

# PART ONE

## Introduction

### PART ONE **Introduction**

Part One introduces the idea that in some situations, national culture significantly influences how members of an organization behave.

### CHAPTER ONE **International Management and Culture**

Decisions made within the organization are influenced by internal factors such as strategy and the skills held by the labor force, and factors within its business environment, including the market and the activities of competitors. The external factors also include national culture. National culture is defined.



# CHAPTER ONE

# International Management and Culture

## CHAPTER OUTLINE

<b>Introduction</b>	<b>Implications for the Manager</b>
<b>Factors that Influence Decision-making</b>	<b>Summary</b>
<b>Using Culture</b>	<b>Exercise</b>
<b>Cross-cultural and International Management</b>	<b>Notes</b>

## 1.1 Introduction

The book deals with international management, and has four parts. This part consists of a single chapter and is introductory. In Part Two, Chapters 2–12 deal with cross-cultural management topics, and focus on the influence that national culture has on arrangements within the organization. In Part Three, Chapters 13–22 deal with international management topics, and focus on the tensions between the organization and its international and global environment. To conclude, Part Four deals with cultural convergence and divergence in the subsidiary in Chapter 23, and ethics in Chapter 24.

### *1.1.1 When is national culture important, and when not?*

Some management scholars claim that national culture is the predominant force driving ALL decisions made in human organizations. But others dispute the notion that culture has any relevance to management at all.

This book rejects both extremes as oversimplistic. It takes the point made by Francis Fukuyama in a newspaper article (our italics) most economists do not accept that culture can explain economic growth, and treat culture as:

a residual category in which lazy social scientists take refuge when they can't develop a more rigorous theory. There is indeed reason to be cautious about using culture to explain economic and political outcomes. *Culture is only one of many factors that determine the success of a society.*<sup>1</sup>

We argue that culture is always LIKELY to be an influence on how an organization responds to its environment and structures, roles and relationships, and how its members make decisions, communicate, and respond to organizational structures. But in any particular event, culture may not be a factor, and even when it is, may not be the ONLY significant factor. Other possible influences include factors internal and external to the organization. Those internal include the organizational strategy and the personality of the chief executive officer (CEO); those external to (other than) national culture include economic conditions, markets, technologies, the activities of competitors, and so on. (Section 1.2 gives a more complete list, and shows how internal factors are moderated by the external.)

The problem for the international manager is to decide *under what circumstances is culture likely to be a significant factor and when not?* In any particular event, he/she needs to answer particular questions:

- How much weight should be given to culture as against other factors when explaining or predicting behavior?
- How much weight should be given to culture when seeking to respond to, or cause, behavior?

The book aims to develop skills of identifying when national culture is significant, and has to be taken into account in making and implementing plans, and when it can be ignored.

An understanding of culture and its influences does not guarantee successful decision-making; but it does reduce the possibilities of failure.

The book is principally aimed at decision-making in the private sector. But it also deals with topics relevant to managers employed by state sectors and international not-for-profit organizations. These include organizations with an extra-national identity (the United Nations, World Health Organization, the World Bank); national organizations such as embassies and cultural organizations (the British Council, Alliance Française, Goethe Institute); and non-governmental organizations (Amnesty International, OXFAM, Medecins Sans Frontières)

## 1.2 Factors that Influence Decision-making

Here is a list of SOME of the internal factors that influence decision-making within the organization:

- The CEO's psychological make-up;
- The organizational strategy;

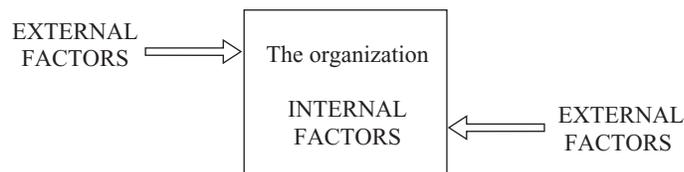
- Resources (financial, plant, staff, technology) already secured;
- Organizational history;
- Policies and systems;
- ORGANIZATIONAL CULTURE.

