

Sources of text on slides (when not stated differently):

**= INSTRUCTIONAL RESOURCES OF THE REQUIRED TEXTBOOKS
including prepared POWERPOINT slides for instructors**

1) CULLEN, J.B.; PARBOTEEAH, K.P. (2014). Multinational Management: A Strategic Approach (6th edition). South-Western/Cengage Learning.

2) STEERS, R.M. et al (2016). Management across Cultures: Developing Global Competencies (3rd edition). Cambridge University Press.



EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání



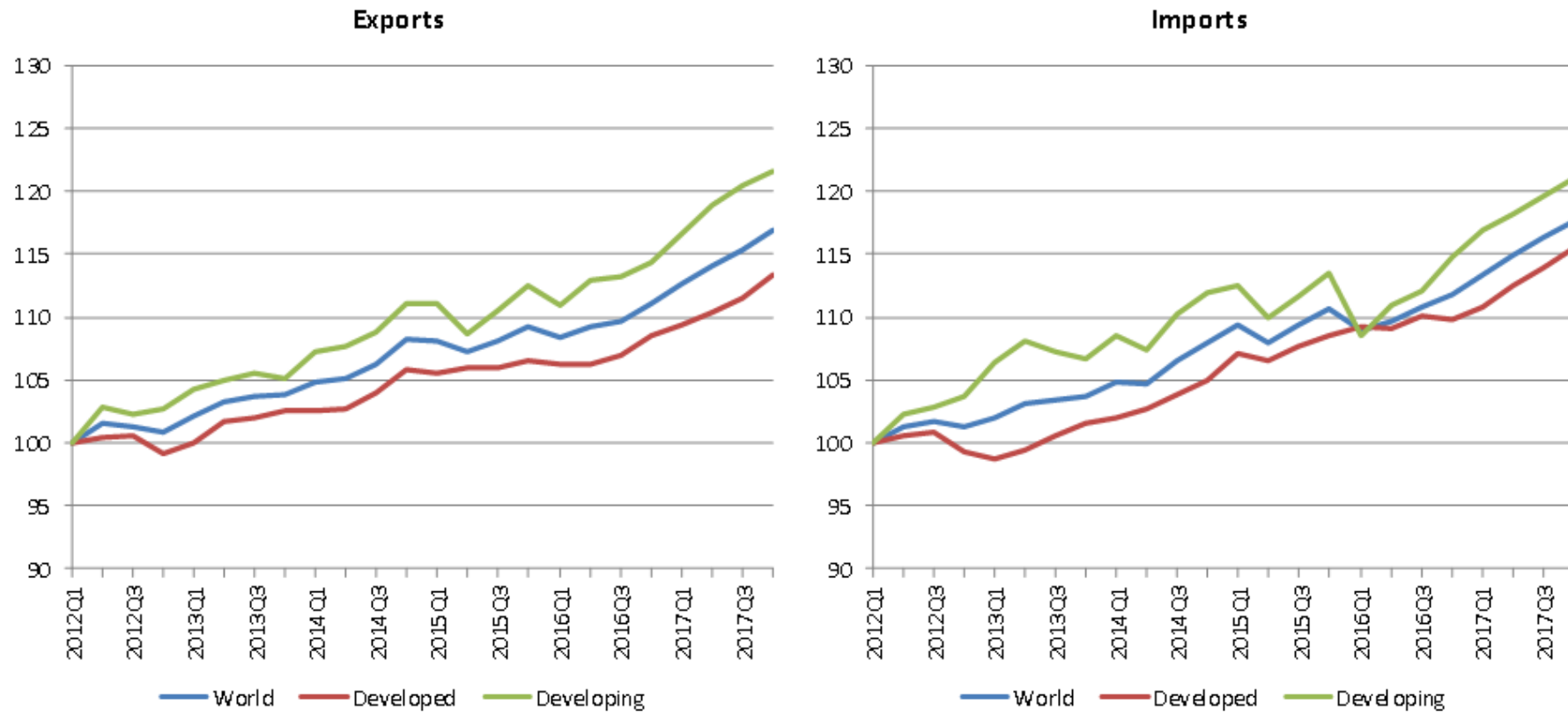
Borders are Disintegrating: The World Trade Organization (WTO)

- WTO (1994 succeeded GATT [1947]) provides structure for continued negotiations and settling trade disputes among nations.
- In 1997, WTO countries agreed to end tariffs on software, computers and related products; hi-tech exports to Europe from Asia and the US doubled.
- Since GATT, world trade has grown at more than four times the output of the world's GDP.
- Some say WTO favors developed nations, encourages environmental damage, and moves jobs from higher-wage countries to lower-wage countries.

