

# Cross Cultural Management 003

# Learning Outcomes

- Understanding the Context The Global Managers Operate In
- Cultural Environment
- Understanding of Culture
- Characteristics of Culture
- Understanding the relationship of Culture with Context, Attitudes & People's Behaviour
- The GLOBE Project
- The 5 major Cultural Dimensions
- The Cultural & Institutional Environments
- Limitations to Homogeneity of Cultures
- Cultural Diversity & Multiculturalism
- Pointers for Global Managers

# Varying Tastes & Values

- Grasshoppers
  - Pests in North America
  - Pets in China &
  - Appetizers in Thailand
  
- Different actions, signs, values mean differently across cultures

# Link of People's Behaviour with Culture

- Cultural Environment
- We do not see Things as they are; we see things as We are (Talmud)
- With our culture , our Perceptions, Values & Judgments also Vary
- “All People are basically the same; it is only their habits and environments differ” (Confucius)

# The Changing Times of Global Businesses

- Economic barriers are coming down but are the cultural differences also getting impacted?
- The cross-national cultural varieties and sub-cultures for global managers

# 5 Aspects of Culture

- (i) Culture & how it relates to socialization & reinforcement of our normative behavior
- (ii) Different ways of defining cultures
- (iii) Culture & their institutional environment
- (iv) Cultural Complexities & Contradictions
- (v) Cultural Diversity & Multiculturalism

# How we define culture

- How would you define Culture?
- Water is the last thing that a fish notices (Lao Tzu)

# Defining Culture

- The collection of beliefs, values, behaviours, customs, and attitudes that distinguish the people of one society from another  
*(Clyde Kluckhohn)*
- Culture is the collective programming of the mind that distinguishes the members of one human group from another *(Hofstede)*
- Software of the Mind? (Backend & Frontend?)