The EXTERNAL factors include

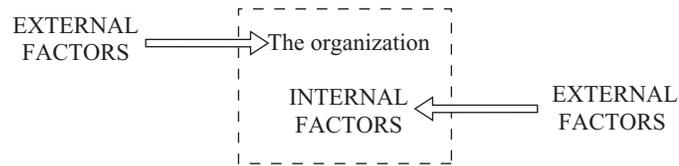
- decisions made by competitors;
- decisions made by suppliers;
- decisions made by customers;
- labor markets;
- technology;
- the national, regional and world economies;
- financial markets;
- local, national, regional, and international politics;
- laws and regulations;
- infrastructure factors (transport, power, etc.);
- trade unions;
- consumer groups;
- ethical and religious systems;
- factors in the green environment;
- industry norms;
- national culture.

It might seem that the internal and external influences can be easily distinguished – as in Figure 1.1. However, this model provides only a broad generalization. The internal factors are themselves influenced by the wider environment. For example, the formulation and implementation of strategy is influenced by analysis of market factors, the activities of competitors, and the economic environment. The organizational culture is influenced by the national culture; staff resources by the cost and availability of labor available in external markets; and so on. In practice, the boundary between the internal and external factors influencing decision-making in the organization is porous, as is shown in Figure 1.2.

When the company is dealing with a subsidiary or joint venture partner operating in another country, decision-making is influenced by its own environment *and* the environment of this second player. This second environment may be very different. Decision-makers



**Figure 1.1** The organization in its environment (1)



**Figure 1.2** The organization in its environment (2)

at the headquarters/first parent not only need to understand the internal structures and organizational culture of the subsidiary/second company but also need to understand factors of the environment within which it operates, and how these influence its interpretation of the headquarters/first parent's interests and strategy. These environmental factors include

- the other country's laws and regulations;
- its economic profile;
- its market conditions and competition from local companies;
- the other national culture.

The company is continually interpreting its external environment, and reinterpreting its own history, present capacities and possible futures, in terms of how best it can respond to this external environment. The company collects and analyses information about its external and internal environments, and in this sense it functions as a system for making interpretations. Then plans are made and implemented on the basis of the interpretations made.

This means that the importance given to culture, and the descriptive categories used, depend largely on the needs and interests of the person making the interpretation. This person may be a manager, consultant, or scholar. Their needs, and therefore their interpretations, may vary widely.

Here is an example. A communications professor saw the study of culture as vitally important in understanding what happens within the firm and how the firm communicates with its business environment. She was married to a macro-economist, who was employed to analyze and predict trade cycles, and notions of culture were irrelevant to this work. In fact, he dismissed the study of culture as a waste of time. Given their different professional interests and needs, this disagreement on the importance of culture was not surprising. And hence, it is to be expected that scholarly descriptions vary – depending on the interests and objectives of the person making the description. The next chapter gives examples.

### 1.3 Using Culture

Here we focus on one of the environmental factors listed above, NATIONAL CULTURE – and references below to “culture” are to national culture. Organizational culture is dealt

with as a separate phenomenon, in Chapter 5. As we shall see, these two phenomena differ in important aspects, and they should not be confused.

Values in the culture influence the behavior of members of this national community. This means that when members are working together in an organization, their shared culture means that they are likely to respond similarly to events in the world and decisions taken by management.

On the basis of cultural analysis, the manager can assume a degree of uniformity in the values held by group members, and hopes to be able to make generalizations about their behavior. These generalizations give a basis for predicting their future behavior in routine situations.

For example, your understanding of Culture X gives you a basis on which to predict how Culture X negotiators might respond to your offers, concessions, and refusals. It gives you an indication of how Culture X managers might respond to more or less centralized control. It suggests how the Culture X workforce might respond to a new incentive scheme, to group-based activities or an individually based activity, to competition between work groups, to pay-scales based on individual achievement or group achievement.

### ***1.3.1 Personal factors***

National culture is not the only factor influencing values and behavior. The individual's personality is molded by such factors as

- PSYCHOLOGICAL characteristics;
- GENETIC profile;
- GENDER stereotypes;
- AGE;
- SOCIAL constraints, including those imposed by family and social class.