Regional Trade Agreements

- *Regional Trade Agreements* are agreements among nations to reduce tariffs and develop similar technical and economic standards.
- The three largest account for half the world's trade:
 - the European Union (EU: 28 European nations)
 - the North American Free Trade Association (NAFTA: Canada, US, and Mexico), and
 - the Asia-Pacific Economic Cooperation (APEC: 21 Asian nations)

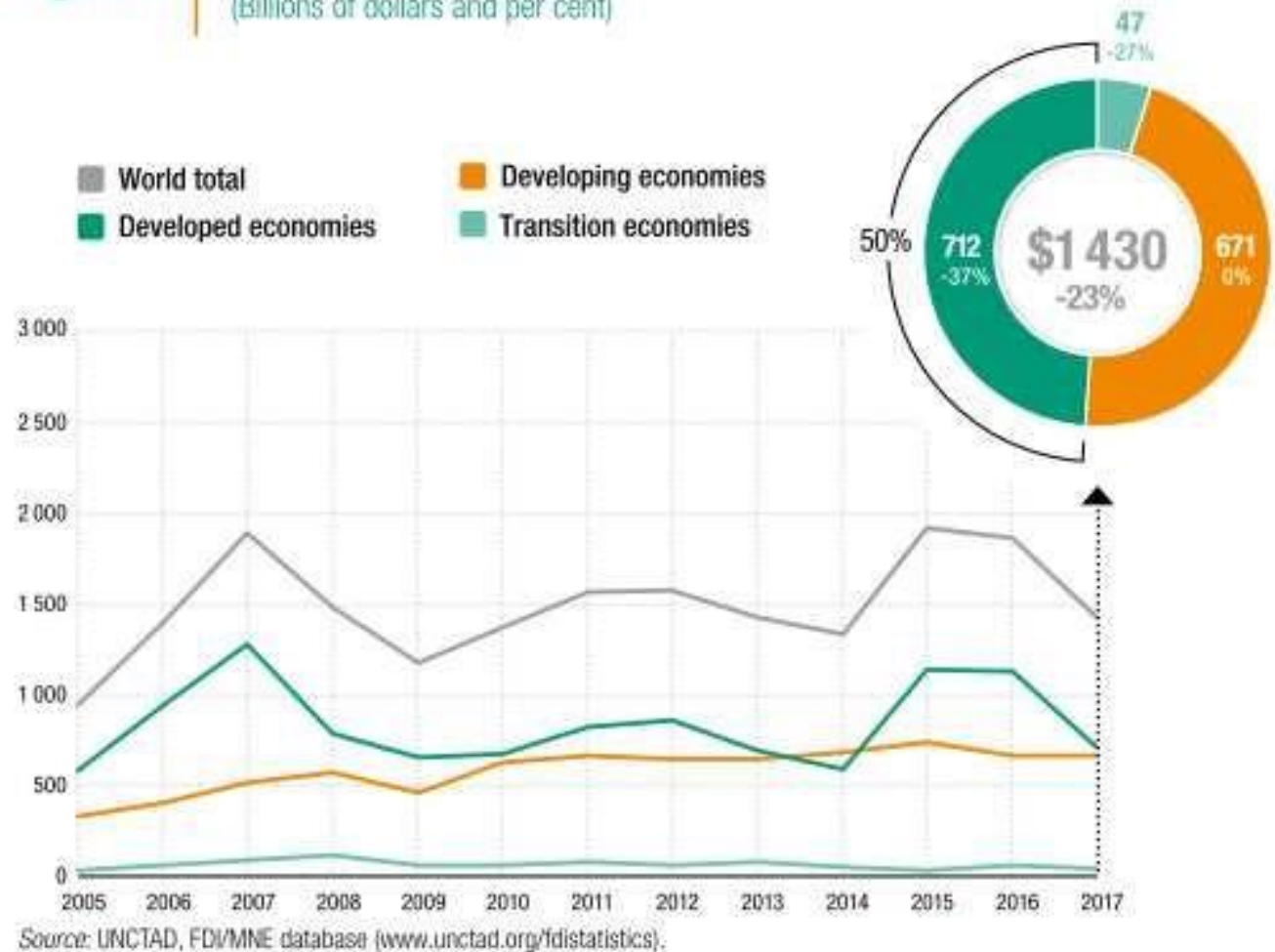
Change in Exports & Imports



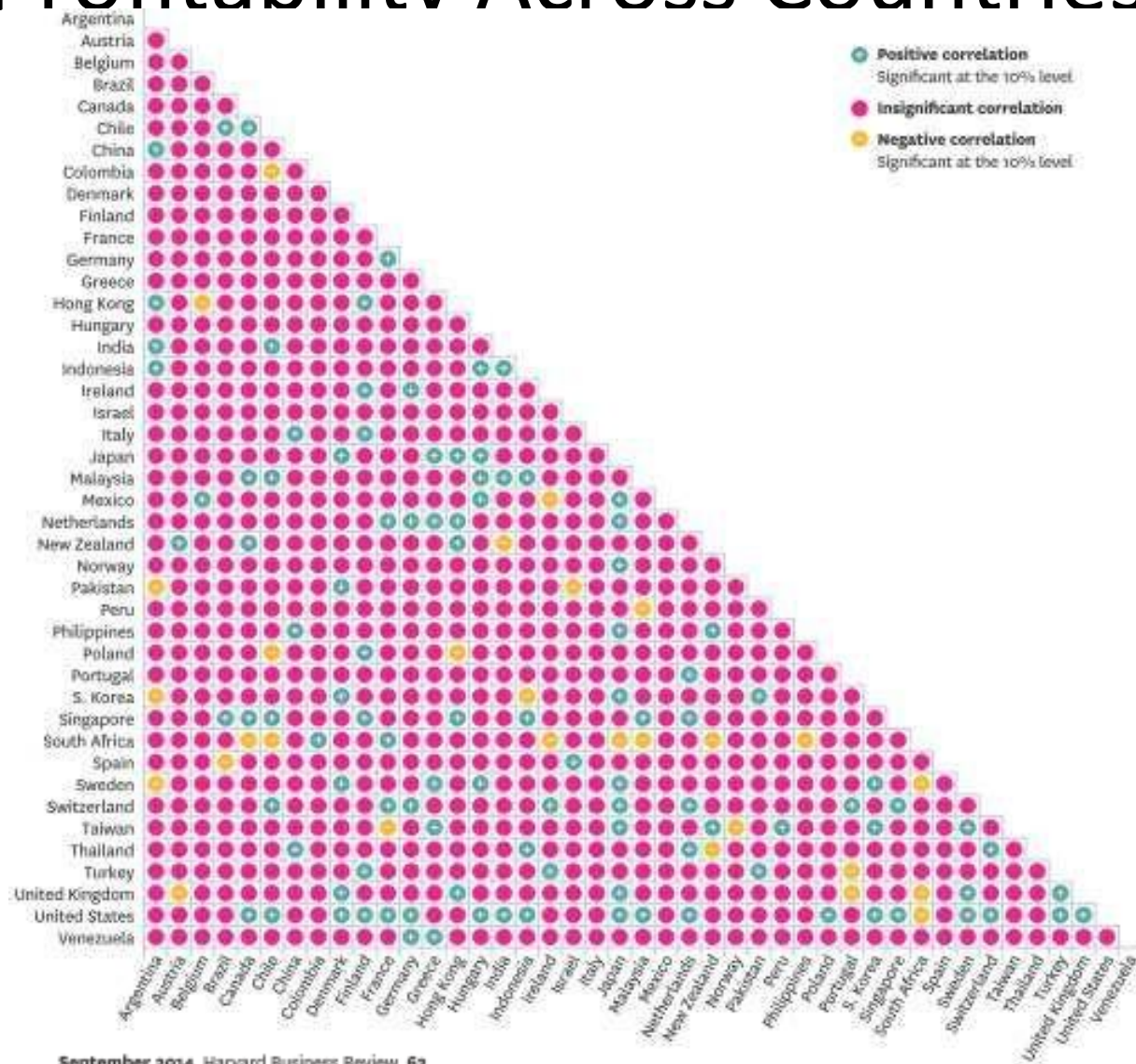
Source: WTO Secretariat. 2018

Sell Anywhere, Locate Anywhere: Foreign Direct Investment (FDI)

Figure 1. FDI inflows, global and by group of economies, 2005–2017
 (Billions of dollars and per cent)



How Well Correlated Is Industry Profitability Across Countries?



