

ORGANIZATIONS AND MANAGEMENT IN CROSS-CULTURAL CONTEXT

Managing Learning Organizations in Cross-cultural Context

Chapter Outline

The following story captures the evolution of management thought (adopted from Eczacibasi, 2000, p. 176).

At first, organizations believed that 'employees had the *stomach*' to fill; if you provided them with the conditions to satisfy their basic needs, they would work hard.

Then came the realization that 'employees also had a *heart*. To motivate them to work, you had to appeal to their emotions (e.g., job satisfaction, appreciation).

Later, organizations found out that 'employees had the *brain*' and that their participation in strategic decisions in the organization would improve the organizational bottom line.

In recent years, we know that 'employees have different *cultural values, beliefs and behavioural patterns*' to learn from to enhance the chance of survival in the global competition.

What do you think has changed over the years in the management of workforce? Do you think these changes pose a threat or offer opportunities for organizations? Do you think management has become more challenging over the years? Has it become more rewarding for managers and organizations?

In this chapter we will briefly discuss the changes occurring in management thought and practices over the years. In today's global competition 'learning

organizations' have the unique advantage of leveraging opportunities presented by cultural diversity. We will discuss the importance of taking the cultural context into account to enhance learning and navigate in the global arena.

Learning Objectives

- To appreciate the complexities involved in management of the workforce in today's global environment.
- To review the evolution of management thought over the last decades.
- To identify the advantages of cross-cultural context for organizational learning.
- To review dimensions across which cultures differ.
- To develop awareness of caveats in interpreting cross-cultural differences.

As *ubuntu*, a popular South African concept, says 'people are only people through other people' (Jackson, 2004, p. 28).

Most managers who are otherwise extremely competent in their functional specialty such as marketing, finance, accounting and so forth, often find that managing employees is a difficult and onerous task. This difficulty stems primarily from the fact that employee behaviour, by its very nature, is complex and generally unpredictable with any reasonable degree of certainty. To begin with, employee behaviours in the workplace result from the desire to satisfy a variety of needs and to achieve objectives which may not be congruent with those of the organization. Furthermore, although the manager must ultimately manage the individual employee's behaviour, the forces that drive such behaviour cannot be fully understood entirely in terms of that individual employee because employees do not work in isolation. They need to interact with other employees and such interaction may occur in several ways.

Hence, to fully understand employee behaviour, managers also need to consider the complex, intricate web of interactions and influences generated by a host of interpersonal relations, intragroup relations and intergroup relations all of which might directly or indirectly affect the employee's work behaviour.

Added to this complexity are those involved in managing in the global context. Globalization is simply defined as 'manifestation of increased complexity' (Lane et al., 2004, p. 4).

This book aims to present students and lifelong learners the complete conceptual framework of the relevant theories of organizational behaviour to provide a clear understanding of the processes underlying complex human behaviour at work – their own behaviour and that of others, which they will one day be called to manage.

The chapters will discuss the following key content areas in managing people in organizations. In each chapter, the book will focus on one dimension of complexity, namely the cultural context and cross-cultural interactions. Each of the following content areas will be discussed in the context of 'culture', allowing students to evaluate the applicability of the basic OB theories in 'cultural context'.

- Motivation (Chapter 2)
- Performance management (Chapter 3)
- Communication (Chapter 4)
- Conflict management and negotiation (Chapter 4)
- Leadership (Chapter 5)
- Teamwork (Chapter 6)
- Employee attitudes (Chapter 7)
- Work-life balance (Chapter 7)
- Organizational structure and organizational change (Chapter 8)
- Human resource management practices (Chapter 9)
- Ethics and corporate social responsibility (Chapter 10)

In each chapter, major theoretical frameworks introducing key concepts and processes will be presented. This is followed by a discussion of the applicability of these theoretical approaches in various cultural contexts. Why is a relatively in-depth treatment of the theories necessary? The need for a fairly thorough treatment came home to us when we discovered that whenever students had a good grasp of the conceptual framework, they were able to understand its managerial implications much better and utilize it in different contexts. This way, we hope to teach students *how to fish*, rather than *giving them the fish*. Such an understanding also enabled them to make much more sense of their own life and work experiences which, in turn, served to provide them with face validity of the theoretical model.

Management and Learning Organizations: A Developmental Perspective

The history of management thought reveals that scientific interest in behavioural issues in management started with Frederick Taylor and his **scientific management** movement. The implicit concern for these issues is evident in Taylor's (1911) four principles of scientific management, which were stated as follows:

1. Develop a science for each element of an employee's work. This approach replaced the rule-of-thumb method which was quite common at that time.