Ideally, the manager needs to understand the personality of each one of those individuals for whom he/she is responsible, to realize their potential and to help resolve their problems. However, it is often not practical that decisions are based on the different needs of individuals. The manager who needs to motivate a unit of 10 employees can only afford to invest the necessary resources (of time, labor, research and so on) into tailoring 10 individual schemes if each individual is of extraordinary value to the success of the company, and if each individual has to have his/her needs correctly catered for. So, given the economic constraints on applying personality analysis to a small unit, is it possible for the manager to design an individual scheme for each of, say, 100? Or 1,000? More probably, the manager treats the 100, or 1,000, as a group with some shared identity. This means generalizing about their values and needs, testing this generalization by observation and experience, and acting on this basis. This explains why managers find it useful to apply CULTURAL ANALYSES as a support for (or substitute for) personality analyses.

### **1.3.2 Predictability is limited**

However, the predictive worth of cultural analysis is limited. First, the manager can never precisely calculate the influence of culture against that of other factors in the environment listed in Section 1.2 – for example, economic factors. Second, in extraordinary and non-routine situations – say, a takeover, an unexpected bankruptcy, a natural disaster – individuals may respond in unexpected ways. They feel an overriding need to safeguard their own interests, and not to conform to group norms. In these cases, cultural predictions lose their validity. Organizations hate the non-routine, and in general fail to plan for drastic change – including their own demise. Third, every society produces persons whose psychological make-up makes them atypical, and persons who are inept at understanding their culture and accepting its norms. Every society produces social outsiders, criminals, and lunatics.

In sum, models of cultural analysis give the manager invaluable instruments that are applied in work of interpreting and predicting the behavior of the workforce. But, as we see throughout this book, these models are never 100 percent reliable.

### **1.3.3 Defining national culture**

Scholars have produced hundreds of definitions of “culture”. Hofstede’s (1984) definition is still the best known to management scholars and is used here:

Culture is the collective programming of the mind which distinguishes the members of one human group from another . . . Culture, in this sense, includes systems of values; and values are among the building blocks of culture. (p. 21)

This implies that

- a culture is particular to one human group and not others;
- it is learned, and is not innate. It is passed down from one generation to the next;
- culture includes systems of values.

Sections 1.3.4–1.3.7 examine the implications of this definition. Sections 1.3.8–1.3.13 deal with aspects of culture that the definition does not cover.

### **1.3.4 Culture and the group**

The first point raised above is that a culture is particular to one human group and not others. This means that

- different human groups have different cultures;
- different human groups may respond to similar situations in different ways.

For example, the staff of an American organization were asked to contribute to a medical charity. In New York, each person made his/her decision about how much to contribute

on an individual basis, and did not consult with any other person either before or after the collection was made. A few weeks later, it was suggested that the Panamanian subsidiary subscribe to the same charity. Members of the subsidiary were unsure about how much each should give, and consulted in groups and with their local superiors to decide on a figure. Each person at each level of the company hierarchy contributed the same sum, but higher levels contributed more, and the local CEO most.

This shows different national groups responding to the same situation in very different ways – by deciding on the basis of individual interests, or by deciding on the basis of collective and hierarchical interests.

The notion of national culture assumes that the cultures of, say, the Japanese, Americans and Portuguese have their particular characteristics shared by members, and are distinct. This generalization is useful if you have to compare the three countries. Assume, for example, that you are trying to decide where to situate a new plant, and you need to take into account the likely behaviors of the workforces.

In much cross-cultural management, the national group is taken as the unit of analysis. This has certain advantages over the alternatives. The limits of subcultural groups below this level may be difficult to identify, and reliable data scarce. On the other hand, larger groups – which lack the shared historical and economic experiences that bind a nation – may permit only very loose predictions to be made.

For example, journalists and politicians like to distinguish between “Eastern culture” (or “Asian culture”) and “Western culture”. But this level of generality oversimplifies, and is potentially damaging because it blinds us to real differences within each region.

