A Few implications :

Cultural Dimensions of Societal Competitive Advantage

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An emerging stream of research has identified culture to be a key factor in the economic and business processes. Specifically, Franke, Hofstede, and Bond (1991) showed a relationship between two cultural dimensions Individualism and Confucian dynamism as positive influencers on economic growth. More recently, Ashkanasy, Gupta, Mayfield, and Trevor-Roberts (2004) observed, "Future orientation involves taking a long-term perspective that includes recognition of how history and tradition define opportunities and capabilities for the future. Low future orientation, on the other hand, induces societies to emphasize only on their immediate concerns."

The cultural attributes such as future orientation may have an important formative influence on the development and exploitation of path-dependent, evolutionary, and historically crafted societal capabilities. Collectivism which facilitates acquisition of capabilities may be an important aspect of societal capabilities, as its performance orientation which drives exploitation and application of capabilities. Previous research has under -emphasized the cultural foundations of societal capabilities, and its managerial implications. This paper strives to fill this gap.

Relational Capability and Achievement Capability

The socialization processes that enable members within a community to form relationships are important for knowledge to be transferred and converted into resources, we propose the term *relational capability* to indicate the ability to bond and identify with others as members of a group. Relational capability

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encompasses commitment and loyalty to ease communication, coordination and enhance trust within the group or community.

The knowledge perspective has pointed the significance of relational capabilities in facilitating the discovery, codification, and transfer of idiosyncratic know-how. Complex know-how, accumulated over a period of time, tends to reside in routines which are embedded in a network of relationships. To discover such know-how requires intimate relationships with the groups and communities which holds that know-how. Authentic codification of such informal and embedded know-how may not be feasible unless personalized relationships are developed with the relevant owner groups. Similarly, idiosyncratic community know-how may not be readily transferable across relational boundaries.

The social capital perspective, cautions that relational capabilities alone are insufficient for sustainable and broad-based economic development. Relational capabilities may generate relational exclusivity, isolating groups and members that lack strong relationships. However, when relational capabilities are balanced by achievement capabilities, the members are likely to strive for bridging gaps within and across societies; building such bridges contributes to socio-economic development. Ways of creating bridging relationships include trade and other forms of exchange, which help to arbitrage intra and inter-societal variations in capabilities, thus aiding development.

In contrast, *achievement capabilities* refer specifically to capabilities required for realizing desired performance goals. Moreover, the development of achievement capabilities is associated with transcending group identity and enlarging the boundaries of the group or community. While, the former refers to relationship building skills and views the relationship as valuable in itself, the later uses the knowledge provided by the relationship as a strategic resource in achieving goals at the firm and at societal levels. We use the term *achievement capabilities* which refer to competence in engaging the economic transactions with other communities and societies. Moreover, it denotes competence in transforming the knowledge embedded in social networks and concrete relationships into rent generating assets or capital.

Two stylized facts emerge from earlier research and empirical studies. The first, that relationship-building skills are important in promoting knowledge transfer. Second, that ability to use inter-firm, inter-community networks is critical in generating new knowledge that forms the basis of further transactions. These two stylized facts beg the question: *Why are some firms and some societies better able to form networks, share knowledge, and engage in transactions than others?*
Research on national culture and its dimensions suggests that cultural practices underlie cross-national differences in organizational and societal practices and behaviors (House et al 2004) and form the basis of capabilities.

Family collectivism concept is associated with the attributes and behaviors described earlier such as loyalty and obligation to the group, trust, bonding with group members, and possibly with the need for affiliation (McClelland, 1965). Negative behaviors associated with an overemphasis on this dimension include nepotism and corruption. Janis (1982) views on groupthink include such negative behaviors. Similarly, performance orientation, based on McClelland's (1965) construct of achievement motivation, is associated with excellence and emphasizes achievement based on measurable standards. Thus, the dimensions of group collectivism and performance orientation describe attributes and behaviors associated with the two types of competence outlined above and are *related* to 'relational capabilities' and 'achievement capabilities'.

Propositions

While societal performance requires the presence of both relational capabilities and achievement capabilities, these are, in turn, influenced by and associated with the cultural context. The cultural context serves to intensify or diminish relational capabilities and achievement capabilities within societies. Below, we outline four propositions on the influence of relevant cultural factors on relational and achievement capabilities.

Power Distance

The dimension of power distance refers to the degree to which there is an emphasis on social demarcation according to a status hierarchy (Hofstede, 1980). Power, the differential capacity to command resources, gives rise to structured, albeit asymmetric, relations of domination and subordination among social actors. Therefore, we propose that:
Proposition 1: The relational capabilities are stronger in a power distance culture.

Uncertainty Avoidance

Practices associated with the cultural dimension of uncertainty avoidance (a reliance on rules and procedures to ensure clarity), are likely to underlie the motivation to seek new knowledge to solve the problems. When rules and procedures are explicit, as in low context cultures (Hall, 1976), it is easier for members of different communities to engage in transactions or negotiations successfully. Thus, interactions between groups can be direct, efficient, and pragmatic, emphasizing the task at hand rather than the relationship. In the absence of a need to emphasize the social aspect, relational capabilities are less likely to be developed. The more generalized presence of trust also indicates adherence to universal values and organizational abilities spanning different groups. Hence, Proposition 1(b): The relational capabilities are weaker in an uncertainty avoiding culture.