The Internet and Information Technology



Source: <https://datareportal.com/reports/digital-2018-global-digital-overview>, January 2019

The Rise of Global Products and Global Customers

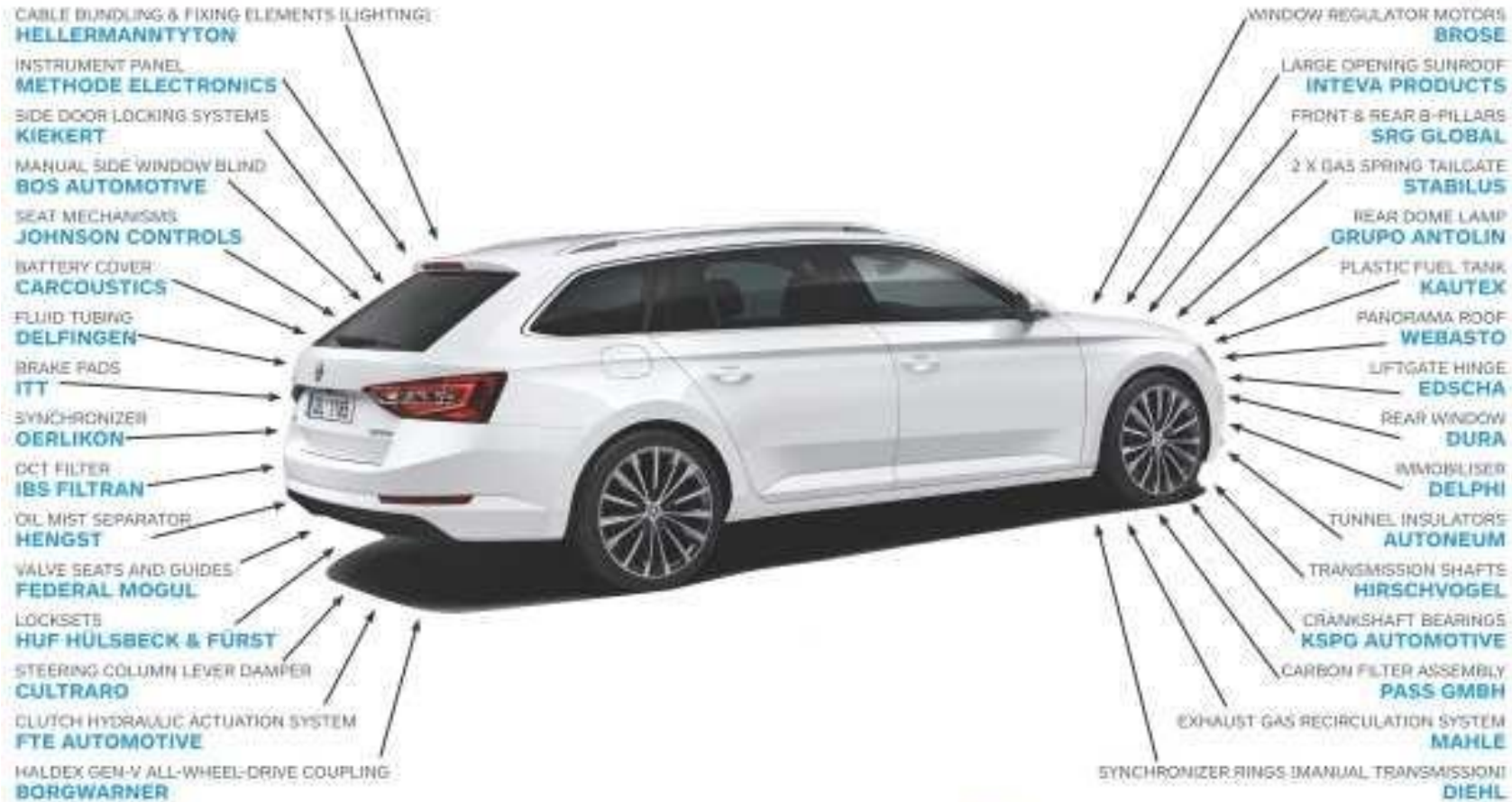
(1 of 3)

- The needs of customers for many products and services are growing more similar
 - E.g., McDonald's, Boeing, Toyota.
- Global customers search the world for their supplies without regard for national boundaries.
- These factors link economies because companies can produce one product for everyone, and anyone can buy anything from anywhere.

