitely do not like to juggle several activities, which is consistent with the M-Time approach described by Hall.

Item	India Mean	USA Mean	SIG
I do not like to juggle several activities at the same time*	3.21	5.53	.004
People should try not to do too many things at once.*	3.52	3.19	n.s.
When I sit down at my desk, I like to work on one project at a time.*	3.55	3.59	n.s.
I am comfortable doing several things at the same time.*	3.20	3.84	n.s.
I seldom like to work on more than a single task or activity at the same time.	3.00	2.94	n.s.
When I work by myself, I usually work on one task at a time.	3.35	3.44	n.s.
I like to juggle several activities at the same time	2.94	3.09	n.s.
I feel I have to do things hastily and maybe less carefully in order to get everything done.	3.18	3.44	n.s.

Items marked with * are the statements from the Polychronic Attitude Index
Other items are from a variety of other scales designed to assess monochronic or polychronic attitudes.
"Strongly Agree = 5; Strongly Disagree = 1.

Table 3 Polychronic Attitudes

There were no statistically significant differences found on any of

the other Polychronic attitude items. Even though not significant, the last item shows that the U.S. sample was more likely to do things hastily perhaps in order to

stick to a schedule (M-Time characteristic).

CONCLUSIONS

The results of this study reinforce the notion that Indian MBA students exhibit a mix of Asian and Western values. Based on the responses to the Asian Values Scale, the students' responses showed strong adherence to Asian values, but differed little from their Western counterparts on half of the characteristics. On the Polychronic Attitude Scales, there was little difference between the responses of the Indian and U.S. samples. This leads to some interesting conclusions regarding the potential for cross culture work among the future business leaders.

The Indian students in this study appear to exhibit values that will relatively easily transfer from Eastern to Western styles of negotiating and operating. Their mix of Asian/Western values shows that they will be able to relate to business people from both types of cultures. This should bode well for the future of Indian businesses.

BIOGRAPHY

Beverlee B. Anderson received her PhD in Marketing from

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