

# Understanding the Role of Culture in a Global Business Environment

## Module 10

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*Teaching Notes in Notes Page View*



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## Culture and its Effects on Organizations

- Cultural savvy and sensitivity
- Impact of cultural awareness
- Cross-cultural training

Cultural savvy is a critical skill for managing processes and leading people from other countries. It is important that managers/leaders have a working knowledge of cultural variables that affect management/leadership decisions.

Cultural sensitivity or cultural empathy is a required of managers working across cultures. Such sensitivity requires that managers understand the perspective of those in other societies/countries – a willingness to put oneself in another’s shoes. Cultural sensitivity is having a genuine and honest awareness of another’s culture.

Cultural awareness allows managers/leaders to develop appropriate policies and allows them to determine how best to plan, organize, lead, and, control cross culturally.

Research on cross-cultural training suggests that training is effective in developing skills and enhancing cultural sensitivity. In spite of the evidence, however, there is little cross-cultural training conducted in US firms. (J. Stewart Black and Mark Mendenhall, “Cross-Cultural Training Effectiveness: A Review and a Theoretical Framework for Future Research,” *Academy of Management Review* 15, no. 1 (1990): 113-136.

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## What is Culture?

- Culture of a society is comprised of shared values, understandings, assumptions, and goals that are learned from earlier generations, imposed by present members, and passed on to succeeding generations.

Culture is grounded in shared communications, standards, codes of conduct, and expectations.

A. L. Kroeber and C. Kluckholn, "A Critical Review of Concepts and Definitions," in Peabody Museum Papers 47, no 1 (Cambridge, MA: Harvard University Press, 1952), 181.

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## Cross-Cultural Convergence

- Shifting individual management/leadership styles to become more similar to one another.

The convergence argument is based on the belief that industrialization and world wide coordination and competition tend to factor out differences in organizational level processes, such as choice of processes, technology, structure.

Flip side of the argument is that the individual manager's cultural beliefs affect management functions such as planning and organizing.

Lane Kelley, Arthur Whatley, and Reginald Worthley, "Assessing the Effects of Culture on Managerial Attitudes: A Three-Culture Test," *Journal of International Business Studies* (Summer 1987): 17-31.

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## Understanding Culture

- First step - understand your own culture
  - Ethnocentrism
  - Parochialism
- Second step - develop cultural sensitivity

By developing an awareness of one's own culture, managers/leaders can guard against adopting either an ethnocentric or parochial attitude.

Ethnocentric – operating from the assumption that one's own ways of doing things are best – no matter what the conditions.

Parochialism – expecting others to behave as yourself – even if they come from another country or culture.

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## Cultural Variables

- Anticipate the probable effects of an unfamiliar culture by developing a cultural profile – snapshot of the overall character of a specific culture or group of people.
- Recognize subcultures
- Practice contingency management

By developing a national profile, managers/leaders can develop some tentative expectations of the people within a culture. Recognize that generalizations generated in a cultural profile will produce only an approximation, or stereotype of a national character.

Many countries are comprised of several and diverse subcultures whose people conform in varying degrees to the national character.

Managers should never assume that they can transplant one country's practices, expectations, and processes into another.

Global managers/leaders should practice contingency management. Contingency management requires managers/leaders to adapt to the local environment and people accordingly.

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## Models of Cultural Profiling

- Several different models exist to develop cultural profiles. These models are made up of unique clusters of variables that provide a snapshot of the overall national character.

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## Harris and Moran Cultural Profile Model

- Based on different categories of interdependent variables that form *subsystems* in any society
  - Kinship
  - Education
  - Economic
  - Government
  - Spiritual beliefs
  - Social associations
  - Health care
  - Recreation

Kinship – family relationships

Education – either formal or informal affects expectations of people in the workplace, recruitment and staffing practices, training programs, and leadership styles

Economy – powerful influence on organizational processes such as sourcing, distribution, incentive systems, and repatriation of capital

Spiritual beliefs – religion commonly underlies both moral and economic norms

Social associations – informal and formal groups within a society

Health care – affects employee productivity, expectations of who is responsible for health programs, attitudes toward physical fitness

Recreation – manner in which people use their leisure time and attitudes towards leisure

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## Cultural Profiles Based on Differences in Values

- Unique sets of shared values among different groups of people.
- Values are a society's ideas about what is good or bad, right or wrong.
- Values influence how people behave in different circumstances

