INTERCULTURAL MANAGEMENT

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COMPARATIVE MANAGEMENT
INTERCULTURAL MANAGEMENT

What is it about?

Comparative Management

Focuses on the similarities and differences among business and management systems from different contexts.

Intercultural management

Intercultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures, at the several management levels within and between organisations.

(W. Burggraaf)

INTERCULTURAL MANAGEMENT

- **Why is it important?**

GLOBALIZATION

We live in a globalized world …

Development of international business

Economies of scale, market share

Drive for globalization

- Sales, production, R&D, …
- Increasing need for international contacts
- Management has to be international

But …

- Sales, Marketing …

  Need to cater for local tastes CUSTOMERS

- Operations in foreign countries …

  Need to manage taking due account of national cultures COWORKERS

BE GLOCAL!

"Think globally, act locally"

Diverse cultures, multiculturalism

Multicultural teams

Cross-border Mergers and Acquisitions

International careers, Cultural adjustment

Large multinational corporations

…

MANAGEMENT THEORIES

Are Management theories …

- Universal (culture-free) ?
- Culture-bound?

Do cultural differences matter?

DEVELOPMENT OF COMPARATIVE MANAGEMENT

"A vital question for international business seems to be to what extent can American principles, practices and general know-how be transferred effectively to other countries, at what cost, and to what degree and extent is the overall process and effectiveness of management constrained by cultural variables?"

RICHMAN, B. (1965: 294), «Significance of cultural variables»
Academy of Management Journal 8, pp. 292-308

What is Management

"Management is getting things done through other people" – Peter Drucker

This definition can be deconstructed to reveal a number of cultural beliefs and values:

It emphasizes the importance of achieving (getting things done). It puts stress on the material (things) and considers people a factor of production (through other people).

American approach to management (task orientation).

Great Writers on Organizations

From the list of great authors of the XX century in the area of organization theory and management that Pugh included in his book «Great Writers on Organizations» from the 1964 (1st edition) to the present (1997), …

… the large majority is made of North Americans (50)... followed by the British (15) and... other nationalities (7).

And from those only two deal in a systematic way with the effects of culture on management
(Hofstede and Ouchi).

Books that «made management»

Stuart Crainer (2000) in his selection of the 75 books that «made management» chooses …

53 North Americans, 8 British and just 14 from other nationalities …

and this including authors as von Clausewitz, Machiavelli and Sun Tzu as authors of books that «made management»!

NEED TO CONSIDER DIFFERENCES IN AREAS AND FUNCTIONS OF MANAGEMENT

and in some key aspects which are central to the process of managing business, such as:

- **Centralised vs. Decentralised decision making**.

There is variation across national culture in the extent to which important organisational decisions are made by senior managers, or whether decisions are made down the line with authority devolved.

- **Safety vs. risk.**

In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.

- **Individual vs. group rewards**.

In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.

- **Informal vs. formal procedures**.

In some cultures, there is considerable use of informal procedures. In others, formal procedures are very important.

- **High vs. low organisational loyalty**.

In some cultures, people identify less with their organisation or employer and more with their occupational group or profession.

- **Co-operation vs. competition**.