2. Scientifically select and then train, teach and develop the workers. This was contrary to the prevailing norm that workers should train themselves as best they could.
3. Cooperate with the workers to ensure that work was done in accordance with the scientific management principles.
4. The work and the responsibility was restructured between management and the workers. Management now took over the work for which they were believed to be better qualified than the workers. This was a radical change, because in the past almost all the work and the greater part of the responsibility was borne by the workers.

The research of Taylor and his associate Frank Gilbreth, based on these principles, led to the popularization of time and motion studies and of incentive compensation systems in organizations. The psychologists of the period were also involved with problems of work methods and initiated research on industrial fatigue, accidents, and the development of selection tests and measurements for industrial use. In its theory regarding the nature of employees and organizations, the scientific management approach reflected the temper of the time in which it evolved. It embodied the view of the worker that had developed in the early stages of the Industrial Revolution. Workers were seen as lazy, greedy, selfish and uncooperative people who had a natural tendency to avoid work and responsibility.

Furthermore, such attributes were considered to be fixed and not amenable to change. Therefore, the only way to keep people working was through satisfying their basic needs and promising of financial rewards for good work (i.e., the ‘employees have the stomach to satisfy’ approach). The managerial implications of this view have been critically reviewed by Douglas McGregor (1960) who described such beliefs about human nature as **Theory X**.

The scientific management approach emphasized production efficiency as the only goal of organizations, and considered workers involved in the production process as little more than adjuncts to the machines they operated. The approach led to the programmed rigour with which work was designed; the worker’s job performance instructions being spelt out in minute detail. It also established a clear-cut division of labour between managers and workers – the managers specialized in planning and giving directions and the workers expected to follow these directions to the letter.

The assumption that employees’ only motivation was economic, the concept of ‘economic man’, led to strictly monetary incentive systems, which were contingent upon the actual productivity of the individual. Competition was fostered because the workers knew that to achieve greater financial rewards, they would have to produce more than the others. This system also fostered an individual work orientation to facilitate the measurement of individual productivity. Performance below the established standard was handled with the implicit threat of censure and ultimate dismissal. Thus the motivational system adopted by scientific management became known as the *carrot and stick approach*.

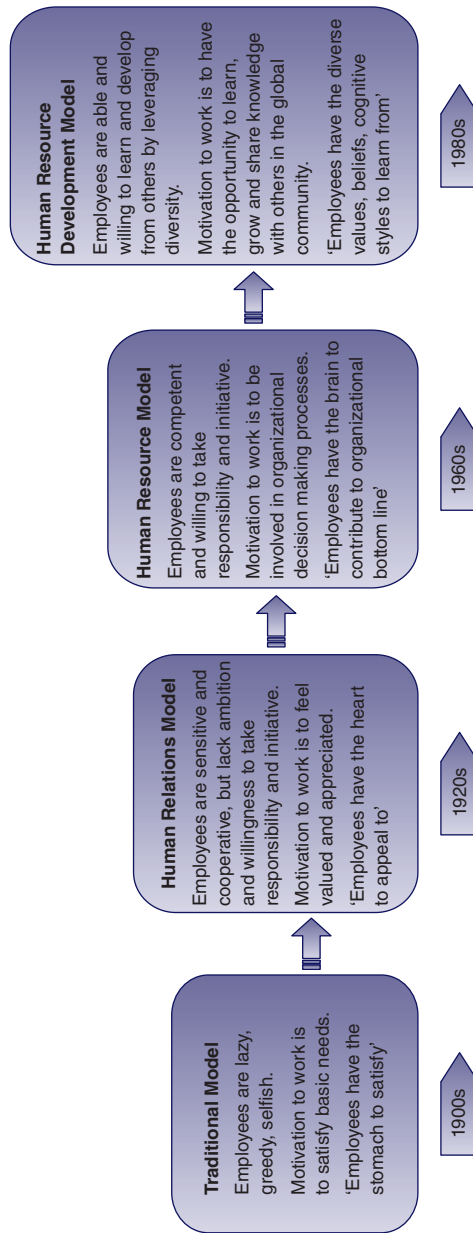


Figure 1.1 Development of management approaches

The total thrust of the scientific management approach resulted in very rigid, formal ways of organizing work, with an exclusive emphasis on the physical needs of workers, to the detriment and neglect of other more human needs. The shift away from the Tayloristic thinking began when Elton Mayo and his associates at Harvard University started a series of studies on work behaviour during the 1920s. These studies came to be known as the classic Hawthorne experiments. The Hawthorne studies revealed (a) that work is essentially a group rather than an individual activity and (b) that needs for recognition, security and belonging to groups are more important in determining a worker's productivity and morale than the physical conditions of the work (i.e., the 'employees have the heart to appeal to' approach). These conclusions had such a profound effect on management thinking that they were instrumental in starting a new movement called the *human relations movement*.

