

Cultural Value Orientations: Nature & Implications of National Differences

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Introduction

This monograph presents my theory of seven cultural value orientations and applies it to understanding relations of culture to significant societal phenomena. The first chapter explicates my conception of culture, a conception of the normative value system that underlies social practices and institutions. I then derive seven value orientations that are useful for describing and comparing societies.

The second chapter discusses the conceptual underpinnings for measuring the cultural value orientations. It then presents the survey methods developed for this purpose and the empirical validation of the content of the seven value orientations and of the structure of relations among them. This is based on analyses of data across 75 countries.

The third chapter addresses two topics that are critical for evaluating whether it is justified to study culture with data from countries and from a single, narrow historical period. First, it discusses the validity of using countries as cultural units. Second, it considers the pace of change in cultural value orientations. In doing so, it examines evidence regarding possible cultural convergence across countries in recent years.

Chapter four uses the seven validated cultural orientations to generate a worldwide graphic mapping of national cultures. This map permits comparison of national cultures with one another on each orientation. It reveals eight distinct world cultural regions that reflect the influence of geographic proximity, history, language, and other factors. To illustrate the meaningfulness of the cultural map, I discuss the distinctive cultural profiles of each world cultural region. I also note countries whose culture differs from what one might expect based on geographical proximity and suggest possible explanations for these deviations.

The fifth chapter argues that the prevailing cultural value orientations in a country reflect and influence the major social policies of governments and practices of society. It tests this claim by assessing predicted associations between the prevailing the cultural value orientations and four significant domains of public policy and practice, women's equality, public expenditures, provision of a social net, and handling of internal and external violence.

Chapter six looks at relations of culture with key elements of the social structure in a countries. It develops hypotheses regarding reciprocal, causal influences between culture, measured by the value orientations, and exemplary economic, political, and demographic features of societies. It then presents empirical tests of these hypotheses. Specifically, the chapter examines relations of culture to the socioeconomic level of countries, to their levels of political democracy and corruption, to the competitiveness of their market systems, and to their average family size.

Chapter seven shifts the focus from the consequences of the prevailing culture in a country to the consequences of the cultural distance between pairs of countries. It studies how cultural distance has affected the flow of direct investments among the countries of the world during the past few decades. Unlike earlier studies of cultural distance, it examines the separate effects of distance on different cultural value orientations. This reveals that cultural distance may enhance as well as inhibit cross-national investment, depending on the cultural orientation involved.

The current approach differs from well-known theories of cultural dimensions (e.g., Hofstede, 2001; Inglehart & Baker, 2000) in deriving the constructs to measure culture from *a priori* theorizing and then testing the fit of these constructs to empirical data. Moreover, whereas other approaches seek orthogonal dimensions, I assume that correlated dimensions capture culture

better because they can express the interdependence of cultural elements. My theory of culture specifies a coherent, integrated system of relations among the seven cultural value orientations. These orientations form three correlated bipolar dimensions. Empirical measures of the seven orientations support the coherence of culture by revealing that the cultural profiles of societies rarely exhibit incompatible value emphases.

Chapter 1: What Are Cultural Value Orientations?

Basic Assumptions

The prevailing value emphases in a society may be the most central feature of culture (Hofstede, 1980; Inglehart, 1997; Schwartz, 1999; Weber, 1958; Williams, 1958). These value emphases express conceptions of what is good and desirable, the cultural ideals. The rich complex of meanings, beliefs, practices, symbols, norms, and values prevalent among people in a society are manifestations of the underlying culture.

I view culture as a latent, hypothetical variable that we can measure only through its manifestations. The underlying normative value emphases that are central to culture influence and give a degree of coherence to these manifestations. In this view, culture is not located in the minds and actions of individual people. Rather, it is outside the individual. It refers to the press to which individuals are exposed by virtue of living in particular social systems.

In psychological terms, this cultural press refers to the stimuli ('primes') that individuals encounter more or less frequently in their daily life, stimuli that focus conscious or unconscious attention. Daily stimuli encountered in a society may draw attention more to the individual or to the group, for example, or more to material concerns or to spiritual concerns. This cultural press can also take the form of language patterns (e.g., pronoun usage that emphasizes the centrality of

self versus other; Kashima & Kashima, 1998). In sociological terms, this press refers to the expectations encountered more or less frequently when enacting roles in societal institutions. Do the expectations encountered in schools call more for memorizing or for questioning? Do the expectations encountered in the legal system encourage seeking the truth or winning the case regardless of the 'truth'? The frequency of particular stimuli, expectations, and taken-for-granted practices in a society express underlying normative value emphases that are the heart of the culture.

This view of culture contrasts with views of culture as a psychological variable. These views see culture as beliefs, values, behaviors, and/or styles of thinking distributed in a distinctive pattern among the individuals in a society or other cultural group. Culture, as I conceptualize it, influences the distribution of individual beliefs, actions, goals, and styles of thinking through the press and expectations to which people are exposed. A cultural value emphasis on modesty and obedience, for example, finds expression in stimuli and expectations that induce widespread conformity and self-effacing behavior. I was struck with this cultural emphasis and its expression, for example, when traveling through villages in Thailand and Laos.

The way social institutions are organized, their policies and everyday practices, explicitly or implicitly communicate expectations that express underlying cultural value emphases. Competitive economic systems, confrontational legal systems, and achievement oriented child-rearing, for example, express a cultural value emphasis on success and ambition. This fits the cultural stereotype of America, a stereotype with more than a kernel of truth, as we shall see in the empirical findings. Through these social institutions, individuals living in the society are continually exposed to primes and expectations that promote the underlying cultural values.

Prevailing cultural value orientations represent ideals. As such, they promote coherence among the various aspects of culture. Aspects of culture that are incompatible with them are likely to generate tension and to elicit criticism and pressure to change. Cultures are not fully coherent, of course. Subgroups within societies espouse conflicting values. The dominant cultural orientation changes in response to shifting power relations among these subgroups. But change is slow (see below and also Hofstede, 2001; Schwartz, Bardi & Bianchi, 2000). Yet, cultural value orientations do change gradually. Societal adaptation to epidemics, technological advances, increasing wealth, contact with other cultures, wars, and other exogenous factors leads to changes in cultural value emphases.

In order to measure cultural orientations as latent variables, we could analyze the themes of the popular children's stories in a society, its proverbs, movies, literature, socialization practices, legal systems, or the ways economic exchange is organized. Such manifestations each describe a narrow aspect of the culture. Moreover, many are the product of particular subgroups within society, aimed at particular audiences, or negotiated among elites. When researchers try to identify culture by studying these types of manifestations, what they seek, implicitly or explicitly, are underlying value emphases (Weber, 1958; Williams, 1968). Hence, studying value emphases directly is an especially efficient way to capture and characterize cultures.

Seven Cultural Value Orientations

All societies confront certain basic issues in regulating human activity (Kluckhohn & Strodtbeck, 1961). Cultural value emphases evolve and change over time as societies generate preferred responses to these problems.¹ I use a set of basic societal problems chosen for their

¹ There is little research on why particular societies generate particular preferences. History, ecology, technology, and various chance factors undoubtedly play a role (see, e.g., Diamond, 1996; Schwartz, in press; Schwartz & Ros,

centrality for societal functioning to derive dimensions on which to compare cultures. The cultural value orientations at the poles of these dimensions are Weberian ideal-types; actual cultural groups are arrayed along the dimensions. I derived these orientations from *a priori* theorizing about possible societal responses to the key problems.

The first problem is to define the nature of the relations and boundaries between the person and the group: To what extent are people autonomous vs. embedded in their groups? I label the polar locations on this cultural dimension **autonomy** versus **embeddedness**. In autonomy cultures, people are viewed as autonomous, bounded entities. They are encouraged to cultivate and express their own preferences, feelings, ideas, and abilities, and find meaning in their own uniqueness. There are two types of autonomy: *Intellectual autonomy* encourages individuals to pursue their own ideas and intellectual directions independently. Examples of important values in such cultures include broadmindedness, curiosity, and creativity. *Affective autonomy* encourages individuals to pursue affectively positive experience for themselves. Important values include pleasure, exciting life, and varied life.

In cultures with an emphasis on **embeddedness**, people are viewed as entities embedded in the collectivity. Meaning in life is expected to come largely through social relationships, through identifying with the group, participating in its shared way of life, and striving toward its shared goals. Embedded cultures emphasize maintaining the status quo and restraining actions that might disrupt in-group solidarity or the traditional order. Important values in such cultures are social order, respect for tradition, security, obedience, and wisdom.

The second societal problem is to guarantee that people behave in a responsible manner that preserves the social fabric. That is, people must engage in the productive work necessary to

1995). Below, I present a few specific explanations when discussing the culture profiles of countries that diverge

maintain society rather than compete destructively or withhold their efforts. People must be induced to consider the welfare of others, to coordinate with them, and thereby to manage their unavoidable interdependencies. The polar solution labeled cultural **egalitarianism** seeks to induce people to recognize one another as moral equals who share basic interests as human beings. People are socialized to internalize a commitment to cooperate and to feel concern for everyone's welfare. They are expected to act for the benefit of others as a matter of choice. Important values in such cultures include equality, social justice, responsibility, help, and honesty.

The polar alternative labeled cultural **hierarchy** relies on hierarchical systems of ascribed roles to insure responsible, productive behavior. It defines the unequal distribution of power, roles, and resources as legitimate and even desirable. People are socialized to take the hierarchical distribution of roles for granted, to comply with the obligations and rules attached to their roles, to show deference to superiors and expect deference from subordinates. Values of social power, authority, humility, and wealth are highly important in hierarchical cultures.