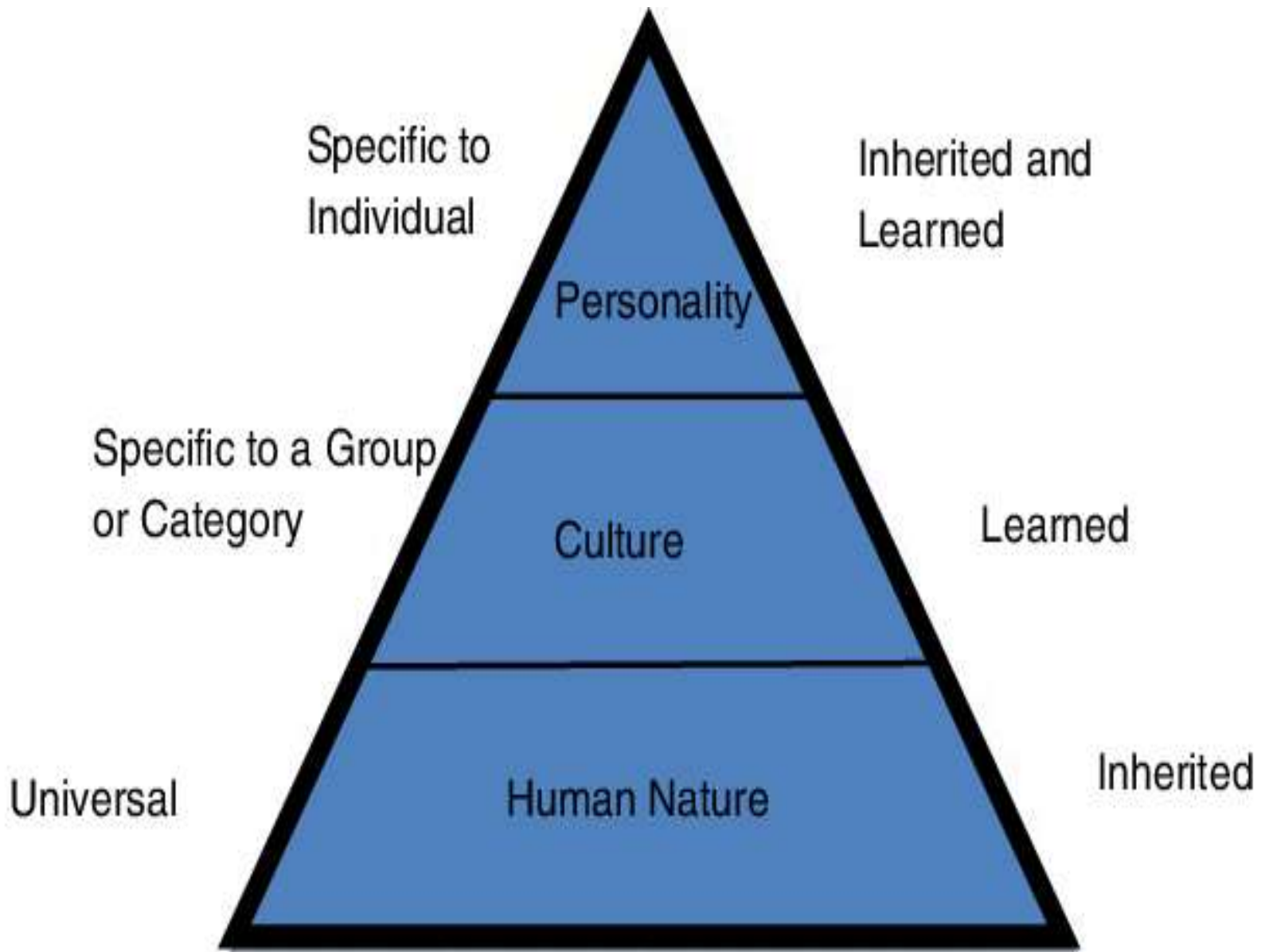


# Culture & 3 Questions

- It helps in addressing 3 Questions
  - Who are we?
  - How do we live?
  - How do we approach work?

# The 3 Characteristics of Culture

- It is **shared** by members of a group & defines the membership of the group itself
- It is **learned** through membership
- It **influences** attitudes & behaviours
  
- It sets the limits on **acceptable & unacceptable**-our **Normative Behaviour**



# Global Managers & Universal Behaviour

- Universal Behaviour
- Cosmopolitan

# Customer Service

- Yes & No
- Customer Service Guarantee for the Europeans & the Japanese
- For the Europeans, it is a horizontal relationship & for the Japanese it a hierarchical relationship
- For the Europeans it is mostly transactional relationship & for Japanese it is a mixture of loyalty & interdependence

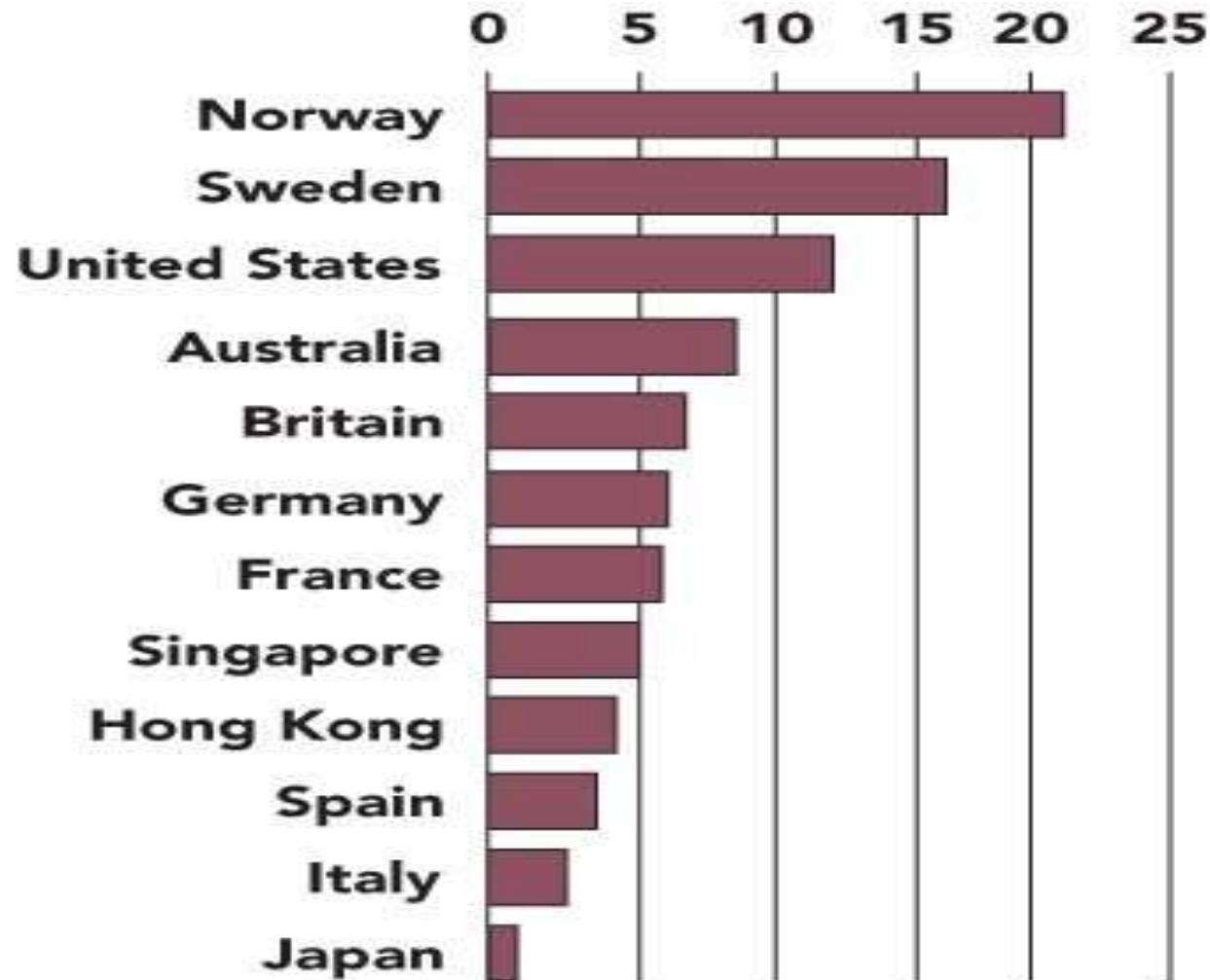
# Can there be cultural models?

