

B. Business Impact
Challenges for Tomorrow's Management

National responses to the COVID-19 pandemic – Observations and cultural interpretations

ESCP Impact Paper No. IP2020-81-EN

Marion Festing
ESCP Business School, Director of the Renault Intercultural Management chair

Tobias Schumacher
ESCP Business School, PhD candidate and Research Assistant at the Renault Chair of Intercultural Management

Yong-Yueh Lee
ESCP Business School, Student Assistant at the Renault Chair of Intercultural Management

Intercultural Management Chair – sponsored by

ESCP BUSINESS SCHOOL FONDATION

GROUPE RENAULT

ESCP Research Institute of Management (ERIM)

ESCP BUSINESS SCHOOL

ESCP Impact Paper No. 2020-81-EN

National responses to the COVID-19 pandemic – Observations and cultural interpretations

Marion Festing
ESCP Business School

Tobias Schumacher*
ESCP Business School

Yong-Yueh Lee**
ESCP Business School

Abstract

This impact paper takes a closer look at how governments around the world reacted differently to the outbreak of the COVID-19 pandemic. Looking at the cultural peculiarities of countries such as Taiwan, Germany and Sweden, the paper takes an analytical stance as to how cultural interpretations might help to better understand the government's behaviour and policies in the different national environments. Thus, this paper helps to understand not only why we observed diversity in terms of how governments react, but also potential reasons for why we saw different reactions to the government's actions.

Keywords: Culture, cultural values, norms, risk management

*Ph.D. student, ESCP Business School
**Student, ESCP Business School

ESCP Impact Papers are in draft form. This paper is circulated for the purposes of comment and discussion only. Hence, it does not preclude simultaneous or subsequent publication elsewhere. ESCP Impact Papers are not refereed. The form and content of papers are the responsibility of individual authors. ESCP Business School does not bear any responsibility for views expressed in the articles. Copyright for the paper is held by the individual authors.

National responses to the COVID-19 pandemic – Observations and cultural interpretations

Introduction

Before the start of the COVID-19 pandemic, no one imagined that this disease would devastate the global economy in such a short time and change the everyday life as we know it. While the coronavirus spread, the world plunged into uncertainty, not knowing how potent the virus is, how to prevent infections, or what consequences it might bring. As the famous economist Frank Knight (1921) posited, uncertainty and risk are distinct from each other, with the former referring to situations in which outcomes can only be subjectively predicted and the latter to unknowable but still objectively measurable and predictable situations. The COVID-19 pandemic definitely represents a rare period of both, uncertainty and risk, at least for now.

Amid this uncertainty, countries reacted very differently to the pandemic. Whereas the French President Emmanuel Macron declared in a televised speech "We are at war," and imposed strict curfews similar to those in Spain and Italy, German president Frank-Walter Steinmeier called the pandemic "a test of our humanity" instead of a war. Japanese prefectures required that families appointed a single member to do the groceries, and the mayor of Osaka blurted out that appointing men can reduce shopping times and infection opportunities. Protests against lockdown occurred in over a dozen states in the US. In every response and incident, we can see that countries react differently to the pandemic. The question thus arises: Could culture play a role in the way how countries reacted to it? Without any rigorous testing of empirical data, the following narrative provides some illustrative suggestions.

Chinese and Western Differences

As governments worldwide hastily tried to curb the epidemic, the first distinction of strategies seemed to have emerged between East Asian and Western countries. In East Asia, measures were more preventative and protective, as people orient themselves more on the structure and integrity of the system. Whilst in the West, government actions were mostly non-interfering and relied on the autonomous and unanimous responsibility of individuals.

For example, in countries like Japan, South Korea, and Taiwan, there were mandatory virus tests at the airport for all travellers arriving from high-risk countries, and if results were negative, they were required to quarantine at home or in designated "quarantine hotels" for 14 days. They would then be tracked closely through their cell phone, and violations like leaving the house or not answering spontaneous status check-ups were subjected to serious fines. On the contrary, in Europe, there were no virus checks at airports, and although individuals were required to self-quarantine after travelling to high-risk countries, enforcement of quarantine were non-existent. Even in France, under the curfew, check-ups and questioning by the police were infrequent and rather relaxed. Moreover, mass surveillance is innately seen as draconian in Western societies. As such, mobile carriers in Italy, Germany, and Austria provided only anonymous and aggregated location data to help health authorities understand the movement patterns of people. These countries all have

quite robust and modern legislation to protect their people's rights, but why were government actions so divergent?