The human relations movement emphasized the need for understanding the social environment as a determiner of work behaviour in the same way that the scientific management movement emphasized the need for understanding the physical environment. The popularity of the human relations approach as a solution to behavioural problems in industry came about as a result of the changing environment of that period brought about by the growth in the size of organizations and of the organized labour movement, social security legislation, the Great Depression and the opening of new frontiers in behavioural research. In addition, the scientific management movement, with its individual work orientation, seemed inadequate to the managerial challenges posed by the increasing complexity of organizational growth and economic environment. Neither could it explain and solve the problems which arose due to the changing composition of the labour force and the nature of jobs. For example, there was an enormous increase of white-collar jobs which could not be programmed in the same manner as the blue-collar jobs.

The human relations movement thus became a 'people-oriented' approach to management. The labour union movement joined the growing protest against scientific management because the increased production and efficiency was perceived as nothing more than the unscrupulous exploitation of the worker under scientific management. The labour movement questioned management priorities and sought to change the way the worker was thought of in the production process, arguing that the worker is not a mere adjunct to the machine. The economic devastation of the Great Depression hastened the change of emphasis in the workplace – from the sole emphasis on production to one that also included more human considerations. Perhaps the most important developments contributing to this change were the studies in the area of behavioural research.

The pioneering Hawthorne studies conducted by Elton Mayo questioned for the first time the validity of some of the basic assumptions about human beings underlying the scientific management approach. The most important conclusions of these studies were that 'man did not live by bread alone' and that the rational concept of 'economic man' was not entirely valid. This was replaced by the new concept of 'social man', which

placed as much emphasis on the workers' social and psychological needs as on their physical needs. Thus the proponents of the human relations approach recognized the importance of the social atmosphere in the work environment. As a result, informal groups, team spirit and nonfinancial as well as unconditional rewards began to be emphasized. In contrast to the rational coldness of the scientific approach, the human relations movement introduced the warmth of social relations to the workplace.

In the new era permeated by the human relations movement, employers recognized the importance of the social dimensions in the work environment. However, some of the assumptions underlying their attitudes about work and workers did not differ substantially from those of scientific management. At best, their assumptions might be characterized as benevolent Theory X approach, if we were to use McGregor's terminology. The worker was still believed to be passive and indifferent to organizational needs, to lack ambition, to work as little as possible and to dislike responsibility. Whereas scientific management used the carrot and stick approach to gain workers' cooperation, human relations advocated a paternalistic approach to gain workers' cooperation through the unconditional fulfilment of their needs, the manager would improve workers' morale and thus lower their resistance to achieving organizational goals.

The research work that followed the Mayo tradition emphasized the importance of the social environment and marked the beginning of the applied discipline called organizational psychology. Organizational psychology primarily addressed problems arising from personal interaction within the organization. For example, it studied problems of leadership, motivation, communication and interpersonal and intergroup influences. With the maturing of these applied disciplines over the past three decades, **behavioural science** has gained strength and is now in a better position to offer useful knowledge and technology for dealing with the behavioural issues of management.

Behavioural science in the 1960s represented a merger between the early tradition of scientific management and the later tradition of human relations. During the last two decades, it has become obvious that neither scientific management nor the human relations tradition alone can provide an adequate base for our understanding of human behaviour within the organization. The two traditions should be viewed as complementary rather than mutually exclusive. The Taylorian approach focused on the understanding of economic man and paid little attention to the complexities of human motivation. The human relations tradition, on the other hand, focused on the social nature of employees, but ignored the broader organizational issues which go beyond those of the small face-to-face group. Consequently, the behavioural science of the 1960s was forced to develop an eclectic approach, which meant adopting principles and techniques from various sources so long as these helped us to understand and explain behaviour in the workplace. It was concerned with both the complex physical environment of the organization (internal and external) and the complex nature of the people who interact with it.

The philosophy and the underlying assumptions of this eclectic approach represent a departure from both the 'hard' scientific management and the 'soft' human

relations approach. Its assumptions about working people in organizations have been best summarized by McGregor (1960) in his discussion of Theory Y. It is not surprising that such an approach should have developed in view of the changes in social norms that have occurred in recent years. These include, for example, the whittling away of formal authoritarian relationships, the growing acceptance of the right of all individuals to pursue their chosen goals irrespective of race or gender and the emphasis on communal effort as opposed to individual accomplishment.