The third societal problem is to regulate people's treatment of human and natural resources. The cultural response to this problem labeled **harmony** emphasizes fitting into the social and natural world, trying to appreciate and accept rather than to change, direct, or exploit. Important values in harmony cultures include world at peace, unity with nature, protecting the environment, and accepting one's portion. **Mastery** is the polar cultural response to this problem. It encourages active self-assertion in order to master, direct, and change the natural and social environment to attain group or personal goals. Values such as ambition, success, daring, self-sufficiency, and competence are especially important in mastery cultures.

from their neighbors and when analyzing reciprocal influences of culture and social structure on one another.

In sum, the theory specifies three bipolar dimensions of culture that represent alternative resolutions to each of three problems that confront all societies: **embeddedness** versus **autonomy**, **hierarchy** versus **egalitarianism**, and **mastery** versus **harmony** (see Figure 1). A societal emphasis on the cultural orientation at one pole of a dimension typically accompanies a de-emphasis on the polar type with which it tends to conflict. Thus, as we will see below, American and Israeli culture tend to emphasize mastery and affective autonomy and to give little emphasis to harmony. The cultures of Iran and China emphasize hierarchy and embeddedness but not egalitarianism and intellectual autonomy. And Russian culture, compared with most of the world, emphasizes hierarchy but not the opposing orientation of egalitarianism.

Figure 1 about here

The cultural value orientations are also interrelated based on compatibility among them. That is, because certain orientations share assumptions, they generate expectations that are similar. For example, egalitarianism and intellectual autonomy share the assumption that people can and should take individual responsibility for their actions and make decisions based on their own personal understanding of situations. And high egalitarianism and intellectual autonomy usually appear together, as in Western Europe. Embeddedness and hierarchy share the assumption that a person's roles in and obligations to collectivities are more important than her unique ideas and aspirations. And embeddedness and hierarchy are both high in the Southeast Asian cultures I have studied.

The shared and opposing assumptions inherent in cultural values yield a coherent circular structure of relations among them. The structure reflects the cultural orientations that are compatible (adjacent in the circle) or incompatible (distant around the circle). As noted, this view

of cultural dimensions as forming an integrated, non-orthogonal system, distinguishes my approach from others.

Chapter 2. Measuring and Validating the Cultural Value Orientations

Conceptual Bases of Measuring Cultural Value Orientations

Recall that cultural value orientations find expression in the norms, practices, and institutions of a society. The cultural value orientations help to shape the contingencies to which people must adapt in their daily lives. They help to determine the individual behaviors, attitudes, and value preferences that are likely to be viewed as more or less legitimate in common social contexts, to be encouraged or discouraged. Members of the dominant group in a society share many value-relevant experiences. They are socialized to take for granted the implicit values that find expression in the workings of societal institutions. Culture is an external press (set of stimuli and demands) to which each individual is exposed in a unique way, depending upon her location in society. This press affects the value priorities of each societal member. No individual experiences the full press of culture, nor can anyone be fully aware of the latent culture of his society.

Of course, each individual has unique experiences and a unique genetic makeup and personality that give rise to individual differences in personal values within societies. Critically, however, these individual differences affect the variance in the importance that group members attribute to different values but not the *average* importance. The average reflects the impact of exposure to the same culture. Hence average individual value priorities point to the prevalent cultural value orientations (cf. Hofstede, 2001, Inglehart, 1997).

A Cross-Culturally Valid Value Survey

I operationalize the value priorities of individuals with the Schwartz Value Survey that includes 56 or 57 value items (SVS: Schwartz, 1992; Schwartz & Boehnke, 2004). These abstract items (e.g., social justice, humility, creativity, social order, pleasure, ambition) are each followed in parenthesis by a phrase that further specifies their meaning. Respondents rate the importance of each "as a guiding principle in MY life." Respondents from cultural groups on every inhabited continent have completed the survey, anonymously, in their native language.² To avoid a Western bias, the SVS took items from sources around the world: value surveys, philosophical and religious texts, and scholars' recommendations. The objective was to include all motivationally distinct values likely to be recognized across cultures, not to capture values unique to particular cultures. Growing evidence suggests that the survey overlooks no major motivationally distinct values (de Clercq, 2006; Schwartz, 2005a).

In order to use values in cross-cultural comparisons, their meanings must be reasonably similar across cultures. Separate multidimensional scaling analyses of the value items within each of 70 countries established that 46 of the 57 items have reasonably equivalent meanings across countries (Schwartz, 2006; Fontaine, Poortinga, Delbeke, & Schwartz, in press). These 46 items constituted the item pool for assessing the culture-level theory. They were selected because of their meaning equivalence across cultures, but with no connection to the theory of cultural orientations. In order to find *a priori* markers for each of the seven cultural value orientations, I sought items whose content expressed the emphasis of each orientation. I was able to find three to eight items to serve as markers of each orientation.

Empirical Evidence for Seven Cultural Value Orientations

The latest assessment of the validity of the seven cultural value orientations and the

²I am indebted to 110 collaborators for their aid in gathering the data. I list them in the Appendix.

relations among them employs data gathered in 1988-2005. Participants were 88 samples of schoolteachers (k-12) from 64 cultural groups, 132 samples of college students from 77 cultural groups, and 16 representative regional or national samples from 13 countries. Most samples came from the dominant, majority group. In some heterogeneous countries, separate samples were obtained from large minority groups. The following analyses use data from 55,022 respondents from 72 countries and 81 different cultural groups.

For each sample, we computed the mean rating of each value item. This treats the sample as the unit of analysis. We then correlated item means across samples. The correlations reflect the way values covary at the sample (country) or culture level, not the individual level. They are statistically independent of the correlations across individuals within any sample. A confirmatory multidimensional scaling analysis (Borg & Groenen, 2005; Guttman, 1968) of the correlations between the sample means assessed whether the data support the seven cultural orientations and the relations among them.

The 2-dimensional projection in Figure 2 portrays the pattern of intercorrelations among values, based on the sample means. A point represents each value item such that the more positive the correlation between any pair of value items the closer they are in the space and the less positive their correlation the more distant. The theoretical model implies a circular, quasi-circumplex in which each orientation is close to (correlates positively with) those with which it is compatible and distant from (correlates negatively with) those with which it conflicts (as in Figure 1). Confirming that the orientations are discriminated depends upon finding bounded regions of marker items in the spatial projection that reflect the content of each of orientation. Confirming that the orientations relate as theorized depends upon finding that the bounded regions of the orientations form an ordered circle that matches the theorized order.

Comparing Figure 2 with Figure 1 reveals that the observed content and structure of cultural value orientations fully support the theorized content and structure. This analysis clearly discriminates the seven orientations: The value items selected *a priori* to represent each value orientation are located within a unique wedge-shaped region of the space. Equally important, the regions representing each orientation form the integrated cultural system postulated by the theory: They emanate from the center of the circle, follow the expected order around the circle, and form the poles of the three broad cultural dimensions. Note, the three cultural dimensions are not factors. The dimensions are vectors in the space that connect the opposing orientations.³

Figure 2 about here

The score for each cultural value orientation in a country is the mean importance rating of the value items that represent it. To control for individual as well as group biases in use of the response scales, I centered each individual respondent's ratings of the value items on his/her mean rating of all of the items prior to computing these scores. To increase the reliability of country scores based on the SVS data, I combined the means of the teacher and student samples in the 52 countries in which both types of samples were available. In 21 countries, only teacher or student data were available. For these countries, I estimated the missing sample means by regression.

³ Analyses of relations among values at the individual level yield a different structure, one that fits the ten motivationally distinct values that characterize individual differences (Schwartz, 1992). For example, humility and social power correlate positively in the culture-level analysis because, in a society organized around the legitimacy of hierarchy, members must accept that they are inferior to some as well as superior to others. At the individual level, these two values correlate negatively because the simultaneous pursuit of humility and of social power are contradictory for individuals (Schwartz, 1999). This reinforces the view that cultures and individuals are distinct entities and that different principles organize the normative cultural systems of societies and the motivational value systems of individuals.

Chapter 2: Can Country-Level Data from a Narrow Historical Period Give Insight into Culture?

Before we examine how country scores on the seven cultural value orientations array national cultures, we must digress briefly to ask whether such data are really meaningful. Is it legitimate to treat whole countries as cultural units? And is culture so stable that data from a narrow slice of historical time can provide information about culture that is useful?

Countries as a Cultural Unit

Countries are rarely homogeneous societies with a unified culture. Inferences about national culture may depend on which subgroups are studied. The research on my cultural orientations with the SVS used teacher and student samples rather than representative national samples. This makes it important to establish that scores derived from different types of samples order countries in the same way on the orientations.

I assessed consistency in the relative scores of countries on the seven cultural orientations by comparing three types of subgroups. First, I compared younger and older respondents by splitting the teacher samples into those 37 years or younger and those older. The mean correlation between the national scores of these two subgroups was .91 (range .96 [embeddedness] to .78 [mastery]). Second, the mean correlation for male versus female students across 64 countries was .90 (range .96 [embeddedness and intellectual autonomy] to .82 [harmony]). Third, the mean correlation for teachers versus students across 53 countries was .81 (range .90 [egalitarianism] to .57 [mastery]).

The correlations are weaker in the third comparison because the subgroups compared differed in both age and occupation. This suggests that closely matching the characteristics of the

samples from each country is critical when comparing national cultural orientations. Inglehart (2001) reported similarly high correlations across countries for his two dimensions of culture when comparing subgroups split by income and by rural/urban residence. Taken together, these findings support the view that countries are meaningful cultural units. This does not deny that there are important cultural differences among ethnic groups and regions within countries. My current research is examining such differences.