- No Black & White models
- A few heuristic models like
  - Hierarchical or Egalitarian
  - Individualistic & Collectivistic
- Whether your Mushroom is edible or not?  
Your Call!
- The models are only like thumbnail sketches

# Traffic Fines in Finland

- Stress on Egalitarianism
- Fines vary per your Income
- A speeding ticket costing \$ 72,000 or as much as \$ 225,000
- The Nordic Tradition
- But for some it is an impossible place to live in!

# The Impact of Gender Bias in the Boardroom



**Female directors on  
corporate boards as  
a % of total**

**(March 2004)**



# Descriptive Models of Culture

- Several quality research work in the research work by Edward Hall, Geert Hofstede, Trompenaars and Robert House , etc.
- Robert House & his GLOBE project associates conducted research across 62 countries
- Several models consisting of 4, 5 7, and 9 dimensions related to Individualism, Time Management, Relationship with Nature, Gender Egalitarianism, and Power Distance between People

## 2 Basic Outcomes

- (i) We have basic models...a kind of shorthand for cultural analysis
  
- (ii) Some of these models offer numeric scores for rating various cultures. For example, we can use Hofstede's model to say that Germany is more egalitarian than France

# FIVE CORE CULTURAL DIMENSIONS

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Power  
distribution

Social  
relationships

Environmental  
relationships

Time and work  
pattern

Uncertainty  
and social  
control

# 5 Core Cultural Dimensions

## (i) Power Distribution

- Hierarchical vs. Egalitarian
- How are Power & Authority distributed
- Beliefs concerning Equality or Privilege

## (ii) Social Relationships

- Individualistic vs. Collectivistic
- The fundamental building block of society
- Individuals or Society
- How does a society organize itself for collective action

# Contd...5 Core Cultural Dimensions

## (iii) Environmental Relationships

- Mastery-oriented vs. Harmony-oriented
- Relationship with the surrounding environment
- Their goal is control or harmony with the environment

## (iv) Time & Work Patterns

- Monochronic vs. Polychronic
- Do they prefer to focus on one work at a time (Linear or Non-linear)
- How they balance between work & non-work activities

# Contd...5 Core Cultural Dimensions

## (v) Uncertainty & Social Control

- Universalism vs. particularism
  - Rule-based or relationship-based
  - How do they reduce uncertainties
  - Are rules applied uniformly
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- These dimensions are a good starting point for our understanding
  - Like a quick cultural snapshot

# Job Cuts & Different Worldview

- In the USA, Bank of America announced 30,000 job cuts in the next 3 years
  - Its stock prices went up
  - The ecosystem understands such decisions
- The corporate responses to tough economic circumstances are not the same
- Reduced incomes/falling businesses would lead to redundancies
- But in Germany or Netherlands, they would use other means like early retirements or job sharing ,etc.
- In Japan layoffs are rare; it violates fundamental social norm of paternalism....transfer

# The Political & Legal Framework

- In the USA, the institutional environment is adversarial and as a regulator
- For American businesses, the main purpose is to maximize stockholder wealth
- The focus on short-term transactions and Returns-on-Investment
- Managers are frequently offered stock-options to bring in short-term and quick results
- Dividends based on stock value as percentage of profit
- Undervalued companies are frequently subject to hostile takeovers



# Contd...The Political & Legal Framework

- In Japan, it is cooperative business-government relationship
- A lot of government support for local industries
- The principal focus of companies is build long-term benefit for investors, employees and the nation
- Investors stress on long-term stock appreciation
- Dividends are paid at a constant rate
- Managers are seldom offered stock-options
- Undervalued companies are protected by sister companies from outside takeovers