First of all, the reason for this distinction might lie in the unique values settings of the countries, for example the Confucianism in East Asian countries. Aspects of Confucianism include the readiness to place society's needs before oneself and the habit of finding consensus. Values like education, benevolent paternalism, and social harmony are emphasized as well (House et al., 2004; Goodman, White & Kwon, 1998). In Western countries, whenever governments implemented more stringent control, for example lockdowns, it was very often met with great protests, while in East Asia, people more readily accepted new restrictions. At the end of the day, it seems that different values and culture determine what society finds acceptable. Moreover, Chinese and Western cultures have distinctively different levels of Collectivism and Individualism. Multiple studies, most notably Hofstede (1976) and GLOBE (House et al., 2004), have shown that East Asian countries tend to have a more collectivist mindset, whereas countries in the West hold a more independent spirit. To further understand the differences, let us take a look at the individual pandemic situations and intricacies of the culture in Taiwan, Germany, and Sweden.

Taiwan

The first case of the coronavirus in Taiwan was reported on 21 January, 2020. From the beginning of the outbreak, the first thing people did was to frantically buy masks. Perhaps the memory of the global SARS pandemic in 2003 was still fresh in people's minds and everyone was weary of it happening again. Moreover, Taiwan was one of the most threatened countries by the pandemic, and people were much more vigilant and felt personally responsible to protect themselves and others. People started wearing masks and limiting their travel and contact with others long before any official order or ban. During the first two days of mandatory masks on public transport on 3 April, the Taiwan High Speed Rail reported that only 0.2% of the passengers did not have masks when they arrived at the station and all complied to purchasing masks at the station without major conflict or objections.

Given that scholars found a relatively high level of institutional collectivism in Taiwan (House et al., 2004), this phenomenon might not be so surprising after all. In cultures with pronounced institutional collectivism, people see themselves as highly interdependent with their organization and/or state. This could partly explain the swift and widespread adoption of protective measures.

However, also an atmosphere of "witch hunting" could be observed in which people became sometimes hostile or accusatory towards those who don't follow the norm of wearing a mask. Sideway glances on the metro or aggressive comments online about those who don't wear masks were indicative of this pressure to wear masks.

This is an example of the powerful behaviour alteration potential of norms (Chung & Rimal, 2016). Norms are a reliable predictor of behaviours and are classified into two categories. Descriptive norms, in which people follow norms without feeling the obligation to comply; and injunctive norms, in which individuals are punished if they don't comply. The pressure on those who still do not follow the norm of wearing masks is a concrete example of how one's behaviour can sometimes be determined by injunctive norms.

Germany

In the end of January 2020, the first cases of the coronavirus started to appear in Bavaria, Germany, and spread swiftly over the whole country in the following months, taking quite a heavy toll in the country. The government dealt with the situation by devising a clear and firm strategy and communicating effectively with the people. Chancellor Angela Merkel addressed the people through television, stating "The situation is serious. Take it seriously." However, unlike in the U.K. for example, where the strategy changed 180 degree from protecting the old and the frail to an eventual lockdown, the strategies and supporting measures in Germany were more consistent and progressive.

As Germany scores especially high in Uncertainty Avoidance (House et al., 2004), this could indicate that the society strongly endorses rules and procedures to reduce the uncertainty of future events. Germany had the advantages of having a long history of higher health spending and a robust industrial background. The strategies aimed to reduce uncertainty by leveraging the country's advantages and not making decisions that would become difficult to undo.

A "contact ban" was issued on 23 March, prohibiting group gatherings and requiring minimum physical distance between people. Schools, restaurants, and clubs were closed as well, but no actual curfew was announced. People were not forced to stay at home and open spaces such as parks also remained open to the public. As new infections continued to rage through the country like wildfire, people realized its severity and were able to gradually adjust to the new situation following the recommendations of the government to stay indoors and keep social distance. Public service announcements could be seen in parks, encouraging citizens to abide by the distancing rules to prevent harsher restrictions and closure of parks.

We can observe aspects in the German culture that led to this self-controlled behaviour of the society. In contrast to France where a curfew was suddenly enforced, actions in Germany were more moderate and calculated. This is another example of the high Uncertainty Avoidance of the German culture. When people avoid uncertainty and chaos, they would be more inclined to follow rules and orders.