The Pace of Culture Change

Talk of globalization and its effects on culture lead theorists, researchers, and lay people alike to speculate that culture is changing rapidly and that cultural groups are becoming less differentiated. There has no doubt been some convergence across countries in styles of dress, food consumption, and musical tastes. Travelers find blue jeans, hamburgers, and rock bands in almost every country they visit. But do such changes also reflect change in the normative value orientations that underlie the functioning of societal institutions, the orientations that provide the basic cultural press to which people are exposed? Both case studies and empirical analyses of change in basic values can give us a sense of the pace of change in cultural values.

Kohn and Schooler (1983) theorized that the experience of serfdom promoted the spread of conformity values in societies and constrained the development of autonomy values. They hypothesized that this effect of serfdom would fade only very slowly across centuries. To test this hypothesis, they studied value differences among ethnic groups in America. They compared groups whose ancestors came from European countries that differed in whether serfdom had ever been present and, if so, how long ago it had ended. As hypothesized, ethnic groups in America that had immigrated from a country that never experienced serfdom showed the most autonomous values. The more recent the end of serfdom in a country (from 1600 and 1861), the

less autonomous the values of the ethnic group from that country, confirming their hypothesis.

Moghaddam and Crystal (1997) traced the value-based norms that govern authority relations and the treatment of women in 20th century Iran and Japan even farther back. They found the roots of these current norms in pre-Islamic times (1500 years earlier) in Iran and in the early Tokugawa era (400 years earlier) in Japan. Putnam (1993) traced the success of democracy in different regions of Italy to cultural roots beginning in the 12th century. These three cases suggest that cultural elements can persist for centuries.

Empirical analyses of cultural value orientations across countries have examined the extent to which the differences between nations change or remain stable. Inglehart and Baker (2000) studied change in the scores of 38 countries from the World Values Survey (WVS) on two value dimensions over an average interval of nine years. They reported correlations of .91 for 'traditional vs. secular rational values' across this interval and of .94 for 'survival vs. self-expression values'. Welzel, Inglehart, and Klingemann (2003) studied change in 'emancipative values' (values that emphasize human choice) in the WVS. The correlation between 1990 scores and 1995 scores across 50 countries was .95; between 1995 scores and 2000 scores across 27 countries, it was .94.

I examined change in my seven cultural value orientations in 36 samples from 21 countries over an average interval of seven years. Several of the countries had undergone major social change during the 1988-99 period of the study. China, for example, saw striking changes in economic and political practices and enjoyed rapid economic growth, Hong Kong went from British to Chinese rule, and both Hungary and Poland experienced the end of communist rule. Nonetheless, the correlations of the sample scores across the period on each cultural orientation were substantial: embeddedness .90, intellectual autonomy .86, affective autonomy .85, hierarchy

.85, egalitarianism .90, harmony .88, mastery .89. These correlations may even underestimate the stability of cultural values because many of the samples were not very well-matched across the two times.

In sum, differences between countries in cultural value orientations are quite stable: The *relative* positions of countries on these orientations change very slowly. Inglehart (1997) has reported a steady increase in post-materialist values across various periods in most countries but little change in the relative positions of countries. In my data from 36 samples, the only consistent change was an average increase of .3 standard deviation units in harmony values. The variance across samples on each of the seven cultural orientations was virtually identical at both times. Thus, not only do country level value differences remain stable, they also show no sign of converging. Cultural convergence in dress, food, and music is not replicated in the more basic aspect of culture, prevailing value orientations. Of course, the analyses of both my own and the WVS data examine change over relatively short periods. Before reaching firm conclusions about the pace of change, we must wait for the accumulation of data that permit examination of change over longer periods.

Chapter 3: Mapping Cultural Differences Around the World

This chapter examines the locations in cultural space of 77 cultural groups, based on the combined teacher and student samples. For these analyses, I first standardized each group's scores on the seven cultural orientation scores around its own mean score. This gave each group a cultural profile that reflects the relative importance of the seven value orientations. I then computed a matrix of cultural distances between all pairs of groups. The distance was the sum of the absolute differences between the pairs of groups on each of the seven value orientations.

For example, the respective scores for Russia and France were harmony 3.9/4.2, embeddedness 3.8/3.2, hierarchy 2.7/2.2, mastery 4.0/3.7, affective autonomy 3.5/4.4, intellectual autonomy 4.3/5.1, and egalitarianism 4.4/5.1. This yields a profile distance of 4.1. Compared with this cultural profile distance, the cultural distances between Russia and Ukraine (.5) and between Russia and Poland (.6) are much smaller. The cultural profile distances between Russia and the USA (1.6) and between Russia and China (1.6) are more moderate.

Next, I used multidimensional scaling (MDS) to generate a two-dimensional spatial representation of the distances among all the groups (see Figure 3). Finally, I drew vectors (optimal regression lines) in the MDS space that indicate the direction of increasing scores for each of the seven orientations (using the ‘co-plot’ technique; Goldreich & Raveh, 1993). Figure 3 shows the full vector for embeddedness from lower left to upper right. Dropping a perpendicular line from the location of a cultural group to the embeddedness vector reveals that group’s embeddedness score relative to all other groups. Perpendicular lines on the figure indicate that Yemen is very high on embeddedness, Russia moderately high, and East Germany very low. For each of the other orientations, short arrows indicate the angles of their vectors. The extensions of these vectors would go through the center of gravity of the figure, just above Romania.

Figure 3 about here

The correlation between the actual scores of the cultural groups on an orientation and their locations along the vector that represents the orientation appears in parentheses next to the name of the orientation. The substantial magnitude of these correlations (range .75 to .98) indicates that the locations of most samples provide quite an accurate picture. This is because most countries exhibit a profile that reflects the coherence of the theoretical structure of cultural dimensions: Cultural profiles high on one polar value orientation are typically low on the

opposing polar orientation and show similar levels of relative importance for adjacent orientations. For example, Chinese culture, compared to all the others, is very high on both hierarchy and the adjacent mastery orientation but very low on the opposing egalitarianism and adjacent harmony orientations.⁴

Consider two examples of how Figure 3 represents the cultural profile of a country on all seven cultural orientations. Culture in Sweden (upper left) strongly emphasizes harmony, intellectual autonomy, and egalitarianism and moderately emphasizes affective autonomy. The cultural emphasis on embeddedness is low, and it is very low for mastery and hierarchy. In contrast, in Zimbabwe (lower right), mastery, embeddedness, and hierarchy are highly emphasized, affective autonomy moderately emphasized, and egalitarianism, intellectual autonomy, and harmony receive little cultural emphasis.

To get a clearer sense of cultural variation around the world, I partitioned the spatial map of the 77 cultural groups by drawing boundary lines around culturally similar sets of countries. In this way, I identified eight transnational cultural regions. Figure 4 highlights these cultural regions: West European, English-speaking, Latin American, East Central and Baltic European, Orthodox East European, South Asia, Confucian influenced, and African and Middle Eastern. Only eight cultures are located outside the cultural region one might expect them to be part of. Three of these are from the culturally diverse Middle East (Turkey, Greek Cyprus, Israel Jews). The eight cultural regions overlap almost completely with the cultural regions Inglehart and

⁴Japan presents a striking exception. Seven samples from around Japan reveal an unusual combination of cultural elements. The culture strongly emphasizes hierarchy and harmony but not embeddedness, which is adjacent to them, and it strongly emphasizes intellectual autonomy but not the adjacent egalitarianism. Thus, the location of Japan on the map is necessarily misleading. This unusual combination would not surprise many scholars of Japanese culture (e.g., Benedict, 1974; Matsumoto, 2002). It points to a culture in tension and transition.

Baker (2000) identified using their two dimensions. They also show striking parallels with the zones Huntington (1993) specified based on qualitative analysis.

Figure 4 about here

Most regions reflect some geographical proximity. Hence, some of the cultural similarity within regions is doubtless due to diffusion of values, norms, practices, and institutions across national borders (Naroll, 1973). But shared histories, language, religion, level of development, and other factors also play a part.⁵ To illustrate the sensitivity of the cultural orientations to such factors, consider the cultures that are not located in their expected regions.

- French Canadian culture is apparently closer to West European and particularly French culture than to English speaking Canadian culture, reflecting its historic and linguistic roots.
- East German culture is close to West German culture rather than part of the East European region, reflecting shared language, history, and traditions not obliterated by communist rule.
- Turkish culture is higher on egalitarianism and autonomy and lower on hierarchy and embeddedness than its Middle Eastern Muslim neighbors are. This probably reflects its secular democracy, long history of East European influence, and recent struggles to join the West.
- Greek Cypriot culture is relatively high in embeddedness and low in autonomy. This may reflect its history of over 1000 years of rule by the Byzantine and Ottoman Empires and its Eastern Orthodox religion.

⁵Schwartz (in press) and Siegel, Licht, and Schwartz (2007) discuss historical sources of national difference on the embeddedness and egalitarianism dimensions. Schwartz and Ros (1995) and Schwartz and Bardi (1997) provide initial explanations for the emergence of the English-speaking, West European, and East European cultural profiles.

- Israeli Jewish culture is close to the English-speaking cultures and distant from the surrounding Middle East to which its Arab culture is close. Europeans founded Israel and it has strong political and economic links to the USA.
- Among the Latin American countries, the populations of Bolivia and Peru were least exposed to European culture and are economically least developed. This probably explains why their cultures are much higher in hierarchy and embeddedness than those of their neighbors.
- For Japan, see footnote 4.

Next, let us examine the cultural orientations that characterize each distinct cultural region. I base these characterizations on the actual cultural orientation scores because, as noted above, locations on seven variables in two dimensions cannot be perfect. Nonetheless, the locations of regions on the vectors in Figure 4 are quite accurate and highly informative.