Japan, India, Iraq, and Hong Kong might be vaguely grouped in the Asian sphere, but the manager who expects the behavior of his/her Iraqi employees to correspond with that of Japanese employees may be making a serious mistake. Poland, the USA, Spain, and Finland all belong in the Western sphere, but their national cultures differ markedly. Similarly, the national cultures of the countries comprising the European Union differ enormously, and even its most fervent advocates of this rickety political structure are unable to identify any common value system.

The point was made in the UK by a Hindu correspondent writing to a newspaper after the September 11, 2001 attack on the World Trade Center:

Sir – Once again, I see that you are writing articles on Muslims and then suddenly referring to Asians [article reference . . .]. If you continue to use the term “Asian” then please refer to the citizens of this country as Europeans, as this will have the same validity.<sup>2</sup>

The same point applies in the case of the West – and always has. Gray (2000) writes:

The pot-pourri sometimes called Western civilization has always contained conflicting values. Greek, Roman, Christian and Jewish traditions each contain distinctive goods and virtues that cannot be translated fully into the ethical life of the others. The notion of a “western tradition” in which these irreconcilable elements were once fused cannot withstand philosophical – or historical – scrutiny. There was never a coherent synthesis of these values, nor could there have been. (p. 12)

### ***1.3.5 National territory and the national group***

On the other hand, it is not always safe to assume a correspondence between national territory and the culture group. That is, homogeneity within the national culture cannot always be taken for granted. According to Barber (2001):

... less than 10 percent (about twenty) of the modern world's states are truly homogeneous and thus, like Denmark or The Netherlands, can't get smaller unless they fracture into tribes or clans. In only half is there a single ethnic group that comprises even 75 percent of the population. *(p. 9)*

This means that predictions of behavior are more reliable when made of populations that are relatively homogeneous; Japan is one, although even here important subcultural differences can be found between, say, mainstream Japanese, Korean Japanese, and the people of Okinawa, for whom home rule is an issue. Other populations are much more heterogeneous – in particular, in those countries that have welcomed large numbers of immigrants; the USA, Brazil and Canada, for example.

Barber (2001) comments that in the USA, multiculturalism is the rule and homogeneity the exception. Cuban Americans, Irish Americans, Chinese Americans, Black Americans and Jewish Americans share many mainstream “Anglo-Saxon” beliefs, in particular those associated with national symbols such as the Presidency and the Constitution. But their subcultures differ significantly. If you have to choose whether to site your new factory in Boston or Miami you cannot assume that the values of these different workforces will correspond. The influence of Irish culture is still strong in Boston, and in Miami, where many of your employees have Spanish as a first language, you might need to refer to models of Cuban culture.

The lack of precise correspondence between national territory and national culture is developed in Chapter 2, where we examine the problems arising in making comparative analysis.

### ***1.3.6 Culture is learned***

The second implication of Hofstede's definition is that your culture is not programmed into your genetic structure. You learn it. In the case of a national culture, you learn most intensively in the early years of life. By the age of five you were already an expert in using your language. You had learned how to communicate different language functions appropriately; for example, how to

- interact with other members of your family;
- elicit rewards and avoiding punishments;
- negotiate for what you wanted;
- cause, avoid, and resolve conflict.

Your behavior as a small baby was at first indistinguishable from that of babies in any other society. But very quickly you learned to mold your behavior to the particular

constraints of your culture group, and to recognize the meaning of messages communicated by other members of the group.

Here is an example. Koreans learn in their childhood to be cautious of claiming “my” relationships; rather than “my mother” and “my house”, the well-behaved child soon learns to refer to “our mother”, “our house”. A Korean explained:

We try to avoid saying the word “my” something. And when we have to, we use a very polite form. When we are introducing something [as a topic] we use “our” – “our parents”, “our book”. “My” sounds very selfish.

When Koreans visit English-speaking countries, they compensate:

When Koreans come to England, they often say “parents” [rather than either “my parents” or “our parents”]. They know that “our parents” is wrong in English but they don’t like to say “my parents”. So they miss [the possessive adjective] out.

