

Cultural Coloring

Exploring How National Origin Affects the International Portability of Business Models

Summary

The rapid shift of economic power to emerging economies, the dramatic failure of financial market mechanisms in the United States, and the swift rise of what might be called “autocratic capitalism” in China suggest a pressing need not only to better understand business models, but how national culture affects them.

Building on theory and qualitative case research, this exploratory study proposes a framework that combines strategic and cultural perspectives to examine the international “portability” of business models, e.g., how well they are likely to transfer to overseas markets. Its goal is to suggest a potentially useful method for evaluating a particular business model’s international portability, and to provide teaching cases that give students practical experience in diagramming business models and in applying the evaluation method described herein.

The study’s premise is that the strategic and economic logic by which a business profitably acquires and serves customers — its business model — is, like a person, “imprinted” by the distinctive cultural environment in which it was developed. In other words, simply by being born in a specific country, all kinds of attributes and assumptions are somehow “baked in” to the model — it is culturally colored.

Specifically, the study defines a pyramid-shaped, tiered scheme for examining two

distinct “layers” of a business model: Firm and Culture. The bottom Culture tier identifies assumptions of the model specific to national origin that may affect the model’s international portability. The top Firm tier represents a model’s individual “personality” — specific innovations or “plot twists” designed to overcome competitors or meet unserved customer needs.

A second tool, the Imprinting Canvas, was developed to make visible imprinted, national origin-specific assumptions as they affect each element of a business model outside the home market.

The tools were used to evaluate two pairs of Japanese and U.S. companies. The cases give students the opportunity to:

- Define each company’s business model, and evaluate how it was imprinted by national origin
- Show how imprinting affected international portability
- Draw conclusions, both about business model portability and about operational and strategic issues specific to the company in question

A concise overview of the research and cases appears in the article entitled “Is Culture Coloring Your Business Model?” on page 150 of the thesis.