West Europe. Corresponding to its location on the left of Figure 4, West European culture is the highest of all regions on egalitarianism, intellectual autonomy, and harmony and the region lowest on hierarchy and embeddedness. This profile holds even after controlling for national wealth (GDP per capita in 1985). Thus, although West Europe's high economic level may influence its culture, other factors are apparently critical. This cultural profile is fitting for a region of democratic, welfare states where concern for the environment is especially high (cf. Ester, Halman, & Seuren, 1994).

Although West European countries share a broad culture when compared with other world regions, there is substantial cultural variation within the region too. Greek culture is the least typical of Western Europe—higher on mastery and lower on intellectual autonomy and egalitarianism than the others are. French and Swiss French cultures display a relatively high

hierarchy orientation for Western Europe, together with the usual high affective and intellectual autonomy. They apparently retain a somewhat hierarchical orientation despite their emphasis on autonomy. Detailed analysis of such variations is beyond the scope of this monograph, but cultural differences within regions are meaningful.

English-Speaking. The culture of the English-speaking region is especially high in affective autonomy and mastery and low in harmony and embeddedness, compared with the rest of the world. It is average in intellectual autonomy, hierarchy, and egalitarianism. The culture in America differs from that in other English-speaking countries by emphasizing mastery and hierarchy more and intellectual autonomy, harmony, and egalitarianism less. This profile points to a cultural orientation that encourages an assertive, pragmatic, entrepreneurial, and even exploitative orientation to the social and natural environment. With the exception of the USA, this region is particularly homogeneous.

Cultural Differences in the 'West'. There is a widespread view of Western culture as individualist. But the more complex conception of seven cultural orientations reveals striking differences within the West. Comparing 22 West European samples with six United States samples, Schwartz and Ros (1995) found large and significant differences on six of the seven cultural orientations. Egalitarianism, intellectual autonomy, and harmony are higher in Western Europe; mastery, hierarchy, and embeddedness are higher in the United States. Using the term “individualist” to describe either of these cultures distorts the picture these analyses reveal.

Cultural orientations in Western Europe are individualist in one sense: They emphasize intellectual and affective autonomy and de-emphasize hierarchy and embeddedness relative to other cultures in most of the world. But West European priorities contradict conventional views of individualism in another sense: They emphasize egalitarianism and harmony and de-emphasize

mastery. That is, this culture calls for selfless concern for the welfare of others and fitting into the natural and social world rather than striving to change it through assertive action. This runs directly counter to what individualism is usually understood to mean.

Cultural emphases in the United States show a different but equally complex pattern: The individualistic aspect of American value orientations is the emphasis on affective autonomy and mastery at the expense of harmony. This may be the source of the stereotypical view of American culture as justifying and encouraging egotistic self-advancement. But this is not prototypical individualism because intellectual autonomy is relatively unimportant. Moreover, both hierarchy and embeddedness, the orientations central to collectivism, are high compared with Western Europe. This fits the emphasis on religion, conservative family values, and punitiveness toward deviance in America noted by analysts of American culture (e.g., Bellah, Madsen, Sullivan, Swidler, & Tipton, 1986; Etzioni, 1993).

Confucian. The Confucian-influenced region also exhibits a pragmatic, entrepreneurial orientation. However, this orientation combines a heavy emphasis on hierarchy and mastery with a rejection of egalitarianism and harmony as compared with other regions. This region emphasizes embeddedness more than all the European and American cultures. This cultural profile is consonant with many analyses of Confucian culture (e.g., Bond, 1996). Within-region differences are small except for Japan, which is substantially higher on harmony and intellectual autonomy and lower on embeddedness and hierarchy.

*Africa and the Middle East.*⁶ The cultural groups from sub-Saharan and North Africa and the Muslim Middle East form a broad region that does not break down into clear sub-regions. These cultures are especially high in embeddedness and low in affective and intellectual

autonomy. Thus, they emphasize finding meaning in life largely through social relationships with in-group members and protecting group solidarity and the traditional order rather than cultivating individual uniqueness. This fits well with the conclusions of studies of the Middle East (e.g., Lewis, 2003) and sub-Saharan Africa (e.g., Gyekye, 1997). There is a great deal of variation within the region on all but embeddedness, egalitarianism, and intellectual autonomy.

South Asia. The culture in the South Asian region is particularly high in hierarchy and embeddedness and low in autonomy and egalitarianism. This points to an emphasis on fulfilling one's obligations in a hierarchical system—obeying expectations from those in roles of greater status or authority and expecting humility and obedience from those in inferior roles. As in Africa, here social relationships with the in-group rather than autonomous pursuits are expected to give meaning to life. With the exception of India's especially high rating on mastery, all the groups are culturally quite homogeneous. The variety of dominant religions (Hinduism, Roman Catholicism, Islam, Buddhism, Methodist Protestantism) in this region does not produce cultural heterogeneity on the basic orientations.

East-Central and Baltic Europe vs. East and Balkan Europe. Both these cultural regions are low on embeddedness and hierarchy compared with Africa and the Middle East and South East Asia, but higher on these cultural orientations than Western Europe. The East-Central European and Baltic culture (Croatia, Czech Republic, Estonia, Latvia, Hungary, Poland, Romania, Slovenia, and Slovakia in our data) is somewhat higher in harmony and intellectual autonomy and lower in hierarchy than the Balkan and more Eastern culture (Bosnia-Herzegovina, Bulgaria, Georgia, Macedonia, Russia, Serbia, and Ukraine in our data).⁷

⁶ I exclude Cyprus, Israeli Jews, and Turkey, which were discussed above.

⁷ Georgia and Bosnia-Herzegovina are exceptions that require further study.

The Baltic and East-Central states have stronger historical and trade links to Western Europe, were penetrated less by totalitarian communist rule, and threw it off earlier. Like Western Europe, they are Roman Catholic or Protestant. These factors help to explain why their cultural profile is closer to that of Western Europe. In contrast, the countries in the East European and Balkan cultural region had weaker ties to the West, historical links to the Ottoman empire, were deeply penetrated by communism, and practice more conservative and in-group oriented Orthodox religions (Zemov, 1961,1971). These factors help to explain their relatively low cultural egalitarianism and intellectual autonomy and their higher hierarchy.

Latin America. Finally, the culture of the Latin American region is close to the worldwide average in all seven orientations. Moreover, excepting Bolivia and Peru, whose populations have been least exposed to European culture, this region is particularly homogeneous culturally. Some researchers describe Latin American culture as collectivist (e.g., Hofstede, 2001; Triandis, 1995). Compared with Western Europe, this seems to be so. Latin America is higher in hierarchy and embeddedness, presumably the main components of collectivism, and lower in intellectual autonomy, presumably the main component of individualism. The opposite is the case, however, when we compare Latin American to African, Middle Eastern, and South Asian cultures. This example highlights the importance of the frame of comparison. The culture of a group may look different when viewed in a worldwide perspective than when inferred from narrower comparisons.

Chapter 4: Policy Correlates of Cultural Value Orientations

The prevailing cultural value orientations in a country are likely to find expression in the major social policies of governments and practices of society. The cultural orientations make the

policies or practices that are compatible with them seem natural, provide justification for such policies and practices, and give legitimacy to attempts to block or reverse policies and practices that contradict prevailing values. This chapter illustrates this argument by considering relations of the cultural value dimensions to four significant domains of public policy and practice, women's equality, public expenditures, provision of a social net, and handling of internal and external violence.

Women's Equality

The equality of women in social, economic, and political life and their opportunities for autonomous decision-making is one domain in which cultural orientations influence policies. If the culture of a society emphasizes autonomy rather than embeddedness, women should have greater independence to develop their own capabilities and follow their own preferences. Similarly, cultures that emphasize egalitarian rather than hierarchical, role-based regulation of interdependence and work are likely to promote greater equality. A cultural preference for harmonious relations in contrast to assertive mastery might also enhance women's equality, because women around the world value benevolence more and power less than men (Schwartz & Rubel, 2005).

Cultural value orientations may legitimize and facilitate but may also delegitimize and inhibit the pursuit of equality. This can occur through informal or formal sanctions experienced in everyday interaction and through encounters with the structures, practices, and regulations of societal institutions that are grounded in and justified by cultural orientations. Thus a cultural emphasis on embeddedness is likely to pressure women to devote themselves almost exclusively to their families and to discourage attempts to enter the educational system and labor force on an equal footing with men. A cultural emphasis on hierarchy may have similar effects because it

fosters expectations that women and men fulfill role obligations in the traditional social structure that keeps women in the home. The top panel of Table 1 reports correlations of the cultural dimensions with three indexes of women's equality. In order to simplify the empirical presentations, I use the three polar value dimensions formed by the seven cultural orientations rather than the separate orientations.

As an overall index of women's equality, I used the average of scores for 69 countries on four specific types of equality—social, health, education, and employment—as reported by the Population Crisis Committee for 1988. All correlations with this index are in the expected direction and significant. Autonomy vs. embeddedness has the strongest associations, followed by egalitarianism vs. hierarchy, and harmony vs. mastery. As a second index, for equality in the political domain, I used the proportion of women among the ministers in national governments during the 1994-98 period across 73 countries. Here too, cultural autonomy vs. embeddedness, egalitarianism vs. hierarchy, and harmony vs. mastery correlate significantly with women's equality. As a third index, I used the United Nations gender empowerment measure which reflects the female versus male shares of earned income, of parliamentary seats, and of positions in the labor force as administrators, managers, professionals and technicians. This index of equality exhibits a similar pattern of correlations with cultural dimensions. In sum, a variety of practices in the domain of women's equality are consistent with and probably influenced by prevailing cultural orientations.