The Korean preference for the plural possessive adjective (“our” rather than “my”) reflects the collectivist values of the culture; Koreans are brought up to believe that they are united by common ancestry and descent from the same two original parents. Second, this shows Koreans aware of differences between their own and Anglo cultures.<sup>3</sup>

Who does the child learn from? In childhood, cultural values are passed on to you first by parents and family. Then friends and school mates influence learning. The American psychologist Harris (2007) claims that the biggest environmental influences on children occur outside the home, and the need to survive at school and mix with friends has a more significant impact on a child’s behavior than lessons learned in the home. Is the importance of peer values equally significant in all cultures? In Japan, the mother is mainly responsible for early rearing, while in Scandinavian countries the parents play more equal roles. In many Islamic societies the mosque plays a great part in educating the young than might the church in many Christian societies. In some areas of China, it is still common for small children to be brought up by grandparents, leaving parents free to join the labor force.

Much of the child’s learning is unconscious. When you began learning your mother language you were not aware of being inducted into the group culture. And so these values become second nature, and massively influence your behavior in later life. Because your cultural values are acquired so early and without conscious application, they are extremely deep-rooted.

### **1.3.7 Values**

We saw in Section 1.3.3 that Hofstede’s definition of culture includes systems of values. Values are defined here as assumptions that members of a culture group about how they should behave and do behave. The person may never articulate these assumptions, or even think of them; we have seen that persons start learning their cultural values in early childhood, at a preconscious level. As such, these values are engrained and are slow to

change. Because they are taken for granted as the right way to behave, values strongly influence what behavior occurs.

Here is an example. In an Indonesian business school, students were separated into small tutorial groups for the last class of the morning. After this class, students waited in the reception area for all members of their friendship circle coming out of other tutorial groups before they went off to lunch together. A group of Americans were studying in the school at the same time. They noticed the Indonesian behavior and challenged it in class. Didn't this waste time? The Indonesians answered that paying respect to other members of their friendship group was how they "ought to behave", and they took this expression of loyalty for granted. An individual overlooked by his friends would feel betrayed, and this would have negative effects on them all. Then they challenged the Americans; how long do you wait for your friends after class? Two minutes at the most. To the Indonesians, this showed coldness and unfriendliness.

But there is one practical problem with focusing on this definition of culture. Most people are not good at describing their deepest values, and these are not easily accessible. The analyst cannot expect to learn much by asking direct questions such as "what are your values?"

Members' deep cultural values can be observed in their behavior, which provides a direct reflection. In this case, the Indonesians' relatively high collectivism was reflected in how they organized their lunch-hours, and influences a wide range of other work-place activities, it is evident in all their social and work priorities, loyalties, and relationships between groups. Whereas Indonesians hoped to achieve their goals through membership of, and loyalty to, a powerful group, the Americans expressed theirs in a drive to succeed on an individual basis. But until the two groups began to analyse each other's behavior, neither had thought to examine their own fundamental values.

### ***1.3.8 What other factors influence behavior?***

Hofstede says that culture INCLUDES values, which raises the question of what else is included. Here are some of the other factors, discussed in the sections below:

- BELIEFS;
- POLITICAL SYSTEMS;
- RELIGION;
- TECHNOLOGY;
- ARTISTIC CULTURE.

### ***1.3.9 Beliefs***

Individuals express their ideas about how the world is, or how it ought to be, by articulating their beliefs and attitudes. Unfortunately, even when a great number of people share and articulate the same belief, it may be only weakly predictive of how they will behave.

This is because people often do not behave according to their beliefs. The great majority of us everywhere profess some religious belief, and all religions condemn killing and theft.

But murders occur in all countries, and most of us have committed some form of theft at some time or another. Here is an example from the workplace. Most managers agree that communication initiated by subordinates is useful and important, and many may claim that “my office door is always open, and you can come and discuss your problems at any time”. Often, they believe this. But how many managers do you know for whom this is true? What often happens is that

- he/she is too busy and asks you to come back at some other time; OR
- he/she tells you that your problem is trivial and that you are wasting time; OR
- he/she hears what you say, but is thinking of something else; OR
- he/she listens, and promises to help, but forgets.