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## Globe Project Dimensions

- Globe Project comprised on 170 researchers who collected data on cultural values, practices, and leadership attributes over 7 years from 18,000 managers in 62 countries. Team identified 9 cultural dimensions that distinguish one society from another:
  - Assertiveness
  - Future orientation
  - Performance orientation
  - Humane orientation
  - Gender differentiation
  - Uncertainty avoidance
  - Power distance
  - Institutional collectivism versus individualism
  - In-group collectivism

Assertiveness – expectation of being tough, confrontational, competitive, versus modest and tender

Future orientation – importance attached to future, e.g., planning, investigating

Performance orientation – importance of performance improvement, excellence

Humane orientation – importance of being fair, altruistic, generous, caring, kind

These variables are unique to the Globe study. The remaining variables overlap with the Hofstede's Model based on value dimensions.

Mansour Javid and Robert J. House, "Cultural Acumen for the GLOBE Manager: Lessons from Project GLOBE," *Organizational Dynamics* (Spring 2001): 289-305.

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## Hofstede's Value Dimension Model

- Hofstede and his team researched over 116,000 people in 50 countries. Four value dimensions are proposed:
  - Power distance
  - Uncertainty avoidance
  - Individualism versus collectivism
  - Masculinity versus femininity

Power distance – level of acceptance of unequal distribution of power in institutions, e.g., subordinates acceptance of distribution of unequal power is socially determined.

Uncertainty avoidance – extent to which people feel threatened by ambiguous or new situations, e.g., rules and regulations provide security and stability.

Individualism versus Collectivism – tendency of people to look after themselves and immediate family only and neglect the needs of society. Most countries that score high on this dimension have both a higher gross national product and freer political system.

Masculinity versus Femininity – emphasis on assertiveness, materialism, task orientation. Femininity emphasizes concern for others, relationships with others, quality of life.

Geert Hofstede, *Cultures and Organizations: Software of the Mind* (New York: McGraw-Hill, 1997) 79-108.

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## Trompenaar's Value Dimension Model

- Trompenaar and team researched value dimensions over a 10 year period with 15,000 managers from 28 countries representing 47 national cultures and subcultures. Unique dimensions of Trompenaar's model include:
  - Universalistic versus Particularistic
  - Neutral versus Affective
    - Specific versus diffuse oriented
  - Achievement versus Ascription

Universalistic versus Particularistic – Universalistic approach applies rules and regulations without consideration of individual circumstances, objective. Particularistic puts obligation towards relationships first, more subjective.

Neutral versus Affective: Specific versus Diffuse Orientation – focus is on emotional orientation. Specific-orientation – separates work and personal issues and relationships, compartmentalize work from private life, people tend to be more open and direct. Diffuse-orientation – spillover from work into personal relationships and vice-versa.

Achievement versus Ascription – focuses on source of power and status. Achievement – source of status based on individual achievement, education level. Ascription – source of status based on family attribute, e.g., name, etc.

F. Trompenaars, *Riding the Waves of Culture* (London: Nicholas Brealey, 1993).

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## Operational Value Differences

- Some specific culturally based variables that frequently cause problems for American managers working across cultures:
  - Time
  - Change
  - Material factors
  - Individualism
- International managers often experience conflict in work situations as a result of unexpected behaviors arising from differences in values held about time, change, materialism, individualism. These factors have important implications in communications, work organizations and scheduling, incentive systems, attitudes toward work generally.

Time – For Americans, time is temporal versus eternal. Americans think that time is something to be saved, scheduled, spent with precision, not wasted.

Change – Accepted Western attitude toward change is that an individual can exert some control over the future, manipulate events – particularly in business. Individuals feel that they have some internal control. In many non-Western cultures, control is considered external, people tend to believe in destiny or greater will, people tend to adopt a passive attitude, tend to have a negative attitude toward forced change.

Material factors – Americans are the king of consumers. Americans tend to think that nature is there to be used for their benefit, don't tend to worship nature.

Individualism – Americans tend to work and conduct their private lives independently, valuing individual achievement, accomplishment, promotion, wealth above group goals. In other countries, this individualistic attitude is not valued, there's a greater emphasis on conformity, cooperation, strength of family or community.

L. Hoeklin, *Managing Cultural Differences: Strategies for Competitive Advantage* (New York: The Economics Intelligence Unit/Addison-Wesley, 1995).

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