Table 1 about here

Public Expenditures

Prevailing cultural orientations are also likely to influence public expenditures on such things as health, education, and defense. In traditional societies, the extended family took

responsibility for the health and education of its members. As nations develop, however, governments take on some of this responsibility. Emphases on cultural autonomy and egalitarianism justify and promote the independence of individual societal members from the extended family, the development of their unique abilities and interests, regardless of in-group pressures, and the expectation that all will have equal opportunities in the wider society. Hence, governments in societies with such cultures are more likely to invest in health care and education for their citizens. Cultural emphases on embeddedness and hierarchy, encourage the continued responsibility of the extended family for its members' welfare. Such cultural orientations therefore generate less pressure on governments to invest in public health and education.

The first two rows in the second panel of Table 1 show the correlations of the cultural dimensions with public expenditures of countries on health and education as a proportion of the gross national product. As expected, government investment in health and education is greater as a function of cultural autonomy and egalitarianism as opposed to embeddedness and hierarchy.

The third row of this panel, relating cultural orientations to spending on defense, exhibits a very different pattern. Regardless of cultural emphases on the autonomy or embeddedness of individuals or on the egalitarian or hierarchical organization of productive work, the central role of government is to protect its citizens. So these two cultural dimensions do not relate to defense expenditures. Investment in defense is greater, however, where the culture emphasizes mastery rather than harmony, as reflected in a significant negative correlation. Cultures that emphasize mastery encourage and justify national assertiveness and efforts to gain control of resources. Such assertiveness may lead to more frequent threats of and involvement in interstate conflict and therefore require greater defense expenditures. A cultural emphasis on harmony, in contrast, is likely to have the opposite effect.

The Social Net

Among the most important policies of governments are those having to do with the social net they provide by law to citizens in general and to the weak in particular. Consider national differences in laws regarding unemployment benefits and old age, disability, and death benefits. Prevailing cultural value emphases on autonomy, egalitarianism, and harmony are likely to promote and support laws that provide protection to workers against the vagaries of the labor market and that cushion the devastating effects of lost income due to aging, disability, or death.

The autonomy orientation encourages individuals to develop their own interests and talents and to seek a personally appropriate niche in the world of work. Laws to counteract the effects of unemployment make this search more feasible. The contrasting embeddedness orientation looks more to the extended family to care for members who cannot support themselves. It therefore gives less incentive to enact generous unemployment benefits. An egalitarian cultural orientation also encourages laws to reduce the damage due to unemployment. It views people as voluntary actors who contract their labor and who, as morally equal individuals, deserve protection. A cultural emphasis on hierarchy, in contrast, views people more as cogs in the system whose moral worth depends on meeting their role obligations. Being unemployed is more a personal than a system concern. Finally, a mastery cultural orientation focuses on the outcomes and gains attained through striving rather than on the welfare of those who work. In contrast to a harmony orientation that would encourage laws to support labor peace, a mastery orientation may discourage unemployment benefit laws because they tax those who strive and succeed in order to protect those who do not.

The index of unemployment benefits from Botero, et al. (2004) takes into account the requirements for qualifying for benefits, the percentage of salary deducted, the waiting period

before benefits start, and the percentage of salary covered. As hypothesized, higher autonomy vs. embeddedness, egalitarianism vs. hierarchy, and harmony vs. mastery are associated with more generous unemployment benefits in a country (Table 2, panel 3). Botero, et al. (2004) also provide an index of the legal benefits for old age, disability, and death in countries. This index should show associations with cultural value orientations like those for unemployment benefits. Orientations that promote a view of individual as independent and morally worthy actors whose welfare is the responsibility of the wider society (autonomy vs. embeddedness and egalitarianism vs. hierarchy) should correlate positively with providing such benefits. An orientation concerned with social harmony rather than seeing disruption as the price of progress (harmony vs. mastery) should also correlate positively. The observed correlations fully support these expectations.

Violence

Nation-states have the unique monopoly over the legitimate use of force in their territory. With this right comes the responsibility to protect their citizens from violence and the threat of violence from both internal and external sources. The way that nations exercise this right and responsibility varies substantially. One measure of policies toward external threats of violence is the frequency with which countries use military acts as the primary response to foreign policy crises. Governments are more likely to choose military responses if their citizens can be counted upon to approve such responses. To the extent that citizens view the world as a competitive environment in which one should act assertively, governments can expect more approval for military actions. This is the view of the world promoted by the cultural value orientation of mastery. In contrast, a harmony orientation views the world as a place where maintaining peace is possible and of great importance. Where this orientation prevails, citizens are less likely to support military action as a first line of response to external threats.

This analysis implies that the use of military acts as the primary response to foreign threat should be more frequent in countries whose culture is low on the harmony versus master cultural dimension. The first row of the bottom panel of Table 1 confirms this hypothesis. It shows correlations between the number of times that a country used military acts as the primary response to foreign policy crises between 1945 and 2001 across 52 countries for which data were available. Frequency of military response correlated negatively with country scores on the harmony vs. mastery cultural dimension. Neither of the other cultural dimensions related to this expression of national policy.

The three countries that adopted this policy most frequently, the United States of America, China, and Israel are among the five countries lowest on the harmony minus mastery dimension. Although the reasoning above explicates the possible influence of culture on military policy, it is likely that government action also fed back on culture. Most citizens identify with their nation and want to believe that its actions are justified. Even government actions that initially violate cultural expectations may therefore become more acceptable. This changes the underlying cultural assumptions about what is legitimate and desirable.

The incidence of various types of crime varies substantially across nations, as do policies to contain or deter crime. One aspect of policy in response to such internal violence is the use of prisons to incarcerate perpetrators of crime. The size of the prison population relative to the total population in a country is partly a function of laws and policies regarding who should be incarcerated, for what kinds of crime, and for how long. These laws and policies, in turn, are likely to reflect and find justification in prevailing cultural orientations. Most relevant is the cultural value dimension of egalitarianism versus hierarchy.

An egalitarian orientation emphasizes the worth of each individual and his or her right and ability to participate productively in social activity. It posits that people can internalize an understanding of human interdependence and can be socialized to cooperate voluntarily. Crime may therefore be viewed as a misuse of one's rights and abilities and as a failure of socialization. But a criminal act does not rob the individual of the potential to be rehabilitated and returned to normative behavior. A prevailing cultural orientation of egalitarianism should therefore discourage the use of imprisonment, especially the use of long sentences, to combat crime.

In contrast, a hierarchy orientation emphasizes the obligation to meet role expectations and preserve the social structure. The view of human nature that underlies it assumes that people cannot be trusted to internalize control over impulses and voluntarily to show concern for others' welfare. External social control is necessary to insure constructive role behavior. Crime is therefore more likely to be seen as a sign that the person is unwilling or unable to meet role obligations and 'rehabilitation' is unlikely to be effective. Crime points to a failure of external social controls. The appropriate response, therefore, is to impose stronger social controls. Imprisonment, even for long periods, should therefore be greater in countries where a hierarchy orientation prevails.

The last row in Table 1 reports correlations between the three cultural value dimensions and the prison population per one hundred thousand people in each of 76 countries. As expected, the correlation is significantly negative with the egalitarianism vs. hierarchy cultural dimension. The fact that the correlation is relatively weak probably reflects the many other influences on crime and punishment in countries. To assess the importance of culture when some of the more obvious additional factors are held constant, I entered income inequality, ethnic and religious heterogeneity, population density, and percent urban in each country as controls in a partial

correlation. With these controls, the correlation of scores on egalitarianism minus hierarchy with the prison population increased to $-.33$ ($p < .01$). Thus, culture apparently influences imprisonment practices above and beyond the influence of a variety of relevant social structural factors.

This chapter has demonstrated that the prevailing cultural value orientations in a country find expression in a range of important policies of governments and practices of society. The analyses of how cultural orientations may affect policies and practices have suggested that policies and practices that are compatible with the prevailing culture are experienced as more natural and legitimate by the population. They therefore receive more approval and support. Policies and practices that are incompatible with the prevailing culture, in contrast, are experienced as inappropriate or illegitimate. Consequently, they receive less support and may even encounter attempts to block or reverse them.

Chapter 5. Reciprocal Causal Influences of Cultural Value Orientations and Social Structure

Culture and social structure are notably interdependent. Cultural orientations underlie the structural arrangements in society and provide both guidance and justifications for the decision-makers who shape societal institutions. At the same time, the functioning of societal institutions feeds back upon the culture. When institutions succeed, the cultural value orientations consistent with their modes of operation are reinforced and strengthened. When institutions fail to function successfully, the value orientations expressed in their modes of operation lose legitimacy and values that imply and justify alternative modes of operation gain force.

Consider three examples. (1) If a capitalist market system, a system that expresses mastery rather than harmony and egalitarianism values, produces wealth and distributes it fairly,

mastery values will become stronger in the culture and harmony and egalitarianism values will become weaker.⁸ If such a market system fails, the culture may shift in the opposite directions.

(2) School systems differ greatly in the extent to which their educational philosophy and practices express more hierarchical and embeddedness values or more egalitarian and autonomy values. Where schools turn out individuals who successfully fill the critical roles in society, the particular value orientations that underlie their educational approach will be strengthened and opposing orientations will be weakened. (3) Child rearing practices differ greatly across countries and may express various cultural value orientations. The value orientations that underlie the common child-rearing practices (whether authoritarian, hierarchically-oriented or child-centered, autonomy and egalitarianism-oriented) will be reinforced to the extent that families produce sufficient offspring to meet societal needs and socialize them to be law-abiding citizens.