In these cases, behavior does not correspond with conscious belief. This suggests that you cannot reliably predict how people will behave in particular situations from their stated attitudes.

A survey conducted in Singapore found wide differences between public attitudes – which were “progressive” – and “traditional” domestic attitudes. Although 97 percent of the respondents believed that men and women should be treated equally:

78 per cent of men and 77 per cent of women agreed that husbands must always be the household head. In 83 per cent of households surveyed, the wife cooks, 77 per cent wash toilets, 80 per cent wash dishes and laundry 78 per cent do the ironing.<sup>4</sup>

To sum up; although culture includes beliefs (and attitudes, opinions, etc.), these are less reliable than values in predicting behavior. For this reason, the book focuses on values.

### ***1.3.10 Political systems***

A mature political system succeeds because it reflects values in the national culture. The gladiatorial party politics of the Anglo countries have evolved over 400 years, and express relatively high tolerances of conflict and uncertainty, and the relatively low power distances. The one-party Communist system developed in the People’s Republic of China gives the senior members of the ruling party centralized political powers that are not very different from those exercised by imperial courts before the Communist revolution.

However, the specific characteristics of political arrangements at any one time are also influenced by immediate considerations; for example, economic conditions, the country’s recent history, relations with its neighbors, and the ambitions and personalities of its leaders. Changes made in response to these problems and opportunities may be frequent but, although they can seem radical at the time, their effects are often short-lived. In practice, the policies followed by the government of the day may bear little relationship to the deep culture of the people. That is, a revolution in the political structures does

not necessarily reflect a change in the underlying value system. Adedaji (1995) made this point in the context of the official “transition to democracy” in Nigeria (1992):

Democracy cannot be decreed. Unlike instant coffee, there is no instant democracy. You cannot move from totalitarianism to democratic practice from one day to another. Democracy is more than just the ballot boxes, the political parties and all the institutional trappings. It is a way of life, a culture and a lifestyle at all levels of society and in all spheres of human endeavour. *(p. 95)*

Adediji is arguing that political models that suit, say, the USA or the UK, may not be appropriate elsewhere in different cultural settings. The same applies now; some American or other Anglo policy makers seem surprised that their concept of democracy has not been immediately welcomed in Iraq. And the point can be applied to management practice; what works well in headquarters may be inappropriate in the country of the subsidiary.

### **1.3.11 Religion**

Most of the major religions are shared by a number of national cultures:

- CHRISTIANITY is the most widely practiced. The majority live in Europe and the Americas, and numbers are growing rapidly in Africa. Protestant Christianity emphasizes the individual’s responsibility for his/her own actions, and in the Anglo cultures has had a major effect on business values associated with individualism and independent thinking.
- ISLAM is practiced mainly in Africa, the Arab countries, in parts of South East Asia, Afghanistan and in some countries and regions comprising the former Soviet Union – for example, in Chechnya.
- HINDUISM is most common in India. Beliefs emphasize the spiritual progression of each person’s soul rather than hard work and wealth creation.
- BUDDHISM has adherents in Central and South East Asia, China, Korea, and Japan. Like Hinduism, it stresses spiritual achievement, although the rapid economic development of these regions shows that this does not necessarily impede economic activity.
- CONFUCIANISM has adherents mainly in China, Korea and Japan. The emphases on loyalty and reciprocal obligation between superiors and subordinates, and honesty in dealing with others, have influenced the development of family companies in these regions.

Even when the same religious forms are shared by a range of cultures, this does not guarantee common values expressed outside religious practice. Catholicism is practiced in Peru and Poland, and Islam in Indonesia and Libya, but the manager cannot predict the workplace behavior of Peruvians and Poles to correspond, or the workplace behavior of Indonesians and Libyans.

Robertson et al. (2001) examined the differences between beliefs and values in Saudi Arabia, Kuwait, and Oman. They found the same belief system operating in these countries, and that is deeply rooted in the common religion, Islam.