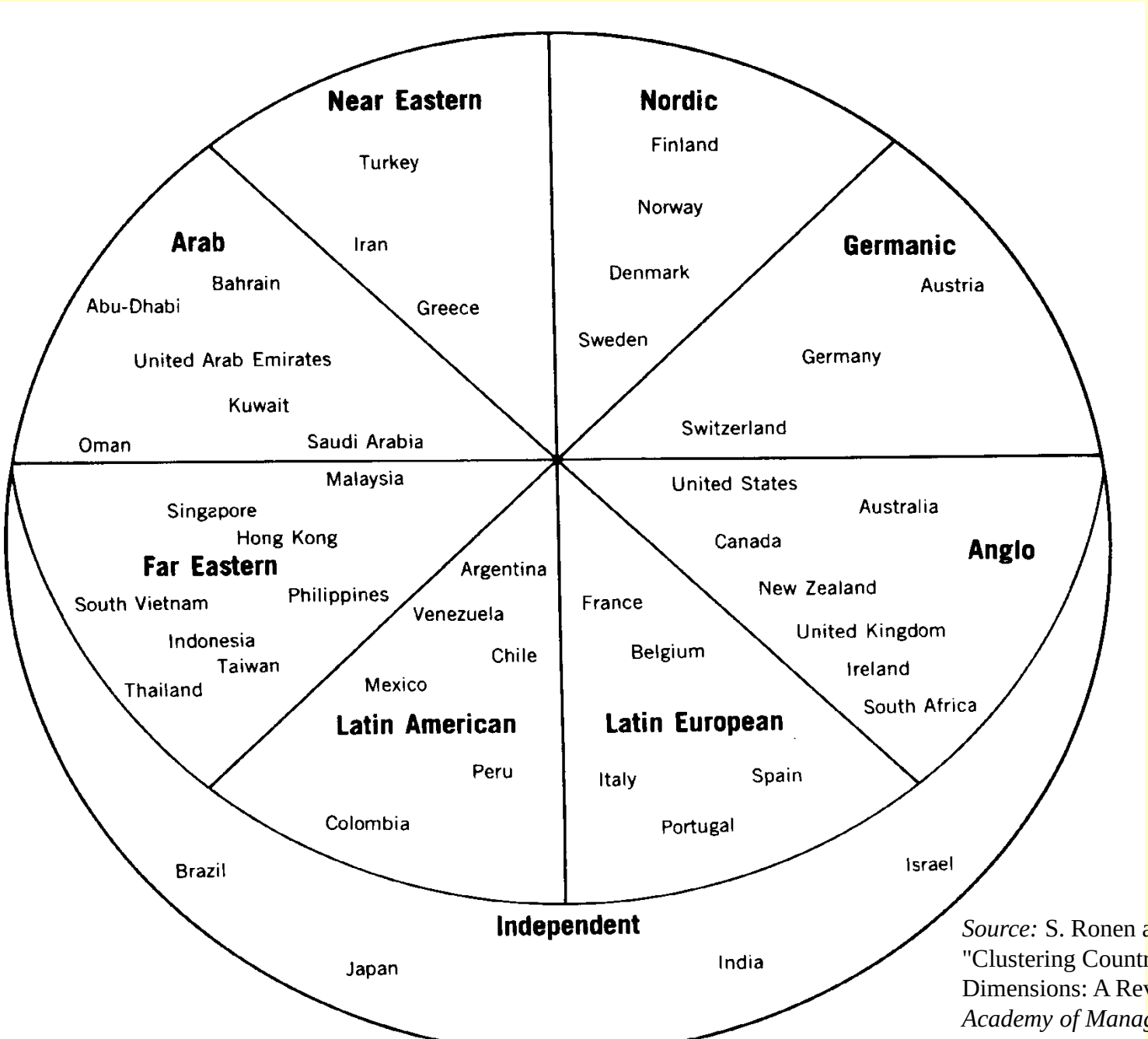
Some cultures emphasise co-operation in the organisation, others foster competition.

AREAS OF RESEARCH AND TYPES OF RESULTS

- Country Clusters (cultural distance)
- Culture Dimensions
- Country Profiles – Stereotypes, Cultural standards
- How to communicate … Marketing,
- How to negotiate „Do's and don'ts"
- Know-how related to the different management functions (Leading, Planning...)
- International careers and international placements Expatriate managers