This chapter discusses four types of social structural variables that relate to culture through reciprocal causality: socioeconomic level, democracy and corruption in the political system, type of economic system, and family size. Prevailing cultural value orientations influence these aspects of the social structure and they are in turn influenced by them.

Socioeconomic Level

Economic development brings with it an increase in the financial and other resources available to people. From the individuals' viewpoint, this reduces their dependency on the extended family or group. It gives people both the opportunities and the means to make choices, enabling them to pursue autonomy and to take personal responsibility. From the viewpoint of society, economic development makes it desirable to cultivate individual uniqueness and responsibility. Societies require diverse skills, knowledge, interests, and innovativeness to cope

⁸This may be happening in many nominally or formerly communist countries as well as in my country of Israel.

successfully with the various tasks, new challenges, and speed of change that accompany development. Hence, economic development fosters cultural autonomy and egalitarianism and curbs embeddedness and hierarchy. But culture also influences development. Cultures that persist in emphasizing embeddedness and hierarchy stifle the individual initiative and creativity needed to develop economically. Numerous theorists explicate likely reciprocal relations between culture and development (e.g., Hofstede, 2001; Inglehart, 1997; Triandis, 1995; Welzel, Inglehart, & Klingemann, 2003).

The first three rows of Table 2 present correlations of the cultural dimensions with indicators of socioeconomic level. Cultural autonomy and egalitarianism correlate positively and strongly with average individual income ten years earlier, contemporaneously, and nine years later. By implication, cultural embeddedness and hierarchy correlate strongly negatively with these indicators of wealth. Harmony/mastery has weak links to development. Many other indicators of development (e.g., education level, life expectancy, energy use, telephones, literacy) exhibit very similar associations with the cultural orientations.

Insert Table 2 here

In Schwartz (2007a), I reported a path analysis that examined the possible causal influence of cultural value orientations on socioeconomic development. I used an index of development in 73 countries in 1993 to predict cultural value orientations and level of democracy. The 1993 index substantially predicted level of development in 2004 ($\beta=.73$) as well as the circa 1995 indicators of autonomy/embeddedness ($\beta=.78$), egalitarianism/hierarchy ($\beta=.59$), and democracy ($\beta=.69$). Critically, autonomy/embeddedness predicted change in development between 1993 and 2004 ($\beta=.20$, $p<.05$). Thus, this dimension of cultural values

influences socioeconomic development reciprocally. I cannot estimate the relative strength of the reciprocal influences because we lack earlier measures of the cultural values.

Political System

The political system is another aspect of the social structure that culture might influence reciprocally. Rows 4, 5, and 6 of Table 2 present associations of cultural orientations with earlier, contemporaneous, and later Freedom House indexes of level of democracy in 75 countries (Freedom House, various years). The democracy index refers both to civil liberties and political rights. Democratization is heavily dependent on socioeconomic development (Welzel, Inglehart, & Klingemann, 2003). I therefore show, in parentheses, the correlations of culture and democracy controlled for national wealth.

Autonomy and democracy go together, regardless of national wealth. By implication, embeddedness opposes democratization. The more the culture emphasizes that it is legitimate and desirable for individuals to pursue and express their own ideas and feelings, the higher the level of democracy in a country. The more the culture expects individuals to preserve and live according to group traditions, the lower the level of democracy. Egalitarianism also correlates positively (and hierarchy negatively) with democracy, regardless of national wealth. A culture that encourages people to treat others as moral equals and to contribute voluntarily to maintaining the social fabric is conducive to and supportive of a democratic political system. A culture that expects people to accept the role requirements of hierarchical structures unquestioningly opposes democratization. Harmony/mastery shows no clear association with democracy.

Schwartz (2007a) presented a path analysis to examine possible reciprocal, causal relations between cultural orientations and level of democracy. It indicated that earlier levels of

democracy (1985) had no influence on cultural orientations (1995) over and above those of socioeconomic level. In order to examine whether culture influences *change* in levels of democracy, the analysis entered the 1995 indexes of democracy and of culture and the earlier index of economic level as predictors of democracy in 2002. Both autonomy/embeddedness ($\beta=.18, p<.05$) and egalitarianism/hierarchy ($\beta=.16, p<.05$) independently predicted change in democracy. Earlier development affected these cultural values and they, in turn, fully mediated the effects of development on increasing democracy. This path analysis suggests that causality may flow only from culture to levels of democracy and not the reverse, a conclusion meriting further study.

Another important aspect of the political system is the level of graft and corruption in a country. I used an index from the World Bank's Governance Indicators dataset. (Kaufmann, Kraay, & Mastruzzi, 2006). It gauges corruption among public officials and the frequency of “additional payments” to “get things done.” Row 7 of Table 1 presents associations of cultural orientations with this index for 2004. Corruption is strongly and negatively related to socioeconomic development (-.54) across the 75 countries in the analysis. I therefore show, in parentheses, the correlations of culture and corruption controlled for national wealth. The correlations reveal that high national levels of graft and corruption among public officials go with cultural embeddedness and hierarchy. Corruption is lower in cultures that emphasize autonomy and egalitarianism. These associations are weakened if we control for national wealth, but they remain substantial.

Four East European countries are among the ten most corrupt on this index: Ukraine, Georgia, Russia, and Bulgaria. All four are lower than the international averages on the cultural dimensions of autonomy minus embeddedness and egalitarianism minus hierarchy. The

correlations indicate that the more a national culture emphasizes identifying with the in-group in which one is embedded and fulfilling one's role obligations in a hierarchical social order, the more corruption in a country. Both embeddedness and hierarchy put allegiances to one's family, in-group, or superiors ahead of rational, bureaucratic considerations. These allegiances justify violating the law for the benefit of one's own gain and that of one's family. In many of the most corrupt countries, external powers imposed state boundaries on diverse and conflicting ethnic groups (e.g., the French in Africa). In these countries, the need to preserve the in-group enhanced cultural embeddedness and further weakened allegiance to the state and its legal system. These are probably the key paths through which these cultural orientations influence corruption.

Does the association of culture with national levels of corruption reflect a causal impact of culture? A path analysis that predicted change in level of corruption suggests that high cultural autonomy minus embeddedness promotes a drop in corruption. In this analysis, I allowed the same corruption index from 1996 to predict corruption in 2004 and then examined whether national wealth in 1985 and the cultural dimensions circa 1995 explained change in levels of corruption. Autonomy-embeddedness significantly predicted change ($\beta=.23$, $p<.001$). 1985 country wealth influenced 2004 corruption only indirectly through both 1996 corruption and through cultural autonomy-embeddedness. Lacking an earlier indicator of corruption, I could not examine whether corruption influences culture reciprocally.

Type of Economic System⁹

Varieties of capitalism theory arrays national political economies on a continuum from 'liberal' to 'coordinated' market economies (e.g., Hall & Soskice, 2001). Market competition is the primary source of coordination in more liberal economies. The premise underlying the

economic system is that society achieves the highest quality and quantity of goods and services when all compete and pursue self-interests in a free market. In more coordinated economies, strategic interaction among firms is central. Optimal outcomes ensue when actors in the economy work collaboratively toward their goals. They thereby build mutual trust and commitment through information-sharing, deliberation, monitoring, and sanctioning.

Hall and Gingerich (2004) provide an index that locates 20 industrialized countries along this continuum. The United States is highest in the competitiveness of its economy and other Anglo countries are also high. The Austrian and German economies are the most collaborative. Scores on this index do not correlate with country wealth. Hence, their relations to culture are free of the potential influence of national differences in affluence.

The pursuit of self-interest, maximizing profit, and economic growth are central to the ideology of competitive economies and to their everyday activities (Kasser, Cohn, Kanner, & Ryan, 2007). Exploitation of resources and people for the sake of progress and change takes precedence over preserving natural resources and protecting the immediate welfare of people whose interests conflict with one's own. This competitive type of economy is congruent with a culture high in mastery and low in harmony. Row 7 of Table 1 presents correlations of cultural orientations with competitiveness in the economy across the 20 industrialized countries. The $-.79$ correlation with harmony/mastery strongly supports expectations.

A competitive political economy is also congruent with a hierarchical vs. egalitarian culture. Capitalists, laborers, and consumers, each starting with different levels of resources, seek to maximize their own outcomes in the competitive market even at the expense of others. The inevitable outcome is an unequal distribution of resources, legitimized by the competitive ethos.

⁹ See Schwartz (2007b) for a more detailed discussion.

Market forces that privilege the strong rather than internalized values that promote collaboration with others govern most economic transactions. The $-.52$ correlation with egalitarianism/hierarchy supports expectations for this cultural value dimension.

Kasser et al. (2007) argue that, contrary to common assertions, competitive economic systems undermine rather than promote personal freedom. They glorify financial success, hold up models few can match, advertise products people must strive to obtain, and pressure people to work harder, longer, and with less choice than they desire. Such practices promote responsiveness to external expectations and deprive people of opportunities to cultivate their own interests. This conflicts with the intellectual (though not the affective) autonomy orientation. Less clear is whether cultural embeddedness is congruent with a competitive economy. Pressures to conform and to meet external expectations fit such an orientation. My theory implies that cultures low in autonomy are high in embeddedness. The $-.55$ correlation with this cultural dimension in Table 1 supports expectations. Both intellectual autonomy ($r = -.56$) and embeddedness ($r = -.45$) contributed to this correlation.

In summary, the type of political economy in industrialized countries—the extent to which their capitalist system is competitive versus collaborative—correlates strongly with the cultural orientations in these countries. The analyses cannot assess causality, but reciprocal influence between the cultural orientations and political economy is likely. It is certainly plausible that culture supports or constrains the ideology that underlies the economic system.