But values differ significantly; Saudis tend to have a stronger work ethic than Kuwaitis do, and are more independently motivated in the workplace. (p. 236)

Saudi Arabia may have a stronger emphasis on individuality in the workplace. (p. 240)

Religion expresses the culture and also influences it. That means that in some respects national cultural values may overlie the influence of religion. The implication is that Buddhists and Christians in Thailand may share common values associated with being Thai. Buddhism teaches moderation and the importance of seeking a middle way between extremes. But here is an educated Thai noting the contradiction between the behavior and religious beliefs of his townspeople:

Characteristically, the Muang Petch people are suited to be *nak-leng* (patrons). Killing and revenge is the name of the game, not necessarily based on any particular principle except for defending one's honour in the old way. We're quite extreme people which is strange considering that the people are mostly devout Buddhists.<sup>5</sup>

The implication is that the religion practiced by the group expresses a system of ethical belief, and is essentially idealistic. This means it may not be descriptive of how they actually behave. The international manager needs a basic understanding of the religious beliefs of the people whom he/she is managing, and to look for instances when behavior does express these beliefs, and when it does not.

### **1.3.12 Technology**

Modern technologies are used across all cultures and this fact is sometimes used as evidence to argue that all cultures are converging. But this ignores the important differences that occur in how technologies are used in different cultures. For example, some information technologies are used on a group basis in the more collectivist cultures, but on an individual basis in the more individualist cultures. When the international manager finds the same technology used in different cultures, he/she asks, for each culture:

- Who SELECTS the technology?
- Who USES it?
- Who DIRECTS use?
- What STATUS is given to those who use and direct use?
- What other ACTIVITIES co-occur with use?
- WHEN is it used?
- WHERE is it used?
- What is the use of this technology intended to achieve? WHY is it used?

When different cultures typically provide different answers to these questions about the same technology, cultural analysis is needed to explain the differences.

### **1.3.13 Artistic culture**

A common-sense of the term “culture” relates to artistic production, but this has little relevance to the needs of the manager in other industries. Arts and crafts immediately reflect the producers’ individual psychologies. And although they give some indication of the values held by the culture group within which they belong, the relationship between the art item and the values shared by the members of the culture group may be obscure, even to a skilled sociologist or art critic. In general, the international manager is not expected to have skills of predicting workplace values from artistic culture.

## **1.4 Cross-cultural and International Management**

In different circumstances, managers perform a range of different roles. These include leading, acting as figurehead, communicating information, negotiating, allocating resources, handling disturbances, planning, overseeing implementation of plans, and evaluating. Factors that influence which of these roles a PARTICULAR manager exercises, and how much emphasis he/she gives to them, include

- his/her personal psychology;
- his/her functional responsibilities;
- the organizational culture and history of the company;
- industry factors. Banks have relatively greater needs for hierarchical structures and controls than do advertising agencies. Advertising agencies need structures that facilitate rapid creativity;
- NATIONAL CULTURE. For example, in some cultures the manager is expected to emphasize control and direction elsewhere, to facilitate and participate.

The national culture of the workforce influences how they respond to the structures and systems planned and implemented by management. This means that a workforce in one culture may respond differently to a workforce in another. That is, in different cultural and industrial contexts, different management roles are emphasized. The international manager must be prepared for these different responses, and he/she adapts to the different contexts.

CROSS-CULTURAL MANAGEMENT is defined here as development and application of knowledge about cultures in the practice of international management, when the people involved have different cultural identities. These people may or may not belong to the same business unit.

Gooderham and Nordhaug (2004) define INTERNATIONAL MANAGEMENT as the generation and transfer of knowledge across settings and organizations (p. 1). O’Connell (1998) defines the notion as the planning, staffing, and control of international

business activities (p. 320). These activities occur between business units that are located in different countries, whether joint venture partners, headquarters and subsidiary, principal and agent, supplier and customer. Both emphases – international management as a knowledge-based activity and as a function-based activity – are applied at different points in this book.

The two terms do not correspond entirely. Some international managers in senior positions may have no face-to-face interactions with the other-culture workforce; many home-based managers deal with immigrant groups assimilated into a workforce that serves domestic markets.