Sweden

Sweden was the global outlier in its response against the coronavirus. As governments worldwide closed schools, businesses, or even forced people to stay home, Sweden became the only government in the EU to reject economic lockdown policies. Swedish foreign minister Ann Linde stated that the strategy was "No lockdown and we rely very much on people taking responsibility themselves." Gatherings of over 50 people were banned, but schools for children up to 16 years old remained opened as well as shops and restaurants. Deputy Prime Minister Isabella Lovin emphasized that the government's decisions were based on experts' advice, which has been the tradition of "more than 100 years". The Swedish government's decisions were centred on sustainability, weighing the risk of depression, social unrest, and economic recovery comparably higher. The government avoided implementing rash decisions in the face of uncertainty.

Sweden's response showed the high level of trust between the leadership and the expertise as well as between individuals and the state. The government did not make decisions based on its own political agenda, but instead relied on the recommendations of the experts. This

is in line with the findings of the GLOBE Culturally Endorsed Leadership Theory (House et al., 2004), which represents the various expectations societies have of their leaders on a national level. Exceptional low scores on Self-Protective Leadership in the GLOBE study show that leadership in Sweden is less self-centred, status conscious, and procedural. Furthermore, the government's policy respected the free will of individuals and relied on their voluntary behaviour, which is characteristic of the participative and autonomous nature of the Nordic European leadership profile.

In the GLOBE study (House et al., 2004), Sweden also scored high on Institutional Collectivism, which could indicate that people in these societies promote group loyalty and encourage collective distribution of rewards and action. The scores on Future Orientation are in the medium range but higher than most other clusters, indicating that they plan for the future and engage in future oriented behaviours more than most other clusters.

Conclusion

The COVID-19 pandemic had without doubt triggered uncertainty all around the world. In response, governments and societies handled the situation differently, some arguably better than others. This allowed us to illustrate the potential and potency of culture and values in shaping our behaviours and motivations.

However, as the battle against the coronavirus continues, scientists, governments, and individuals alike are learning more about its nature and the implications for our future. With new studies and statistics showing the actual toll of the coronavirus, the pandemic will soon turn from uncertainty to risk: Societies are no longer in immediate danger, and governments will be able to objectively assess the situation and make deliberate and more informed decisions. Discussions of reopening borders and restarting the economy have begun, and people expect the government to relinquish the power gained temporarily during the pandemic. As a result, the responss of governments are more likely to reflect the current incidence rates and the necessary reactions to control the spread of the virus rather than its cultural characteristics.

References

Chandran, R. (2020, March 16). Analysis: 'Pragmatic' Asia fast-tracks hi-tech coronavirus solutions. Retrieved from https://www.reuters.com/article/us-health-coronavirus-tech-trfn/analysis-pragmatic-asia-fast-tracks-hi-tech-coronavirus-solutions-idUSKBN2132ZP.

Chung, A. and Rimal, R. (2016). Social norms: A review, *Review of Communication Research* 4 : 1-28.

Goodman, R., White, G. and Kwon, H.-J. (1998). The East Asian Welfare Model: Welfare Orientalism and the State. London, GB: Routledge.

Henley, J. (2020, April 24). Sweden queries basis of lockdowns as Germany keeps its guard up. Retrieved from https://www.theguardian.com/world/2020/apr/24/sweden-queries-basis-of-lockdowns-as-germany-keeps-its-guard-up.

Hofstede, G. (1976). Nationality and espoused values of managers, *Journal of Applied Psychology* 61 : 148 –155.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W. and Gupta, V. (2004). *Culture, leadership, and organizations: The Globe Study of 62 societies*. Newbury Park, CA: Sage Publications.

Knight, F. H. (1921). Risk, uncertainty and profit*, University of Illinois at Urbana-Champaign's Academy for Entrepreneurial Leadership Historical Research Reference in Entrepreneurship*. Available at SSRN: https://ssrn.com/abstract=1496192.

Krastev, I. (2020, April 7). Copycat coronavirus policies will soon come to an end. Retrieved from https://www.ft.com/content/bd12b3ca-77e9-11ea-bd25-7fd923850377.

Milne, R. (2020, March 25). Sweden bucks global trend with experimental virus strategy: Free to read. Retrieved from https://www.ft.com/content/31de03b8-6dbc-11ea-89df-41bea055720b.