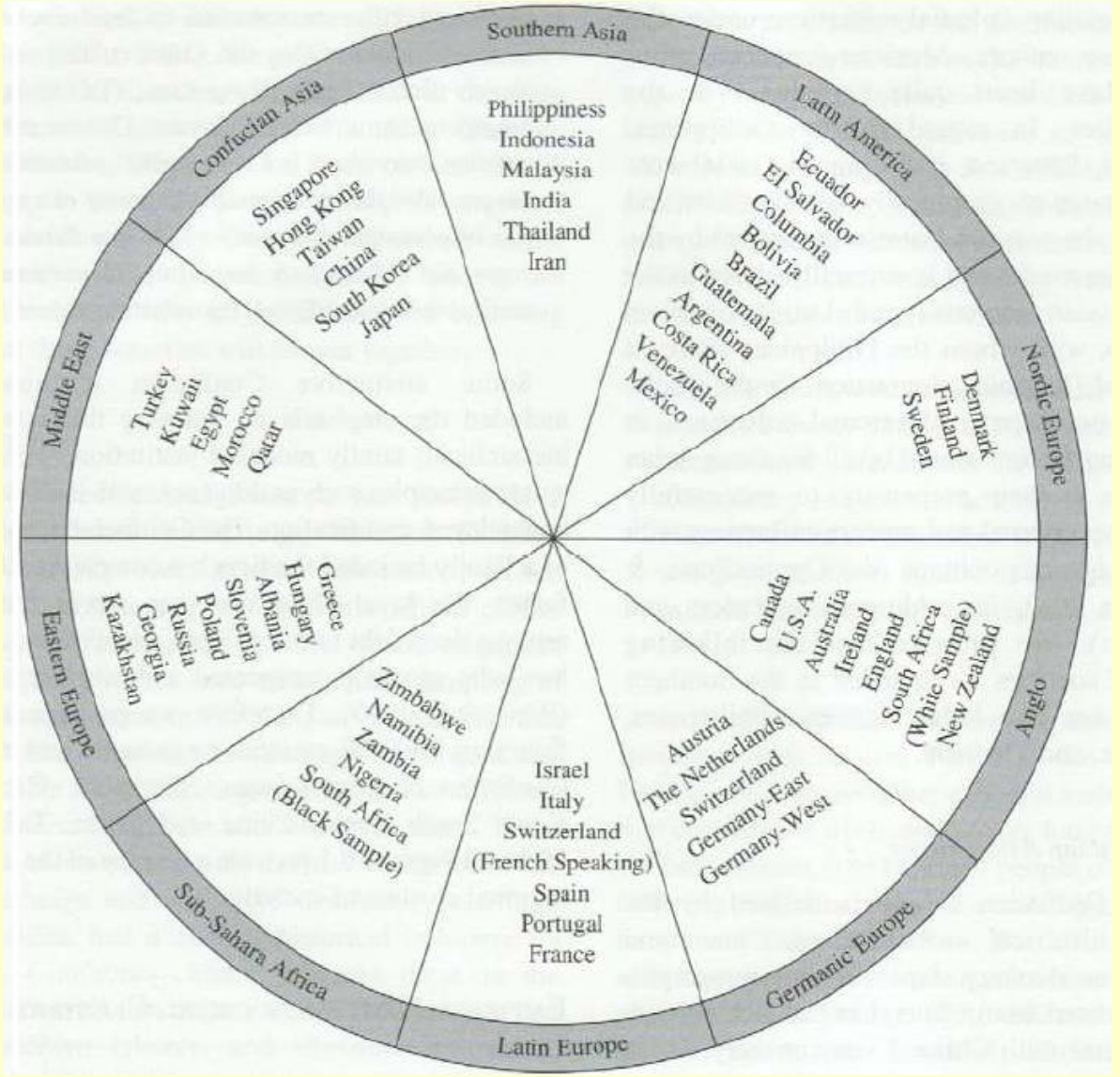
  Culture shock and the Need for Intercultural Training

Country clusters



Source: S. Ronen and 0. Shenkar. "Clustering Countries on Attitudinal Dimensions: A Review and Synthesis." *Academy of Management Review,* 1985