In his statement of **Theory Y**, McGregor suggested that working people are not by nature passive or resistant to organizational needs. Motivation, intelligence, creativity, potential for growth and the capacity to assume responsibility are all present in working people (i.e., the 'employees have the brain to contribute to organizational bottom line' approach). The task of management is to create the right kind of environment in which people can best achieve their own goals by directing their efforts towards organizational objectives. Thus McGregor emphasized the fact that management should recognize the higher needs of individuals, such as achievement, recognition and self-fulfilment, and cater to them by appropriate job designs.

In 1980s there was an increasing awareness that employees had different cultural values, beliefs and cognitive styles. This awareness was raised by the observation that Japanese business was thriving and that this success was achieved thanks to culturally embedded managerial practices. Japan became one of the world's leading economies competing with the US between 1970 and 1990. They created the Japanese miracle (e.g., annual growth of 10 per cent, export rate of 20 per cent, world giants such as Sony, Honda, Nissan, Seiko, Toyota, and Olympus) through managerial practices that were different from those leading to success in the US. Japanese emphasis on lifelong employment, a seniority-based promotion system, strong organizational culture, employee loyalty, concern with employee well-being in the workplace and beyond, and a collective sense of responsibility were the key to managerial success. Japanese managerial principles were described by Ouchi in 1981 in his powerful book **Theory Z: How American business can meet the Japanese challenge**. Japan was indeed a challenge to the US. One of the covers of the *Fortune* magazine in 1990 was headlined 'Fear and Loathing of Japan: Why it's growing; why it's dangerous; what to do about it'.

Hence, cross-cultural differences were surfaced and cultural constraints in management theories were widely discussed among scientists and practitioners (e.g., England, 1983; Hofstede, 1993). Hofstede's seminal 1980 work, *Culture's consequences: international differences in work-related values*, has become the earmark of the era witnessing systematic investigations of cross-cultural differences. Values, assumptions, beliefs, cognitive and behavioural patterns varying across cultures were identified, as will be discussed in the next section. Managing cross-cultural differences emerged as one of the key challenges for managers dealing with expatriation and culturally diverse workforces in both the global and local business



contexts. In recent years cross-cultural differences are perceived less as a *threat* to positive organizational outcomes and more as an *opportunity* to leverage for organizational growth and learning.

Global competition requires that organizations adopt the learning perspective from employees at all levels and from all cultural backgrounds. Senge (1990) defined the **learning organization** as one 'where people continuously expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn together' (p. 7). The learning organization *learns continuously* and *transforms itself* to adopt to the changing environment (Watkins & Marsick, 1993). Global organizations are especially forced to continually adapt to and survive in the new global environment (Zuboff, 1988), where the learning organization is seen as an ideal organization type (Gheradi, 2006) (see Video 1.1).

Perception of *threat* resulting from cross-cultural differences should be replaced by a perception of *opportunities* to learn from 'to respond to the demands of global economy, to reap the full benefit of cross-border alliances and to enhance organizational learning' (Holden, 2002, p. 45).

This book presents the key managerial theories and practices in the areas of motivation, leadership, teamwork, communication, organizational attitudes, HRM and organizational structure to satisfy employees' 'stomach, heart and mind'. We acknowledge that in the globalized world, employee needs driven from cultural diversity should also be satisfied. In each chapter we will discuss how cross-cultural differences manifest themselves and how these differences should be managed and leveraged to increase organizational learning. Let us first present the major approaches to understanding cross-cultural differences.

The Importance of Cultural Context for Learning Organizations

Managing cross-cultural differences has become an item in the managerial agenda in all types of organizations. Multinational organizations unavoidably deal with the challenges and opportunities of managing culturally diverse workforce. Domestic organizations face similar challenges, because the majority of them have a culturally diverse workforce in the local context or they have to understand cross-cultural issues in dealing with business partners (e.g., suppliers, vendors, outsourced service providers) around the world.

The aim of **cross-cultural management** is to 'describe organizational behaviour within countries and cultures; compare organizational behaviour across cultures and countries and perhaps most importantly seeks to understand and improve the interactions of co-workers, clients, suppliers and alliance partners from different countries or cultures' (Adler, 1991, pp. 10–11). In each chapter, we discuss the topic in the



cultural context to help future managers handle possible conflicts or inefficiencies resulting from cross-cultural differences and improve the interactions within the diverse workforce.

What is this mysterious thing called **culture**? Try to list the attributes of people who you perceive to be culturally dissimilar and culturally similar to you. Share your list with your colleagues and discuss what makes a person culturally similar and dissimilar to you – how do they look, talk, behave, think, believe, value in life? Let's get back to your list after we review some of the most common definitions of culture.