Family/Household Size

Culture also influences the size of families and is influenced, in turn, by family size. Consider first how family/household size influences culture. Where the typical household is large, it is crucial for behavior to be predictable and controlled. Unquestioning obedience and

conformity to authority and role obligations are functional. Family members must view themselves as inseparable parts of a family collectivity and identify with its interests in order for large families to run smoothly. Such practices foster cultural embeddedness and hierarchy. Large families are incompatible with cultural autonomy and egalitarianism. The demands of coordination preclude treating each family member as a unique individual with equal rights. They discourage permitting family members to make decisions autonomously and to pursue their own ideas, interests, and desires. A greater need for pragmatic problem solving in larger families may lead to a somewhat stronger emphasis on mastery.

How might cultural value orientations influence family/household size? Autonomy, in particular, encourages having few children so that each can develop his or her unique abilities and interests. Autonomy and egalitarianism encourage and justify women's pursuit of meaningful non-family roles. This too reduces the number of children. Embeddedness promotes commitment to the in-group. It sanctifies group continuity and, hence, having many children to promote it. Autonomy sanctifies individual choice. It justifies weighing children against alternative paths for achieving personal meaning in life, such as careers.

Rows 8 and 9 of Table 1 report the correlations of the cultural value dimensions with average family size in 1985 and with average household size in 2001.¹⁰ The negative correlations indicate that the larger the average family or household, the greater the cultural emphasis on embeddedness, hierarchy, and mastery values. These associations hold even when controlling country affluence.

¹⁰Data are from the Encyclopaedia Britannica Almanac. The dates (1985, 2001) are the median of about a 5 year period for which the data were reported.

To assess possible causal relations between cultural orientations and family size, I performed a path analysis, fully reported in Schwartz (2007a).¹¹ In this analysis, 1985 family size predicted all three cultural dimensions (all β 's > .35), over and above the effects of earlier country affluence. Family size is clearly important in the development of culture. But the evidence also suggested that culture influences family size. The cultural dimensions predicted *change* in family size between 1985 and 2001. As expected, greater cultural autonomy vs. embeddedness ($\beta = -.44$) and harmony vs. mastery ($\beta = -.15$) independently promoted a decrease in family size. Moreover, culture fully mediated the effect of country affluence on *change*. Thus, rising socioeconomic levels appear to reduce family size only insofar as they lead to change in cultural values.

Surprisingly, cultural hierarchy promoted decreasing family size and egalitarianism slowed the decrease over time ($\beta = .31$). A possible interpretation is that hierarchy enables societies to exert more effective pressures on families. Where hierarchy is high, governments that seek to raise productivity through increasing women's participation in the workforce may succeed more in promulgating norms and even rules that oppose large families. Congruent with this interpretation, the greatest reductions in family size occurred in China, with its anti-natalist policies, and in the East Asian 'Tigers'. Highly hierarchical cultures and governments intent on rapid movement toward market economies characterize these countries.

Chapter 6: Cultural Distance and International Investment

¹¹ I used household and family size as proxies for one another because, for many countries, pre-1990 data were unavailable for the former and post 1995 data were unavailable for the latter. Concurrent measures for the two indexes correlated highly.

Thus far, I have examined relations of cultural value orientations to various social policy and social structural factors. Not only does the mapping of national cultures point to the different locations of countries on the seven cultural orientations, however. It also indicates the distance between countries on each of the cultural orientations. What are some of the consequences of greater or lesser cultural distance between countries for the relations that develop between them? This chapter illustrates how this question can be addressed with the available data. It focuses on relations of cultural distance to the flow of investment among the world's countries.

What determines how much firms from one country invest in another country?¹² Cultural distance between countries may deter investment because it increases transaction costs. Lacking information about distant cultures, managers will find it more difficult to make sense of the social environment. They may not recognize the prevailing beliefs and rules, may think they are inappropriate or unnecessary, and may not know how to work within them. Cultural distance hinders the flow of information about firm value, hiring, compensation, training, and other management practices. The uncertainty this breeds between managers from culturally distant countries is likely to discourage investing in one another's firms.

Dozens of studies have examined how cultural distance affects where investment occurs, international diversification, and the performance of multinational firms. These studies used a composite index of distance based on the four Hofstede dimensions (Kogut & Singh, 1988). A meta-analysis found that this index predicted inconsistently (Tihanyi, Griffith, & Russell, 2005). A survey of the relevant literature urged researchers to avoid using composite indexes of cultural distance (Kirkman, Lowe, & Gibson, 2006).

¹² For a more detailed treatment of this topic, see Siegel, Licht, and Schwartz (2007).

Heeding this warning, Siegel, Licht, and Schwartz (2007) computed separate indexes of cultural distance for each of my cultural dimensions. Country scores were based on the teachers' data from 55 countries surveyed during the years 1988-2004. Rather than use three dimension scores, we represented cultural profiles by taking one orientation from each dimension (i.e., egalitarianism, harmony, and embeddedness). For every pair of countries we constructed a measure of sheer distance—the square of the difference between the countries' scores on a cultural orientation. We wished to predict the flow of investment between countries. In order to assess whether the flow of investment is greater in one direction or the other, we also constructed a measure of signed distance.¹³

We studied the impact of each type of cultural distance on international flows of direct investment (FDI). FDI includes joint ventures, mergers and acquisitions, and setting up new firms from scratch. Data on FDI both into and out of 55 countries are available from the United Nations Centre on Transnational Corporations for years 1970-2004, although the majority of observations take place after 1990. There were 37,614 potential transactions between country pairs for these years. The distribution of investments was skewed and there were no investments between most pairs of countries for most years. To avoid biasing the econometric results, we followed standard methodological practice in economics and used the natural logarithm of the annual dollar flow of investment + 1 as our dependent variable.

Any factor that reduces the transaction costs of investment between countries might promote FDI. Thus, FDI might be greater between countries that: (1) are geographically closer, (2) share a common language, (3) share a common colonizer (e.g., British), (4) have similar legal systems, (5) have similar levels of corporation taxation, (6) have similar levels of law

¹³ This chapter draws on Siegel, Licht, & Schwartz (2007) which provides sources for all the variables included.

enforcement, (7) have a bilateral tax treaty, (8) have a bilateral investment treaty, and (9) have similar levels of political stability. In addition, (10) wealthier countries are more likely to invest in each other because they have more resources to invest and an infrastructure to absorb investments. We ask: Does cultural distance affect FDI even after taking all of these factors into account?

To address this question, we regressed our FDI measure on the above variables. We also included cultural distance and signed cultural distance for the three cultural orientations. Table 3 presents the results of the ordinary least squares regression. Not surprisingly, the strongest predictors of FDI were country wealth and geographic closeness. Wealthier countries invested more and absorbed more investment, and geographically close countries invested more in one another. Following these predictors of investment and more important than any of the others, however, were four of the indexes of cultural distance.

Table 3 about here

As expected, pairs of countries invested less in one another the greater the cultural distance on *egalitarianism*. A one standard deviation increase in egalitarianism distance brought a 16.5 percent decrease in mutual investment. The finding for signed *embeddedness* distance indicates that investment flowed more from countries low on cultural embeddedness to those high on this orientation. Rephrased in terms of the cultural dimension, investment flowed more from highly autonomous cultures to those high in embeddedness. Contrary to expectations for cultural distance, the greater the distance on cultural harmony, the greater the FDI. The significant finding for signed harmony distance indicates that investment flowed more from low to high harmony cultures. Rephrased in terms of the cultural dimension, the flow was greater

from high mastery cultures to high harmony cultures. I return shortly to the interpretation of these findings.¹⁴

Sharing a similar legal system, a common colonizer, and a similar level of law enforcement also increased the flow of investment, but these effects were weaker than those of the cultural orientations. Moreover, having bilateral tax or investment treaties, a common language, similar corporate taxes, or similar political stability levels explained no significant additional variance in investment. Thus, cultural orientations had a substantial role in explaining FDI, one comparable to or greater than many economic and legal factors. We next interpret the findings for culture.

What accounts for the effect of egalitarianism distance? Cultural egalitarianism relates to national policies that concern control of abuses of market and political power. It correlates positively with lower corruption, transparency in financial markets, labor protections for workers, and effective anti-monopoly regulation. It also correlates with greater redistribution of wealth to the weak, the unemployed, and the elderly. Egalitarianism further matters because it affects corporate culture and the everyday business conduct of managers. Managers from less egalitarian (hierarchical) societies tend to believe that status or power differences make it legitimate to apply different rules to different people (Brett, 2001). These correlates of cultural egalitarianism constitute critical contingencies for the effective functioning of firms. Firms adapt to the policies and practices associated with the level of egalitarianism in their own country. The different critical policies and practices in countries distant on egalitarianism likely deter investment by raising anticipated transaction costs.

¹⁴ The results are robust to inclusion of the Project Globe (House, Hanges, Javidan, Dorfman, & Gupta. 2004) and Hofstede (1980) dimensions and of various other variables. Distance on the Hofstede dimensions explains no significant variance in FDI.

As noted, investment flowed more from countries low on cultural embeddedness to those high on this orientation. Further analyses reveal that much of this effect is associated with differences in country's environmental regulation (Siegel, Licht, & Schwartz, 2007). Cultural embeddedness is the orientation most closely and negatively associated with strictness of environmental regulation. In high embeddedness societies, groups focus more on their own outcomes and less on costs in the wider society or physical environment. Investment tends to flow from countries with strict environmental controls (low embeddedness) to those with lax environmental controls (high embeddedness). Multinational enterprises apparently seek 'pollution havens'. Adding indexes of environmental regulation to the analyses substantially weakens the effect of signed embeddedness on FDI. Even after controlling environmental regulation, however, signed embeddedness distance affects FDI, though more weakly. This influence must operate through mechanisms yet to be identified.