Country clusters



Source: Globe Project

DIMENSIONS OF NATIONAL CULTURES HOFSTEDE

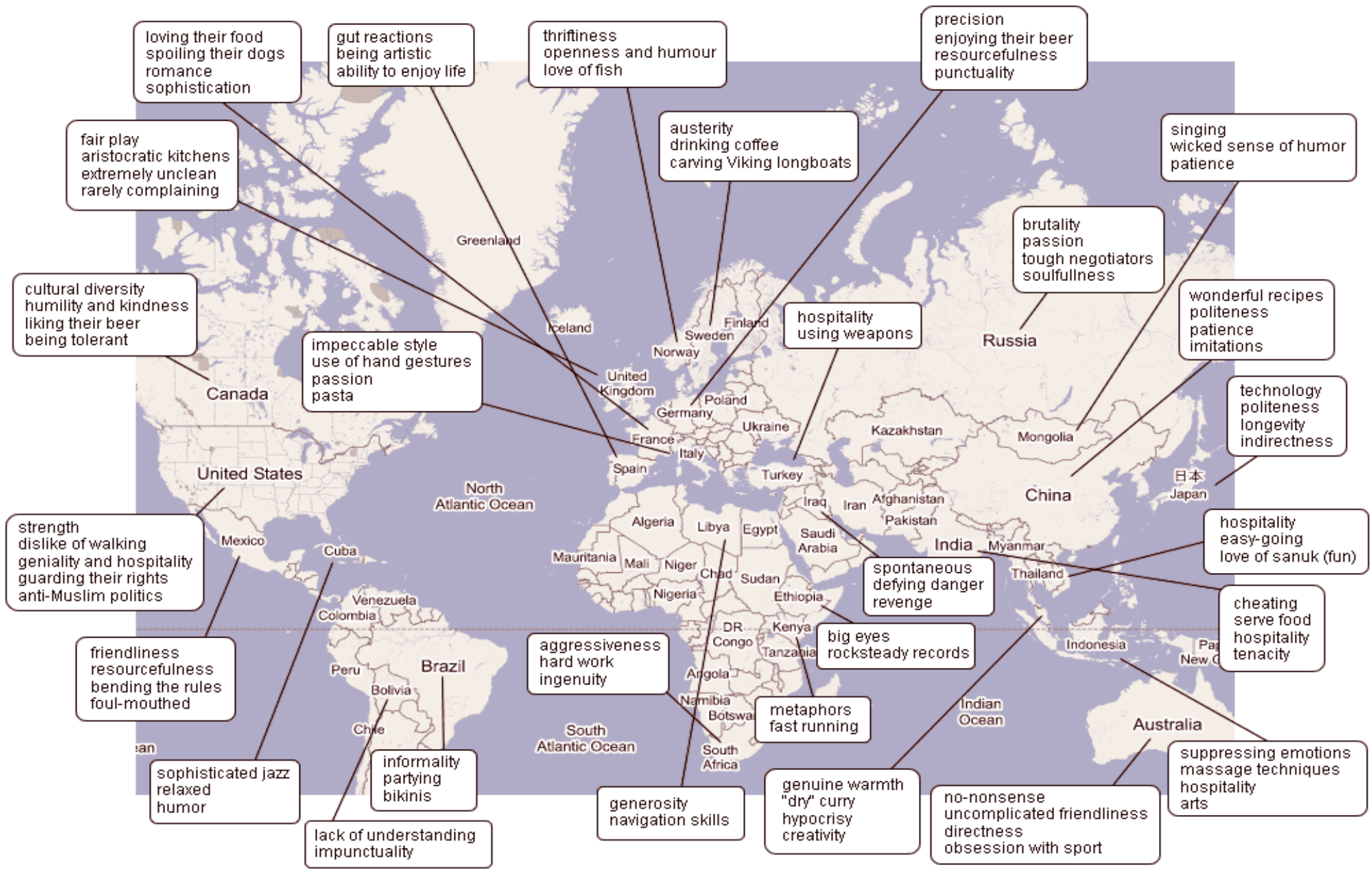
- **Power distance** (from small to large),
- **Collectivism versus individualism**,
- **Femininity versus masculinity**, and
- **Uncertainty avoidance** (from weak to strong).
- Later, a fifth dimension of differences among national cultures was identified, opposing a **long-term orientation** in life to a short-term orientation

GOOGLE MAP OF THE WORLD

Make a search using:

Germans (or whatever) are known for *

Some previous results:


loving their food
spoiling their dogs
romance
sophistication
gut reactions
being artistic
ability to enjoy life
thriftiness
openness and humour
love of fish
precision
enjoying their beer
resourcefulness
punctuality
fair play
aristocratic kitchens
extremely unclean
rarely complaining
austerity
drinking coffee
carving Viking longboats
singing
wicked sense of humor
patience
brutality
passion
tough negotiators
soulfullness
cultural diversity
humility and kindness
liking their beer
being tolerant
impeccable style
use of hand gestures
passion
pasta
hospitality
using weapons
wonderful recipes
politeness
patience
imitations
technology
politeness
longevity
indirectness
strength
dislike of walking
geniality and hospitality
guarding their rights
anti-Muslim politics
hospitality
easy-going
love of sanuk (fun)
spontaneous
defying danger
revenge
cheating
serve food
hospitality
tenacity
friendliness
resourcefulness
bending the rules
foul-mouthed
aggressiveness
hard work
ingenuity
big eyes
rocksteady records
metaphors
fast running
sophisticated jazz
relaxed
humor
informality
partying
bikinis
lack of understanding
impunctuality
generosity
navigation skills
genuine warmth
"dry" curry
hypocrisy
creativity
no-nonsense
uncomplicated friendliness
directness
obsession with sport
suppressing emotions
massage techniques
hospitality
arts
Greenland
Iceland
Canada
United States
Mexico
Cuba
Venezuela
Colombia
Peru
Brazil
Bolivia
Chile
North Atlantic Ocean
South Atlantic Ocean
Indian Ocean
Australia
Sweden
Finland
Norway
United Kingdom
Poland
Germany
Ukraine
France
Italy
Spain
Russia
Kazakhstan
Mongolia
China
日本
Japan
Turkey
Iraq
Iran
Afghanistan
Pakistan
India
Myanmar
Thailand
Indonesia
Algeria
Libya
Egypt
Saudi Arabia
Mauritania
Mali
Niger
Chad
Sudan
Nigeria
Ethiopia
DR Congo
Kenya
Tanzania
Angola
Namibia
Botswana
South Africa

Three rough categories of world's cultures

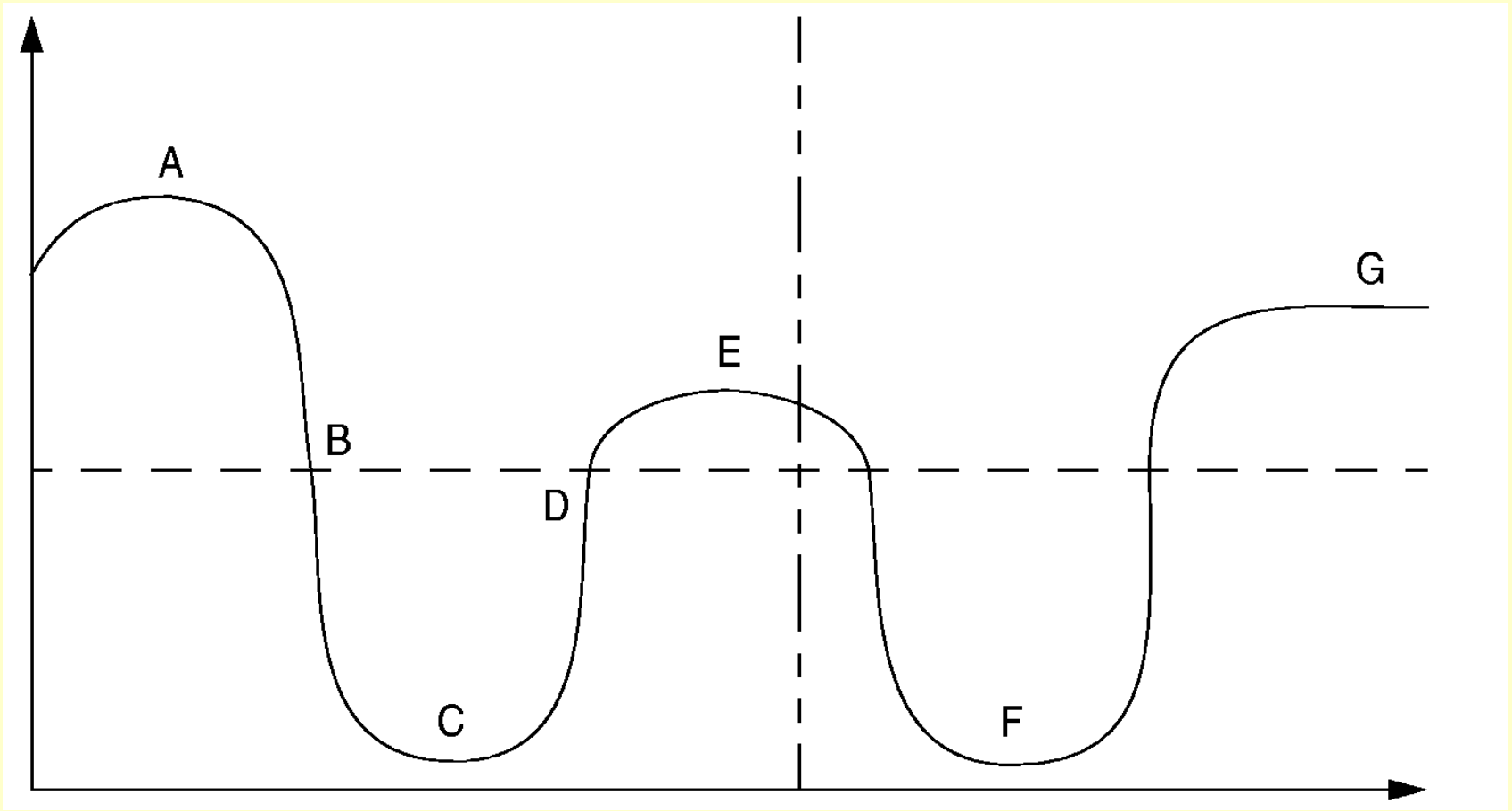
- **Linear-actives** - those who plan, schedule, organise, pursue action chains, do one thing at a time. Germans and Swiss are in this group.