The Rise of Global Products and Global Customers (2 of 3)

Suppliers to the new Skoda Superb

Automotive News Europe



Suppliers wanted! If you are a supplier and have questions or want your information considered for our cutaway features, contact James Clark at automotivenews@supplierbusiness.com or visit www.supplierbusiness.com

 **SUPPLIERBUSINESS**

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<https://europe.autonews.com/article/20160429/CUTAWAY01/160409803/suppliers-to-the-new-skoda-superb>, January 2019

The Rise of Global Products and Global Customers (3 of 3)

iPhone 8 component supply chain summary

	Components	% of iPhone 8	Structural Trend (+/-)	Pricing Dynamic (+/-)	Competitive Landscape	Leading countries	Key Suppliers
Semi	BB+A/P	9%	(+) Continuing migration thanks to demand for higher transmission rate	(+) Competition becoming more intense but migration still ongoing	Oligopoly	US	TSMC
	DRAM+NAND	8%	(+) Growing content value due to larger display size and increasing display resolution	(+) Pricing increase due to shortage	Oligopoly	US, Korea	Samsung, Toshiba
Display	LCD	14%	(-) Losing share to AMOLED	(-) Pricing to fall on share loss and oversupply	Fragmented	Japan, Korea	Japan Display, Sharp, LG Display
	AMOLED	23%	(+) Increasing adoption for design flexibility and enhanced battery life	(+) Pricing increase due to shortage	Monopoly	Korea	Samsung
	Touch Panel	3-4%	(+) 3D Touch upgrade in AMOLED model (+) AMOLED model adopts out-cell touch solution, at least in 2H17	(+) 3D Touch module to see ASP increase on design change	Oligopoly	Taiwan	Assembly: GIS, TPK 3D touch film: Nissha
Camera	CCM	14%	(+) Migration continues due to dual cam trend and higher OIS adoption	(-) pricing will fall on competition	Monopoly	Korea	LG, Sharp
	CMOS	5%	(+) speed migration decelerates beyond 13MP	(-) pricing will fall on competition	Monopoly	Japan	Sony
	VCM	1-4%	(+) from traditional VCM to OIS	(+) Pricing likely stays flat to up due to tight supply	Oligopoly	Japan	Alps, Minebea, Mitsumi
	Lens	3%	(+) pixel migration continues and rising dual cam adoption is rising; potential	(+) pricing likely remains stable or slightly up because of limited competition	Monopoly	Taiwan, Japan	Largan, Genius, Kantatsu
Battery	Battery Packaging	2%	(+) Demand for laminated lithium-ion battery is expanding	(+) Pricing is to increase due to dual cell battery for OLED model	Relatively fragmented	China, Taiwan	Desay, Sunwoda, Simplo
	Battery Cell	0.4%	(+) Increase in battery capacity.	(-) Pricing will fall due to potential new entry by Murata.	Oligopoly	Japan, Korea	TDK (ATL), Samsung SDI, LG Chemical
Mechanical Components	Casing	13%	(neutral) Shift to metal frame + glass back cover casing from uni-body metal casing design	(neutral) stable pricing due to increased complexity	Oligopoly	Taiwan, US	Catcher, Foxconn Tech, Jabil
	Antenna	1%	(+) More value content in antenna for 4G	(+) uptrend pricing given increasing 4G mix	Relatively fragmented	China, US	Amphenol, Sunway
	PCB/FPC	7%	(-) FPC: Oversupply amid end demand saturation (mobile devices) and limited spec upgrades (+) PCB: Design upgrade to finer line-pitch.	(neutral) FPC: pricing pressure potentially to ease slightly on likely increase of new FPC content value in new models (+) PCB: Likely price increase initially due to new design	Fragmented	Taiwan, Japan	AT&S, TTM, Compeq, Unimicron, Kinsus, Zhen Ding, Ibiden, Flexium, Fujikura, Sumitomo, NOK, Interflex, M-Flex
	Acoustic	4%	(+) upgrade to waterproof and stereo sound	(+) uptrend pricing due to continuous design upgrade	Oligopoly	China, Taiwan	AAC, Goertek, Merry
	Haptics	4%	(-) minor design upgrade from last generation	(-) stable pricing given limited design change		China, Japan	AAC, Nidec, Alps

Source: Morgan Stanley Research

Application: Apple iPhone

1. How is it possible for three companies to work closely together in global strategic alliances when they are not only direct competitors in the marketplace, but also suing one another in court?
2. What does this global partnership tell you about the future of global strategies and competitiveness in dynamic industries such as consumer electronics?
3. What are the management challenges for Apple and Samsung in making this long-term relationship work?
4. Are there lessons from this strategic partnerships for other global companies?
5. Is it easier or more difficult for companies to work with firms from other cultures (e.g., US and Korea)? Why? What are the management implications of such differences?

New Competitors

- Free market reforms are creating a potential group of new competitors.
- These companies have survived brutal competition in local markets, and are able to deal with competition from western MNCs.
- They have developed strategies to generate profits at very low prices.
- Global trade has two important effects in developing new competitors:
 - When developing countries are used as low-wage platforms for high-tech assembly, multinationals facilitate the transfer of technology. Assemblers may become builders and creators of technology.
 - Aggressive multinationals from emerging markets are also expanding beyond their own borders.