# Contd...The Political & Legal Framework

- The Japanese firms are better positioned to take a long-term strategic viewpoint
  - (i) Low profits & High-retained earnings support growth
  - (ii) Closer relationships with banks support high level of debt for long-term growth
  - (iii) The Japanese stockholders accept low dividends and management's absolute control of the firms

# No Stereotypes, please!

- These could be the Principal Trends
- Also need to Nuances & Counter-Trends
- Also need to look at the Context-the environment in which the individuals are behaving the way they are...
- Need to look at the General Attitudes & Behavioural Patterns

# No Black & White, Please!

- The issue of Equal Opportunity at Workplace
  - Men & Women...for some it has to be Equal, no exceptions; for some they have different roles; for some it is a topic on which they have flexible attitude and they don't take any strong views
  - Nahed Taher , the first women CEO of the First Gulf Bank based in Bahrain
  - Sahar El-Sallab of Commercial International Bank, Egypt
  - Maha Al-Ghunaim, Chairman of Kuewait based Global Investment House
  - Zahra Al Khalifa working for GE in Saudi Arabia
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- **Culture alone is insufficient to understand people's behavior...no Simplistic Models would work... there are complexities & contradictions**

# 5 Limitations to Homogeneity of Cultures

(i) Cultures are Stable, but Change over time

- they are in constant FLUX
- they accommodate CHANGE & EVOLVE

(ii) Cultures are Homogeneous, but allow for Individuality

- Cultures are SHARED
- Cultures are also FRAGMENTED
- Are all Australians Individualistic?
- Are all Chinese highly Collectivistic?
- Depends on Situations and Place

# Contd...5 Limitations to Homogeneity of Cultures

(iii) Cultures are often classified into general Categories that overlook subtle but important Differences

- Latino concept of **Orgullo**, the pride for the accomplishments of their people
- Barzilian notion of **Jeitinho** i.e., Flexible Adaptability
- Japanese Concept of **Kao** for face (Saving face)

# Contd...5 Limitations to Homogeneity of Cultures

(iv) Cultures can help Explain but not Predict behaviour

(v) Cultures represent a Unified Whole, but also consist of multiple and often Conflicting SUBCULTURES

- Cultural Makeup is **Layered**
- Impact of Culture on our behavior does not happen in a **vacuum**
- **The Context** is important
  
- Seating arrangement on a Delta Airlines flight from New York to Tel Aviv...Haredi Men & other Jewish women

# Cultural Complexities and Contradictions

## ***On the one hand, cultures:***

1. Are stable over time.
2. Typically reinforce holistic behavior.
3. Often exhibit defining characteristics of its people.
4. Often help explain the past or current behaviors of its members.
5. Highlight key characteristics of the predominant group.

## ***On the other hand, cultures:***

1. Evolve over time.
2. Often tolerate fragmented behavior.
3. Often exhibit numerous exceptions to its defining characteristics.
4. May not always help in predicting the future behaviors of its members.
5. Often mask important subcultures (e.g., religious or ethnic, regional).



# Cultural Diversity & Multiculturalism

- The American 'Melting Pot' & the Canadian 'Mosaic'
  - (i) There is often more than one culture involved in an interaction, and it is not always clear how each one plays out or is dominant in a particular situation
  - (ii) People often behave differently in cross-cultural situations than they do in intra-cultural situations
  - (iii) Cultures are fragmented, and even within a particular cultural environment different behaviours are observed in different subgroups

# Multiculturalism in Singapore

- Chinese (74%), Malays (13%), Indians (9%) & the rest are Eurasians & others (5 Million Population)
- Several religious groups
- Only 700 sq. km, one of the most densely populated countries in the world
- Policy of Integration
- Political Stability & Intervention
- English is the Official Language with Malay, Mandarin and Tamil recognized as Official Tongues
- Medium of Instruction in Schools is English
- Quotas in Housing Blocks
- A sense of National Pride and Identity
- High Religious Tolerance
- Citizenship rated higher than religious demands
- Phenomenal Economic Success... 11.4% of Singaporean households are considered millionaires, the largest proportion in the world

# A Notebook for Global Managers!

## (i) Avoid Stereotyping

- Avoid cultural stereotypes
- Avoid extreme generalizations
- Cultural descriptions should be objective
- Cultural descriptions are only the first best guess
- Cultural descriptions should be modified over time

# Contd...A Notebook for Global Managers!

## (ii) View Cultural Differences in Neutral Terms

- A research with Brazilian Managers with Spaniards & Scandinavian Managers
- The Brazilians & the Chinese
- The Process of Cultural Friction

# Contd...A Notebook for Global Managers!

## (iii) Prepare for the Unexpected

- Self-Awareness
  - Empathy
  - Information Gathering and Analysis
  - Information Integration & Transformation
  - Behavioural Flexibility
  - Mindfulness
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- Let us EXPAND our WORLDVIEW!