- **Multi-actives** - those lively, loquacious peoples who do many things at once, planning their priorities not according to a time schedule, but according to the relative thrill or importance that each appointment brings with it. Italians, Latin Americans and Arabs are members of this group.

- **Reactives** - those cultures that prioritise courtesy and respect, listening quietly and calmly to their interlocutors and reacting carefully to the other side's proposals. Chinese, Japanese and Finns are in this group.

CULTURE SHOCK W

SATISFACTION



TIME

The symptoms of cultural shock can appear at different times. Although, one can experience real pain from culture shock; it is also an opportunity for redefining one's life objectives.

It is a great opportunity for learning and acquiring new perspectives. Culture shock can make one develop a better understanding of oneself and stimulate personal creativity.

Symptoms:

- Sadness, loneliness, melancholy
- Preoccupation with health
- Aches, pains, and allergies
- Insomnia, desire to sleep too much or too little
- Changes in temperament, depression, feeling vulnerable, feeling powerless
- Anger, irritability, resentment, unwillingness to interact with others
- Identifying with the old culture or idealizing the old country
- Loss of identity
- Trying too hard to absorb everything in the new culture or country
- Unable to solve simple problems
- Lack of confidence
- Feelings of inadequacy or insecurity
- Developing stereotypes about the new culture
- Developing obsessions such as over-cleanliness
- Longing for family
- Feelings of being lost, overlooked, exploited or abused

TYPES OF CROSS-CULTURAL MANAGEMENT RESEARCH

- ***Parochial Research***
- ***Ethnocentric Research***
- ***Polycentric Research***
- ***Comparative Research***
- ***Geocentric Studies***
- ***Synergistic Studies***

TYPES OF CROSS-CULTURAL MANAGEMENT RESEARCH

TYPE	CULTURE	APPROACH TO SIMILARITY & DIFFERENCE	APPROACH TO UNIVERSALITY	TYPE OF STUDY
Parochial Research	Single culture studies	Assumed similarity	Assumed universality	Domestic studies
Ethnocentric Research	Second culture studies	Search for similarity	Questioned universality	Replication studies
Polycentric Research	Studies in many cultures	Search for difference	Denied universality	Individual studies of foreign cultures
Comparative Research	Studies contrasting many cultures	Search for both similarity and difference	Emergent universality	Studies comparing many foreign cultures
Geocentric Studies	International business studies	Search for similarity	Extended universality	Studies of multinational organizations
Synergistic Studies	Intercultural management studies	Use of similarities and differences as a resource	Created universality	Studies of intercultural interaction within work settings

CULTURE - Kluckhohn

'Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artifacts;

the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values;

culture systems may, on the one hand, be considered as products of action, on the other, as conditional elements of future action.'