The Rise of Global Standards

- When a product standard is accepted globally or regionally, companies can make one or only a few versions of a product for the world market rather than hundreds.
- Products are developed to accommodate different regional standards, such as electrical currents & plugs.
- The company that can establish its standard as dominant has a tremendous strategic advantage.
- The drive for consistency in quality led to the International organization for standardization (ISO) in Geneva, Switzerland.
- ISO developed technical standards known as ISO 9001:2000, adopted by law in Europe.
- Many large European MNCs now require ISO certification.

Corporate Social Responsibility and Business Ethics

- Despite their size and clout, MNCs face increased pressure to be socially responsible from both the media and the public.
- Mindful of rankings on ethics, proactive MNCs pay close attention to these issues, and take appropriate action.
- Some MNCs are becoming more proactive in responding to social and ethical issues that arise from their overseas operations.
- Some issues are:
 - Climate change
 - Environmental degradation and pollution
 - Sweatshop conditions for labor
 - Bribery

Ranking the World's Most Ethical Companies



Source: <https://ethisphere.com/2018-worlds-most-ethical-companies/>, January 2019

- In 2018, 135 companies are being honored from 23 countries and 57 industries.
- Among the list are twelve 12-time honorees and fifteen first-time honorees.

The Next Generation of Multinational Managers

- The successful Multinational Manager needs these characteristics:
 - A global mindset
 - Emotional intelligence
 - A long-range perspective
 - The talent to motivate all employees to achieve excellence
- Characteristics of the successful Multinational Manager (continued):
 - Accomplished negotiation skills
 - A willingness to seek overseas assignments
 - An understanding of national cultures

Multinational Management: A Strategic Approach

- You may well find yourself a multinational manager; foreign competition and doing business in foreign markets are daily facts of life for today's managers.
- Competing successfully requires a strategic approach; formulate and implement your strategy.
- Multinational strategies must include maneuvers that deal with operating in more than one country and culture.
- Position yourself for an evolving global economy.

Summary

- Chapter 1 provides key background information to support study of multinational management.
- World economies are increasingly linked, creating both threats and opportunities.
- New competitors are coming from developing nations in Asia, the Americas, and Eastern Europe.
- Multinational managers need a global mindset, and strategies for succeeding in different nations and cultures.

In retreat: The multinational company is in trouble –

Global firms are surprisingly vulnerable to attack

The Economist Jan 28th 2017

- Among the many things that Donald Trump dislikes are big global firms: ‘faceless’, ‘rootless’ ... “All you have to do is stay.”
- MNCs already in retreat well before the populist revolts starting in 2016: weak financial performance
- Boomed in the early 1990s (China, CEE, EU) ... the golden age
- Profits have dropped by 25% in the past five years; return on capital + return on equity low; share of global profits fallen from 35% a decade ago to 30% now
- A 30-year-window of arbitrage is closing: Firms’ tax bills as low as possible; in China factory workers’ wages rising; local firms have become more sophisticated; China wants global firms also to place R&D there; rules on takeovers, antitrust and data are tightening



In retreat: The multinational company is in trouble – Global firms are surprisingly vulnerable to attack

The Economist Jan 28th 2017

- What of consumers and voters?
They touch screens, wear clothes and are kept healthy by the products of firms that they dislike as immoral, exploitative and aloof.
- Only technology superstars and consumer firms with strong brands are still thriving.
- Silicon Valley's stars, from Uber to Google, are still expanding abroad. Fast-food firms and hotel chains are shifting from flipping burgers and making beds to selling branding rights. But such virtual multinationals are also vulnerable to populism because they create few direct jobs, pay little tax and are not protected by trade rules designed for physical goods.
- But the retreat of the multinational cannot bring back all the jobs that the likes of Mr Trump promise. And it will mean rising prices, diminishing competition and slowing innovation.



The retreat of the global company - The biggest business idea of the past three decades is in deep trouble

The
Economist

Jan 28th 2017



Main takeaways?

2 Culture and Management I

Translation Bingo:

Walk around the room, find people to translate the phrases.

Have a little chat about the meaning of those proverbs/idioms.

Let's share your experiences in class.

Idioms and Proverbs

Lexical analogy

	Darovanemu koni na zuby nehled.
	Einem geschenkten Gaul schaut man nicht ins Maul.
	A cheval donné on ne regarde pas à la bouche.
	A caballo regalado no le mires el diente.
	Never look a gift horse in the mouth.