Culture has been defined in more than 150 ways by many disciplines. In this book, we refer to culture as a loosely coupled system of values, assumptions, beliefs, norms and behaviours shared among the members of a human group and differentiating it from other groups. When you visit a new country, you may almost immediately realize that you are in a different culture by observing driving behaviour, eating habits, dress code, greeting patterns, conversational styles and so on. However, it takes time to realize that a culture is different from your own also because people hold different assumptions, values, beliefs and norms.

Effective management of global workforce requires understanding and appreciation of cross-cultural differences in the subtle aspects of culture including values, assumptions, beliefs and norms. Consider the following mini-cases.

CASE 1.1

What is wrong with this award?

I just don't understand why we cannot motivate people here by showing appreciation for good work. Selection of the employee-of-the-month is an event widely celebrated back in the US, but it is taken almost like a tragedy here. The *winner* of the award this year feels quite unhappy and wants to return it!!

Why do you think the winner wants to return the award? What would have been the right way to praise the good work in that organization?

Without understanding cultural values, assumptions and beliefs, a manager can mistakenly conclude that rewarding people is demotivating in some cultural contexts. However, the correct interpretation of the above episode would be that people in some cultures may find *public* recognitions discomfoting because they fear that it would damage group harmony or attract the so called evil eye and harm them. These cultures are typically collectivistic or fatalistic. In such cultures, reward or praise is indeed motivating but when offered in *private*.

CASE 1.2**Apparently, the sky *has* the limit!**

It is so hard to convince top management in this country that training is necessary for seasoned employees to upgrade their skills. In the meeting yesterday I said 'the sky is the limit for those who want to improve themselves; we should spend more on training and development' and people looked at me like I was crazy.

Why do you think there is resistance to training; do you think the resistance is related to budgetary constraints?

The incorrect interpretation of the resistance by top management to training in this case would be that it was due to budgetary constraints. However, knowledge of cultural values, assumptions, beliefs and norms would help us to correctly identify the problem as one that had nothing to do with budget, but one that had to do with the cultural assumption that 'people, by nature, cannot change'. An effective manager, therefore, should not fight for budget but try to change this assumption in the organization in order to offer more training and development opportunities to employees.

Now let us get back to your list of similarities and differences between those culturally similar and dissimilar to you. Does your list include more observable (e.g., dress, language, physical appearance, behaviours) or subtle (e.g., values, beliefs) characteristics of the person you consider to be culturally dissimilar to you? How do you think you can manage your relationship with that person if you know more about the values, assumptions, beliefs and norms underlying their behaviour? Probably much better than the case when you only know that they are different without knowing why!

We can understand each other better, manage our relationships more effectively and learn from each other only when we are aware of the cultural values, assumptions, beliefs and norms underlying differences in our behaviour. For that reason, we focus on these aspects of culture to unveil its mysteries.

Cross-cultural Differences

Cross-cultural differences are captured through surveys assessing values, assumptions, norms and beliefs. Responses to these surveys are grouped into categories generally referred to as 'dimensions'. When cultures are compared the following **cultural**

dimensions are used by researchers, consultants and managers (Table 1.1; see also Video 1.2.). In each chapter, cross-cultural similarities and differences in motivation, leadership, teamwork, HRM practices and so on will be discussed in light of these dimensions.