Kroeber & Kluckhohn 1952: 181;

Culture - Hoecklin

What culture is:

- a shared system of meanings
- relative. There is no cultural absolute.
- learned
- about groups

What culture is not:

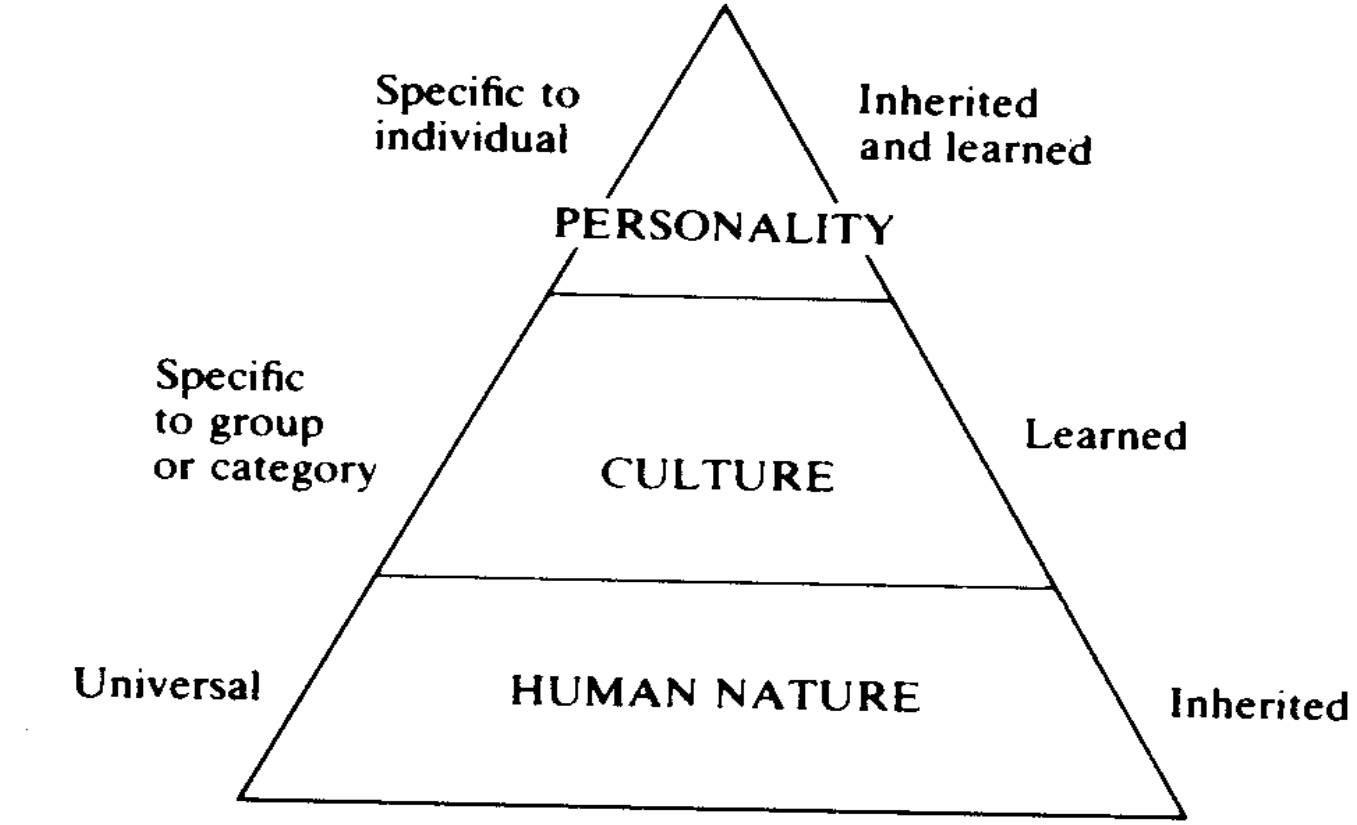
- right or wrong
- inherited
- about individual behaviour

(Source: Lisa Hoecklin: Managing Cultural Differences)

CULTURE - Hofstede

It is the collective programming of the mind which distinguishes the members of one group or category of people from another.