Source: author's own chart

Semantic analogy

	Buon sangue non mente.
	Der Apfel fällt nicht weit vom Stamm.
	Bon sang ne saurait mentir.
	De tal palo tal astilla.
	He is a chip of the old block.

Source: author's own chart

Different cultures – same / different values

	<p>Reden ist Silber, Schweigen ist Gold. [Speech is silver, silence is golden.]</p>
	<p>A man may dig his grave with his teeth.</p>
	<p>Bescheidenheit ist eine Zier, doch weiter kommst du ohne ihr. [Modesty is a virtue but you'll get further without it.]</p>
	<p>A superior man is modest in his speech, but exceeds in his actions. Modesty brings gains, haughtiness (arrogance) yields loss.</p>

Source: author's own chart

Bill Gates meets Park Geun-hye, the South Korean ex president (23 Apr 2013)



"Cultural difference, or an act of disrespect?" / "Disrespectful handshake? Casual handshake?"
 'Perhaps it was his all-American style but an open jacket with hand in pocket? That was way too casual. It was very regretful,' Chung Jin-suk, secretary general at the Korean National Assembly.

South Korea - a deeply hierarchical, Confucian society where etiquette has great significance – is particularly sensitive to any possible slight to its national pride

Source of pictures: <https://www.scmp.com/news/asia/article/1221748/bill-gates-criticised-after-handshake-south-korean-president>, Photo: AFP, September 2018



Trump shakes Japanese PM's hand for 19 seconds

President Donald Trump and Japanese Prime Minister Shinzo Abe shared a 19-second handshake during a photo-op at the White House.

Source: CNN

Example for being culturally OVER-alert: IKEA's women-free catalogue in Saudi Arabia

- effort to try to avoid the ire of Saudi censors
- missed the bigger picture: „collaborate with a regime notorious for its policy of gender apartheid“
- tolerance ends when fundamental, universal principles are at stake (Donaldson, Wharton)
- What else could IKEA have done?



Source: <https://www.theguardian.com/world/2012/oct/02/ikea-apologises-removing-women-saudi-arabia-catalogue>

Saudi Arabia launches girls' council - without any girls (BBC World, 14 March 2017)



Source: <https://www.bbc.com/news/world-middle-east-39264349>, March 2017

NIKE is launching its first “Nike pro hijab” for female muslim athletes

(March 11, 2017)



<https://www.themideastbeast.com/saudi-woman-really-excited-not-allowed-compete-new-athletic-hijab/>, March 2017

Justin Trudeau's India tour (Febr 2018)



Sources of pictures:
<https://economictimes.indiatimes.com/news/politics-and-nation/why-justin-trudeaus-india-tour-turned-out-to-be-a-diplomatic-disaster/articleshow/63059621.cms>; <https://www.cntraveller.in/story/justin-trudeau-says-after-india-he-will-never-travel-anywhere-again/>, January 2019