Table 1.1 Cultural dimensions used in cross-cultural comparisons

Cultural Dimension	Description
Power distance (House, et al., 2004, p.192)	The degree to which members of an organization or society expect and agree that power should be unequally shared and power holders are entitled to have more privileges than those less powerful in the society.
Collectivism (as opposed to individualism) (House, et al., 2004, p.192) (Hofstede, 1980, p.171)	The degree to which organizational and societal institutional norms and practices encourage and reward collective distribution of resources and collective action. The extent to which people place importance to extended families or clans, which protect them in exchange for loyalty. The 'in-group' – 'out-group' difference is salient.
Future orientation (House, et al., 2004, p.192)	The degree to which individuals in organizations or societies engage in future-oriented behaviours such as planning, investing in the future, and delaying gratification.
Performance orientation (House, et al., 2004, p.192)	The extent to which an organization or society encourages and rewards group members for performance improvement and excellence.
Universalism (Trompenaars, 1993, p.46)	The extent to which an organization or society strives for consistency and uniform procedures, institutes formal ways of changing the way business is conducted, seeks fairness by treating all like cases in the same way.
Particularism (Trompenaars, 1993, p.46)	The extent to which an organization or society accepts building informal networks and create private understandings, tries to alter informally accustomed patterns, seeks fairness by treating all cases on their special merit.
Specificity (Trompenaars, 1993, p.90)	The degree to which private and business agendas are kept separated; clear, precise and detailed instructions are seen as assuring better compliance.
Diffuseness (Trompenaars, 1993, p.90)	The degree to which private and business agendas are interpenetrated; ambiguous and vague instructions are seen as allowing subtle and responsive interpretations.
Ascription (orientation towards ascribed status; Trompenaars, 1993, p.105)	The degree to which status is accorded on the basis of social class, family background, educational background, or titles, rather than merit or achievement.
Paternalism (Aycan, Kanungo, et al., 2000, p.197)	The extent to which an organization or society encourages and accepts that people in authority provide care, guidance, and protection to their subordinates, just as they would do to their own children. In return, subordinates are expected to show loyalty and deference to the superiors.
Fatalism (Aycan, Kanungo, et al., 2000, p.198)	The extent to which people in an organization or society believe that it is not possible to control fully the outcomes of one's actions.
Uncertainty avoidance (Hofstede, 1980, p.140)	The extent to which people in an organization or society considered uncertainty inherent in life as a continuous threat that must be fought. There is high avoidance of deviant and different persons and ideas.
Femininity (Hofstede, 1980, p.205)	The degree to which people in an organization or society value interpersonal harmony more than money and achievement; gender roles are fluid.
High and low context (Hall & Hall, 1995, p.87)	The degree to which people in an organization or society present message in an explicit manner. In high context cultures, most of the information is already in the person, while very little is in the coded, explicit, transmitted part of the message. In a low context culture, the mass of information is vested in the explicit code.

Cultural Dimension	Description
Tightness – looseness (Gelfand et al., 2011, p. 1102).	The degree to which social norms are pervasive, clearly defined, and reliably imposed.
Societal Cynicism (Bond, Leung, et al., 2004, p. 559)	Societal Cynicism relates to a lower emphasis on striving for high performance, a sensible outcome if there is a general suspicion of the social system, and a general expectation of negative outcomes.

Source: Adapted from Aycan, 2005.

Country scores based on survey findings are available on these dimensions in the references provided in Table 1.1. For example, according to country scores published by House and colleagues (2004), countries like Morocco, Nigeria and El Salvador are the most hierarchical (i.e., value high power-distance), whereas the Netherlands, South Africa and Denmark are the most egalitarian (i.e., value low power distance).

Thinking across cultures 1.1



The First Cross-cultural Encounter

The following e-mail exchange demonstrates how cross-cultural differences in communication style and its underlying assumptions may be a potential problem.

From: James Pandur
Sent: Friday, June 17, 2012, 14.53 pm
To: Alistair Mayfraud
Subject: Administrative assistant

Dear Alistair,

Warm greetings from our new project office. I hope you and your family are keeping well since our meeting last week. Thank you again for your hospitality extended to me and my family.

Alistair, my friend, I must bring a potential problem to your attention. The new administrative assistant Ms. Gilborne has sent me the following e-mail few days ago. Her e-mail gave me the impression that she had no manners, especially as

(Continued)

(Continued)

a young lady. She was addressing me as if I was a friend. She is talking about having fun together! Does she not know that I am her superior and that she is supposed to work very hard in this project?

Please advise my friend. Do you think we should think about a replacement?

May God's blessings come upon you and your family.

James Pandur

From: Jackline Gilborne

Sent: Friday, June 15, 2012, 11.53 am

To: James Pandur

Subject: Greetings

Dear James,

I am Jackline; your new administrative assistant in the Power Inc. Project! How are you?

I plan to be in the office on Tuesday, will you be in? I look forward to meeting you in person and having fun working on the project.

Take care and see you soon.

Jackline

- Can you guess the cultural background of James and Jackline? To what extent do you think the 'potential problems' would be due to cross-cultural differences versus other personal characteristics of the actors?

Cross-cultural Considerations for Managers

Managers should be aware of cross-cultural differences to successfully manage the global workforce and leverage the learning opportunities presented by diversity. However, they should also be aware of the following caveats in interpreting and managing cross-cultural differences.