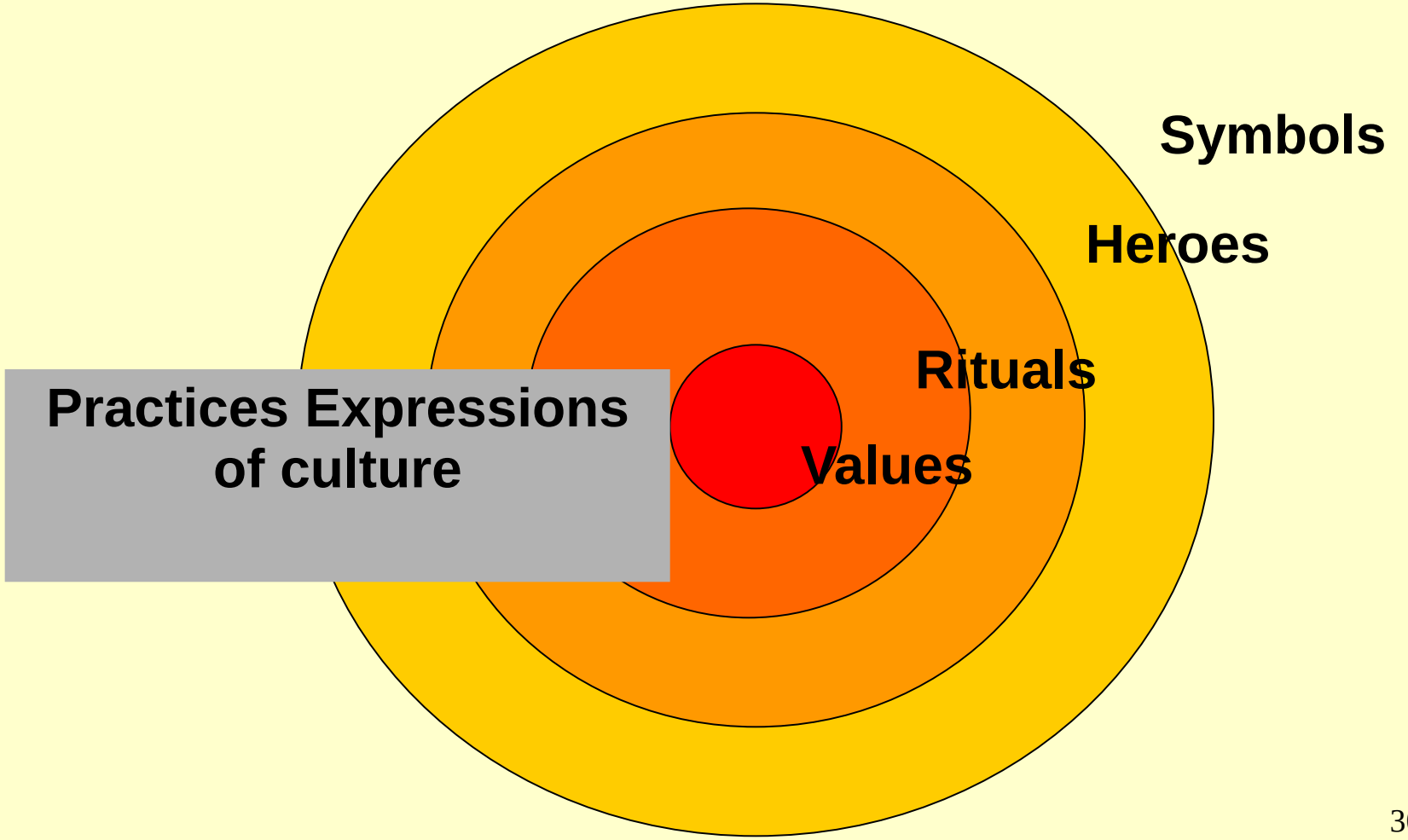
Human Mental Programming: Levels



Three levels of uniqueness in human mental programming

Culture as an onion – Hofstede

Manifestations of culture at different levels of depth



Layers of culture

- a ***national level***
- a ***regional*** and/or ***ethnic*** and/or ***religious*** and/or ***linguistic affiliation level***
- a ***gender level***
- a ***generation level***
- a ***social class level***
- for those who are employed, an ***organizational or corporate level***

Johari Window

	Known to Self	Not Known to Self
Known to Others	1 open/free area	2 blind area
Not Known to Others	3 hidden area	4 unknown area