For harmony, surprisingly, cultural distance had a positive effect on FDI. The signed harmony effect indicates that the flow of investments was mainly from low harmony (i.e., high mastery) to high harmony countries. Why? High mastery cultures emphasize such entrepreneurial values as daring, success, and ambition. Firms in high mastery countries operate in a cultural atmosphere that encourages assertive action, risk taking, and growth. Firms in high harmony countries function in the opposite atmosphere. Firms in high mastery countries are more active in reaching out to new markets. In choosing where to expand, they find high harmony countries especially attractive. There, they can anticipate less competition for the resources they need and for the market niche they wish to fill. This reasoning receives support from regression analyses that include distance on various indexes of entrepreneurial activity. In each case, the effect of harmony distance weakens considerably.

In sum, this research on FDI makes a unique contribution to our understanding of international investment. It demonstrates that cultural distance can both deter (egalitarianism) and promote (harmony) investment, depending on the type of cultural value orientation in question. It also shows that differences between countries on particular cultural orientations promote flows of investment in one direction rather than another. With its complex set of cultural effects, this study illustrates especially clearly that cultural value orientations are properties of societies, not of individuals.

Chapter 7: Concluding Remarks

This monograph presented my theory of seven cultural value orientations that form three cultural value dimensions. The analyses demonstrate that all three cultural dimensions contribute uniquely to mapping national cultures and to explaining socially significant phenomena. The mapping of countries identifies cultural regions around the world that are similar to those identified in the Inglehart studies. This is striking, considering that the approaches differ in their basic cultural constructs, their methods of measurement, and the types of samples studied. When different sub-samples (e.g., age or gender samples) are used to map countries in both the Schwartz and Inglehart analyses, the order of countries on the cultural orientations or dimensions is very similar. This supports the idea that countries are meaningful cultural units. Nonetheless, it is important to investigate other cultural units, such as ethnic groups, in future research.

This monograph examined relations of my cultural value orientations to a limited number of country characteristics. These orientations also relate systematically and predictably to national differences in many other characteristics (e.g., ethnic heterogeneity,) and in the attitudes and opinions of populations (e.g., selfishness, competition, traditional morality) (Schwartz, 2004,

2006b, 2007a).

The research reported here is based on indexes of the cultural orientations derived from the Schwartz Value Survey. Indexes of these same orientations can now be derived from the Portrait Values Questionnaire (PVQ) that uses a very different method to measure values (Schwartz, 2005b, 2006a). The culture scores used here were based on samples of schoolteachers and students. For 26 countries that have participated in the European Social Survey (ESS), it is now possible to compute scores for cultural orientations based on representative national samples. The ESS uses a short form of the PVQ that yields usable scores, although most have relatively low reliabilities. The ESS data permit examination of the relations of national culture to an enormously rich and diverse set of individual and nation level variables. These are public domain data that can be downloaded at <http://ess.nsd.uib.no>.

Here, I discussed cultural value orientations only as dependent or independent variables. However, culture is also a moderator of the relations among other variables. For instance, the effect of gender on the importance people attribute to their personal values depends on the prevailing cultural orientations in a society. In countries high on cultural autonomy, for example, men attribute substantially more importance to power values than women do. This sex difference is much smaller in countries high on cultural embeddedness (Schwartz & Rubel-Lifschitz, 2007). Cultural value orientations are likely to moderate many other relationships (e.g., effects of social norms or pressures on behavior). Studies of cultural orientations as moderators offer much promise for understanding cross-cultural differences in the relations between individual difference variables.

The cultural value orientations presented here provide one handle for conceptualizing and operationalizing a key element of culture. These orientations characterize cultures, not

individuals. Country scores are not located in the mind of any individual, nor do differences between any pair of individuals capture cultural distances between societies. These orientations underlie, justify, and give coherence to the ways that societal systems function. They are external to individuals, expressed in the distribution of stimuli and expectations that members of a cultural group encounter. Thus, this conception of culture differs from views of culture as a psychological variable.

Cultures are never fully integrated and coherent. Different institutions within societies give more emphasis to orientations compatible with their functions (e.g., hierarchy in armies, embeddedness in families, mastery in markets, intellectual autonomy in universities). Ethnic, occupational, religious, and other sub-groups within societies may experience different cultural pressures and develop different value preferences. These differences induce social tension, conflict, and change. One-time, static measures of the overall culture of a country are therefore somewhat problematic. Nonetheless, the findings reported here demonstrate that the cultural value profiles of dominant cultural groups can characterize societies in a fruitful manner. They also enable us to uncover dynamic, causal relations between culture and important societal phenomena.

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Table 1. Correlations of Cultural Value Dimensions with National Social Policies

	N	Autonomy minus Embeddedness	Egalitarianism minus Hierarchy	Harmony minus Mastery
<i>Women's Equality</i>				
Mean social, health, education & employment equality 1988 ^A	69	0.74**	0.41**	0.29*
% of ministers women 1994-98 ^B	73	0.52**	0.55**	0.28*
Gender empowerment measure 1992-94 ^C	56	0.75**	0.50**	.25
<i>Public Expenditure as % 1990 GNP</i>				
Health 1990 ^D	53	0.69**	0.53**	0.30*
Education 1985-87 ^D	59	0.42**	0.28*	-.12
Defense 1992 ^E	64	-.05	-.22	-.31*
<i>Social Net mid-1990s^F</i>				
Unemployment benefits	62	0.59**	0.42**	0.31*
Old Age, Disability and Death Benefits	62	0.64**	0.39**	0.37**
<i>Violence</i>				
#times military response to foreign crisis 1945-2001 ^G	52	-.15	-.17	-.43**
Prison population per 100k ^H	76	-.04	-.25*	-.18

**p<.01, *p<.05, 2-tailed

^APopulation Crisis Committee 1988.

^BUnited Nations Women Watch, 1999.

^CHuman Development Report, 1995.

^DHuman Development Report, 2001.

^E1992 World Yearbook.

^FBotero, et al. (2004)

^GCenter for International Development & Conflict Management. www.cidcm.umd.edu/icb/data

^HWalmsley (2007), World Prison Population List (7th Ed.)

Table 2. Correlations of Cultural Value Dimensions with Socioeconomic Development

Democratization, and Household Size, Controlled for GDPpc 1985

	N	Autonomy minus Embeddedness	Egalitarianism minus Hierarchy	Harmony minus Mastery
<i>Socioeconomic Development</i>				
1985 GDPpc	75	0.59**	0.41**	0.26*
1995 GDPpc	75	0.74**	0.47**	0.20
2004 GNIpc	75	0.76**	0.53**	.021
<i>Democratization</i>				
1985 Freedom House Index	75	0.55** (.40**)	0.43** (.30*)	-.02 (-.14)
1995 Freedom House Index	75	0.73** (.65**)	0.49** (.37**)	0.29* (-.20)
2002 Freedom House Index	75	0.72** (.66**)	0.54** (.45**)	0.33** (.25*)
<i>Corruption Level</i>	75	-.74** (-.61**)	-.51** (-.37**)	-.21** (-.08)
<i>Competitive Type of Capitalism</i>	20	-.55* ^A (-.55*)	-.52* (-.57*)	-.79** (-.79**)
<i>Household Size</i>				
1985 Average Family Size	75	-.72** (-.60**)	-.60** (-.49**)	-.38** (-.31**)
2001 Average Household Size	75	-.76** (-.66**)	-.41** (-.24*)	-.35** (-.24*)

**p<.01, *p<.05, 2-tailed

^A Correlation with intellectual autonomy minus embeddedness only. See text for explanation.

Notes: Correlations in parentheses are controlled for GDPpc 1985.

GDPpc=Gross Domestic Product per Capita, from the World Bank; GNIpc=Gross National

Income per Capita from the World Bank; Average Household/Family Size from the

Encyclopaedia Britannica Almanac

Corruption Level from Kaufmann, D., Kraay, A., & Mastruzzi, M. (2006).

Table 3. OLS Regression of the Natural Log of Foreign Direct Investment Flow + 1 on Predictors [Robust Standard Errors in Parentheses]

Independent Variable	Coefficient	<i>t</i>
Egalitarianism distance	-.884 ** [0.127]	-6.96
Signed egalitarianism distance	0.065 [0.087]	-.75
Harmony distance	0.340 ** [0.085]	4.00
Signed harmony distance	-.382 ** [0.069]	-5.54
Embeddedness distance	-.033 [0.067]	-.49
Signed embeddedness distance	-.766 ** [0.059]	-12.98
Log product of origin-host GDP	0.395 ** [0.017]	23.23
Log product of origin-host GDP per capita	0.104 ** [0.018]	5.78
Signed corporate taxation similarity	-.003 [0.002]	-1.5
Political stability similarity	-.478 [0.289]	-1.65
Common language	0.183 [0.157]	1.17
Common colonizer	0.363 ** [.126]	2.88
Geographic closeness	0.551 ** [.035]	15.74
Same legal family	0.255 ** [.072]	3.54
Law enforcement similarity	0.026 * [.011]	2.77
Bilateral investment treaty in effect ^A	-.104 [.059]	-1.76
Bilateral tax treaty in effect	0.076 [.056]	1.36
Number of observations	37614	
p value	<.0001	
R-squared	0.367	

**p<.01, *p<.05

^ACoefficient based on alternate analysis excluding bilateral tax treaty.

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Figure Captions

Figure 1. Cultural value orientations: Theoretical structure

Figure 2. Culture level MDS-233 samples, 81 cultural groups

Figure 3. Co-Plot map of 77 national groups on seven cultural orientations

Figure 4. Cultural map of world regions