- There is a tendency to overlook cross-cultural similarities and exaggerate differences. Cultural groups are indeed different from one another (e.g., ‘Culture is the collective programming of mind which distinguishes the members of one human group from another’ – Hofstede, 1984, p. 21), but they are also similar in essence (e.g., ‘Culture is varieties of common knowledge’ – Holden, 2002, p. 99). Managers are advised to look for similarities that unite people, while being cognizant of differences.
- Culture shapes people, but people also shape culture. Therefore, cultural change is possible. Managing cross-cultural differences may imply creating change in the cultural values, assumptions, norms and beliefs. Managers should be aware of the possibility that their interventions (e.g., HRM practices) may bring culture change in the local community in the long run and that the change should be in the direction endorsed by the locals. Otherwise, there is a danger of committing cultural imperialism. One way to check whether or not culture change is in the desired direction by the local community is to consult research findings comparing cultural orientations ‘as they are’ and ‘as they should be’ from the local community’s perspective (e.g., the GLOBE project’s ‘should be’ scores; House et al., 2004).
- Cultural groups may appear homogeneous (e.g., national culture), but they involve wide variations within them. It would be wrong to assume that everyone in a particular culture would think the same, feel the same and act the same (see Video 1.3.). Country scores on cultural dimensions should not be blindly generalized to everyone in that country (e.g., not everyone in South Africa values low power difference; some may value high power-distance). Managers should be aware of wide variations within each culture across regions, ethnic groups, organizations and individuals. It should also be noted that increasing numbers of people recognize themselves as ‘biculturals’, for example Japanese-American (e.g., Brannen & Thomas, 2010).
- We can consider culture at multiple levels, although the majority of cross-cultural research we cite in this book are conducted at the national level. At the highest level, we can talk about the ‘global culture’ referring to shared values transcending national borders imposed by forces of globalization. There may be regional cultures, such as Asian, Middle Eastern, or Latin American. Within regions, there are national-level cultures (e.g., Swedish culture, Indian culture, Israeli culture). Within each nation, there may be wide variations across organizational-level cultures. Within organizations, there may be cultural differences across departments, units, or teams. This ‘Russian-doll’ model of culture once again reminds us that culture is not a homogeneous entity. Managers should avoid gross generalizations about cultural characteristics and appreciate different cultural characteristics at multiple levels.
- Cultures change, but they also stay the same (as in the famous French saying *plus ça change, plus c’est la même chose*). When interpreting research findings about

country scores on cultural dimensions, managers should be cognizant of the fact that there may be cultural changes over time due to changes in the social, economic, political and demographic context (see Video 1.4.).

- Managers should be aware of the role of cross-cultural differences in explaining difficulties in interpersonal interactions, but also avoid cultural reductionism (i.e., explaining everything with cultural differences). There may be a host of factors leading to conflicts other than or in addition to culture, such as the economic and political instability in the country, size or industry of the organization, time pressure to complete the tasks, type of a given task, personality and communication style differences and so on.
- It is possible to observe behaviours that run counter to the knowledge obtained about a particular cultural context. Osland and Bird (2006) refer to this as 'cultural paradoxes' and explain it with the following example:

Based on Hofstede's value dimension of uncertainty avoidance, the Japanese have a low tolerance for uncertainty while Americans have a high tolerance. Why then do the Japanese intentionally incorporate ambiguous clauses in their business contracts, which are unusually short, while Americans dot every 'i', cross every 't' and painstakingly spell out every possible contingency? (p. 95)

- The authors promote the 'learning organization' model, encouraging managers to learn from experience (theirs and others'). Managers should develop a mental map to help them understand the *situations and contingencies* under which people behave paradoxically to their typical cultural values or norms.

Chapter Summary

A review of management thought is presented in this chapter, followed by a discussion of the importance of cross-cultural context for learning organizations. The world of business has become increasingly globalized and complex. For effective management of complexity, organizations must adopt a learning perspective and leverage the cultural diversity for learning and development. Early management thought advocated systematic examination and design of work processes and recruitment and rewarding practices to increase workplace effectiveness. The human relations movement asserted that employee motivation and satisfaction were also important for workplace effectiveness. Managers were also encouraged to involve employees in the decision-making processes to improve the organizational bottom line. With increasing cultural diversity among consumers and employees in workplaces, cross-cultural differences emerged as both threats and opportunities for managers. Learning organizations in cross-cultural context seek a deep understanding of the extent to which and the ways in which culture plays a role in managing global workforce.



In the next chapters of the book we will discuss the role of culture in leadership, motivation, communication, negotiation, ethical decision-making, teamwork, employee attitudes, HRM practices and organizational design and structure. Managers should be aware of the following caveats while making cross-cultural inferences. First, there is a tendency to exaggerate cross-cultural differences, whereas similarities among a culturally diverse workforce may outweigh differences in some cases. Second, experienced differences and difficulties should not always be attributed to cultural diversity; factors related to individual attributes (e.g., age, gender, personality), organizational or team structures and/or the socio-economic and political environment may play a bigger role than culture. Third, cultures are not homogenous and it would be wrong to assume that everyone in a particular culture has the same values, assumptions, beliefs and norms as portrayed by the research findings. Finally, managers should be aware of the possibility that their interventions may bring cultural change in a direction that is not endorsed or supported by the local community.