### **1.4.1 Cross-cultural management skills**

A SKILL is defined as the ability to demonstrate a sequence of behaviors that are related to attaining a performance goal. The manager needs cross-cultural skills to manage a single-culture group when he/she is a member of some other culture. This situation occurs typically when the manager is expatriate, managing his/her company's subsidiary or other investment abroad. It may occur in headquarters when managing a group consisting entirely of immigrants.

The core assumption of cross-cultural skills learning is that the manager cannot expect to force-fit members of another culture into his/her own cultural norms. They cannot easily be made to accept his/her perceptions of reality as superior to values in their own culture. This is not an ethical matter so much as practical. The organization that attempts to impose its behavioral norms upon unwilling employees from another culture faces an uphill battle.

The manager also needs cross-cultural skills when managing diverse groups, including members from a range of cultures.

## **1.5 Implications for the Manager**

How can the material covered in Section 1.4.1 above be applied to your organization? Answer for your company or business school:

- 1 In what departments/classes are a range of cultures represented? What cultures are represented?
- 2 How far can the typical behaviors of these cultures be distinguished? What cultural values are reflected in these different behaviors?
- 3 Can you distinguish the effectiveness of culturally diverse groups from the single-culture groups? How?
- 4 If cultural diversity is managed:
  - (a) What tasks are allocated to the diverse groups?
  - (b) What benefits arise from diversity?
  - (c) What problems arise?
  - (d) How could the diversity be better managed?

## 1.6 SUMMARY

This introductory chapter has focused on the importance of understanding culture. Section 1.2 examined FACTORS THAT INFLUENCE DECISION-MAKING in the business environment. The relationship between internal and external factors is complex, and problems of responding to external factors are further complicated when the company is making international investments and is operating in more than one national environment. National culture is only one of the factors involved, and the manager needs skills of distinguishing when it is, and is not, significant. Section 1.3 saw that models of CULTURE are useful because they give the manager bases for predicting behavior within the culture group. A definition, commonly applied by managers, was discussed and its implications discussed. A culture is specific to a group, and is learned by its members. A culture includes systems of values, and values were defined. Section 1.4 examined the scope of CROSS-CULTURAL AND INTERNATIONAL MANAGEMENT.

## 1.7 EXERCISE

Cultural values that are thought desirable and normal in one culture might be undesirable and deviant elsewhere.

1 Rank each of the values below in terms of how far you think most members of YOUR culture group would agree. Rank on a 6-point continuum, from A ("strongly agree") to F ("strongly disagree"):

- (a) Men should be competitive  
A (strongly agree): B (agree): C, D, E (disagree): F (strongly disagree)
- (b) Women should be competitive  
A (strongly agree): B (agree): C, D, E (disagree): F (strongly disagree)
- (c) Managers should participate with their subordinates

A (strongly agree): B (agree): C, D, E (disagree): F (strongly disagree)

(d) Good work relationships are more important than task efficiency

A (strongly agree): B (agree): C, D, E (disagree): F (strongly disagree)

(e) Powerful people should have privileges

A (strongly agree): B (agree): C, D, E (disagree): F (strongly disagree)

(f) The manager should have all the answers to subordinates' questions

A (strongly agree): B (agree): C, D, E (disagree): F (strongly disagree)

2 Compare your answers to those given by some other student, from another culture.

3 Explain any differences.

## Notes

- 1 Francis Fukuyama. The Calvinist manifesto in today's globalized world. *New York Times* (reprinted in *Daily Telegraph*, March 17, 2005).
- 2 Letters to the Editor. *Daily Telegraph*, November 8, 2002.
- 3 In this book, the expression "Anglo cultures" refers to the mainstream cultures of Australia, Canada (outside Quebec), New Zealand, the UK and the USA.
- 4 Associated Press. Singaporeans don't practice what they preach on equality. *The Nation* (Bangkok), December 25, 1994.
- 5 Piya Angkinand. Of fear and honour. *Bangkok Post*, January 25, 1991.