Future Orientation

The societal impact of future orientation is to provide an underlying motivation for nurturing the development of institutions to make the community or group successful, particularly since investments in new opportunities require a long term commitment. Moreover, the presence of future orientation suggests that organizations are likely to take an options view by investing in opportunities that may yield benefits in the long term by leveraging current capabilities and successes. Hence,

Proposition 2(a): The achievement capabilities are stronger in a future oriented culture.

Gender Egalitarianism

Literature on development emphasizes the importance of women's empowerment and education in economic development. Gender egalitarianism in education not only raises the current level of human capital, but it is also a critical element in the intellectual development of future generations. For instance the rapid industrialization of Korea is attributed to investments in schooling of both girls and boys (Nelson, 1993), while high drop-out rates and low levels of schooling for girls are observed in regions lagging in socio-economic development (Woolcock, 2000). Hence, it is proposed that:
Proposition 2(b): The achievement capabilities are stronger in a gender egalitarian culture.

Operational Measures

Data source - Data for the study were taken from a large-scale 61 society study, as part of GLOBE (Global Leadership and Organizational Behavior Effectiveness) Program, which involves more than 150 investigators from around the world.

Dependent variables - The construct of Relational Capabilities was measured using items related to the presence of family-oriented pride, trust, empathy, and relationships in a society. Since, capabilities are honed

through actual practice: the actual practice of family collectivism was used as a measure, as opposed to preferences and expectations of family oriented behaviors. Similarly, the construct of *Achievement Capabilities* was measured using items related to the presence of performance-related rewards, recognition, and motivation in a society.

Independent variables - We used the GLOBE program's cultural measures of Power Distance, Uncertainty Avoidance, Future Orientation, and Gender Egalitarianism. As above, we relied on measures assessing the practices of culture, as opposed to those assessing expressed preferences about the culture since actual practice, rather than intentions and preferences, influences capabilities. While preferences may affect capabilities in the long term, in the absence of longitudinal data to assess such leads and lags, we decided to rely exclusively on measures based on practice.

less gender egalitarian societies tend to be associated with an emphasis on achievement capabilities. Thus, we find support for all our propositions, except the gender egalitarian proposition.

Discussion: Gender Egalitarianism and Low Achievement?

When gender egalitarianism is high, discrimination based on gender is minimized, allowing both men and women to participate in the labor force and contribute to families on an equal basis. In societies, with low gender egalitarianism, economic development increases returns to both men and women only within their traditional gender domains; the roles of men and women do not overlap. In contrast, gender egalitarianism connotes a 'gendered' social construction of both men and women. Gender egalitarian societies not only tolerate diversity, but also emphasize fostering understanding, respect, and

Findings

The correlation of the dependent and the independent variables is given in Table 1.

Table 1: Correlation for Cultural Dimensions and Societal Capabilities

	Relational Capability	Achievement Capability	Power Distance	Uncertainty avoidance	Future Orientation
Relational Capability	1.00				
Achievement Capability	-0.1	1.00			
Power Distance	0.55**	-0.36**	1.00		
Uncertainty Avoidance	-0.60**	0.58**	-0.50**	1.00	
Future Orientation	-0.44**	0.63**	-0.52**	-0.76**	1.00
Gender Egalitarianism	-0.20	-0.31*	-0.29*	-0.06	-0.06

Note: n= 61; ** p<0.01; *: p<0.05

As is evident, high power distance and low uncertainty avoiding societies are associated with an emphasis on relational capabilities. In contrast, future oriented and

diversity in their communities, through sustained and committed efforts (Martin, 1993). An implication is that as gender egalitarianism rises, the focus of societal

capabilities may shift from merely emphasizing achievement to attaining a broader set of goals. This may be mirrored in the shift from aspirations for wealth in modern, industrial societies to those emphasizing emotional well-being, self-expression, and spiritual fulfillment (Inglehart, 1997) in post-industrial societies.

Conclusions

In this paper, we highlight the need for a deeper understanding of differences in national performance and societal capabilities, and examining the cultural attributes underlying these capabilities.

Understanding how culture influences capabilities, would lead to viewing cultural practices as signals about where search may be conducted, and extend our knowledge of the capability building process.

The study carries important managerial implications, particularly for firms in emerging economies like India. Firms need both relational and achievement capabilities for competitive advantage. Societies may vary in these capabilities depending on variations in their cultural attributes. Intense competitiveness is not necessarily desirable since it leads to sub standardization. For example, the intense competitiveness of Chinese firms results in a cut-throat environment and imitation rather than fostering leadership through creativity, differentiation, and innovation. To maintain creativity in the face of competition, it may be necessary to make gender egalitarianism salient, since it encourages diversity which enhances the potential for creativity and innovation. By fostering the adoption of appropriate cultural practices within organizations, managers can maintain an appropriate balance between relational and achievement capabilities. Managers can also create islands of relevant cultural attributes and make these salient to facilitate their broader acceptance. Desirable features of culture may also be fostered through alliances with relevant organizations or by investing in societies with appropriate values, behaviors, and practices. Finally, managers can encourage innovation and long term competitive advantage by balancing relational and achievement capabilities through enhanced communication and coordination across different intra-organizational units, and inter-firm alliances.

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