End of Chapter Reflection Questions

1. Think about the majority of organizations in your country. Which management model depicted in Figure 1.1. do you think they adopt? If you observe differences among organizations, what do you attribute these differences to (e.g., industry, size, ownership status, organizational culture, characteristics of top managers)?
2. How do you think the cultural context at the national level influences the management models depicted in Figure 1.1?
3. What are the advantages of learning organizations for multiple stakeholders (e.g., shareholders, society, environment, employees)?
4. Some believe that 'culture and cultural differences are overrated' and globalization has a homogenizing effect on the way people work and manage. Do you agree with this assertion; why, why not?

Key Terms and Definitions

Scientific management. Theory of management proposed by Frederick W. Taylor in 1911 to increase industrial efficiency through systematic and data-driven methods.

Theory X. Managerial approach assuming that employees are by nature lazy and unwilling to work unless they are closely supervised, controlled, rewarded and punished.

(Continued)



(Continued)

Theory Y. Managerial approach assuming that employees are willing to work, learn, seek out responsibility and grow in their careers if given the opportunity.

Theory Z. Managerial approach promoting loyalty and well-being of the employee through long-term employment, sense of cohesion and sense of moral obligation to serve the organization.

Behavioural science. Scientific disciplines including psychology, sociology, cognitive sciences and anthropology exploring the principles of human behaviour and its interaction with its complex environment.

Learning organization. An organization that facilitates learning and knowledge transfer at all levels to continuously transform itself to meet challenges.

Culture. Values, assumptions, beliefs, norms, and behavioural patterns shared by a group of individuals that differentiate them from others.

Cross-cultural management. Managerial approach aiming at understanding the extent to which and the ways in which cultural context influences behaviour at multiple levels thus improving the effectiveness of cross-cultural encounters.

Cultural dimensions. Values, assumptions, beliefs and norms along which cultures (national or organizational level) are shown to differ in scientific research.

Further Reading

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Cases, Videos, Web Sources

Cases

The following cases illustrate the importance and difficulty of handling sensitive issues in the local context (especially in emerging economies). The cases also illustrate that difficulties experienced are not only result of cross-cultural differences, but also of political, economic and legal context.

Butler, C. and de Bettignies, H.C. (2007) *Changmai Corporation Case*. France: INSEAD-EAC.

Blake, W.R. (1999) Footwear international case. In H.W. Lane, J.J. DiStefano and M.L. Maznevski (Eds.). *International Management Behavior*, 3rd edn, pp. 173–80. Malden, MA: Blackwell Publishers, Inc.

Videos

Video 1.1 Peter Senge: *The Learning organization* (2013): www.youtube.com/watch?v=ONttCcOq944

Video 1.2 Geert Hofstede: *Recent Discoveries about Cultural Differences* (2013): www.youtube.com/watch?v=LBv1wLuY3Ko

One of the most influential scholars in cross-cultural management – Geert Hofstede – updates us about the recent developments in the understanding of culture.

Video 1.3 Liu Bolin: *The Invisible Man* (2013): www.ted.com/talks/lang/en/liu_bolin_the_invisible_man.html

Bolin is a Beijing-based artist who reminds us that ‘context’ should not mask the uniqueness of the the individual.

Video 1.4 Hyeonseo Lee: *My Escape from North Korea* (2013): www.ted.com/talks/hyeonseo_lee_my_escape_from_north_korea.html

Lee’s story makes us wonder how one nation grows so much apart in their culture in just 60 years after an artificial border splits it into half.

You may also watch the concert video featuring ‘Gangnam Style’ to appreciate the sharp contrast between the cultures of North and South Korea: www.youtube.com/watch?v=rX372ZwXOEM

Web sources

- www.geerthofstede.nl/ – all you want to know about Hofstede’s work including value scores of cultures.
- www.worldvaluessurvey.org – Inglehart’s World Values Project.
- <http://business.nmsu.edu/programs-centers/globe/> – introduction to the GLOBE project.
- www.grovetwell.com/pub-GLOBE-intro.html – introduction to the GLOBE project.
- www.solonline.org – Society for Learning Organization founded by Peter Senge.
- www.dhl.com/en/about_us/logistics_insights/studies_research/global_connectedness_index/global_connectedness_index_2012.html – Global Connectedness Index.

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