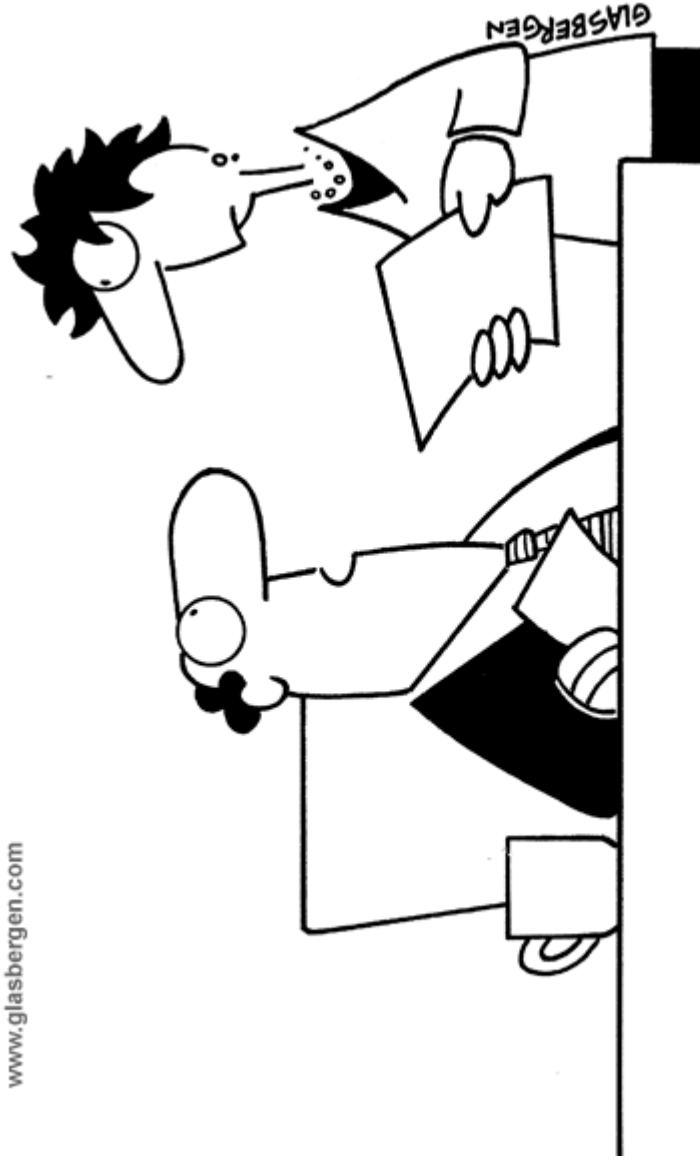


In an effort to appeal to the country's ultra-Orthodox Jews (Haredi) and their increasingly stringent modesty norms, the niche catalog Ikea Israel released this month depicts Orthodox men with side curls and boys wearing yarmulkes in domestic settings — at a table set for a Sabbath meal, in a study with display cases lined with religious books. But not a single woman or girl.



Sources of pictures: <https://jewishweek.timesofisrael.com/ikea-under-fire-for-male-only-catalog-in-israel/>, February 2018

Copyright 2005 by Randy Glasbergen.
www.glasbergen.com



“We’re not adapting quickly to the new global economy. But yesterday I had Mexican food for lunch and today I’m having Chinese. It’s a start!”



List of Content

1 GLOBAL MANAGEMENT AND CULTURE

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5. GLOBAL ASSIGNMENTS

1 Global Management and Culture

1.1 INTRODUCTION

WHEN IS CULTURE A SIGNIFICANT FACTOR, AND WHEN IS IT NOT? ... Examples of Research Findings ...

- individual level: culture matters more when a person identifies him/herself with the culture; self-esteem is an element that moderates the impact of culture
- group level: national culture highly influential early on when the group is beginning to take shape; information exchange more strongly related to national culture heterogeneity in 'younger', rather than 'mature' teams
- situational characteristics: impact of technological environment (esp. technological (un)certainty) – when there're very specific rules, procedures or equipment for completing a task, national culture less impact

Source: Leung, 2005

- many managers entirely unaware of the impact of culture: two types of attribution (Leung 2001) – universal attribution error (all employees share the same orientations) and cultural attribution error (establishment of stereotypes based on nationality)
- untangle cultural effects from other factors (personality, group-level phenomena or situational elements)

And when culture **is** significant,

- HOW MUCH WEIGHT SHOULD BE GIVEN TO CULTURE AS AGAINST OTHER FACTORS?
- HOW CAN CULTURAL ANALYSIS BE APPLIED TO SOLVING A PROBLEM, OR EXPLOITING AN OPPORTUNITY?

1.2 DEFINING NATIONAL CULTURE

Culture consists of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievement 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 values. (KLUCKHOHN, 1961)

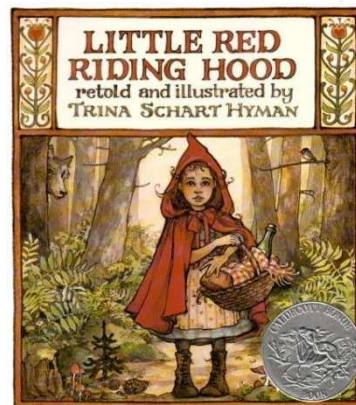
HOFSTEDE (2001, pp. 9–10) defines culture as...

the collective programming of the mind which distinguishes the members of one human group from another. ... Culture, in this sense, includes values; systems of values are a core element of culture.

Values are defined as assumptions that members of a culture group possess about how they should behave and do behave.

This implies that

- a. a culture is particular to one group and not others
- b. it makes behaviour of group members predictable (within limits)
- c. culture is learned, and is passed down from one generation to the next
- d. culture includes systems of values, and is influenced by religious belief, political and economic systems, material culture, technology, etc.



Source: <https://www.bbc.com/news/world-asia-21299324>, 2013

Indonesian clothes company sorry for 'sexist' labels

(BBC, 3/8/2015)

"Washing instructions: Give this shirt to a woman. It's her job," Salvo Sports (Indonesia) printed on shirts.



Apology: "The message is simply, instead of washing it in the wrong way, you might as well give it to a lady because they are more capable," Salvo Sports posted on Twitter.

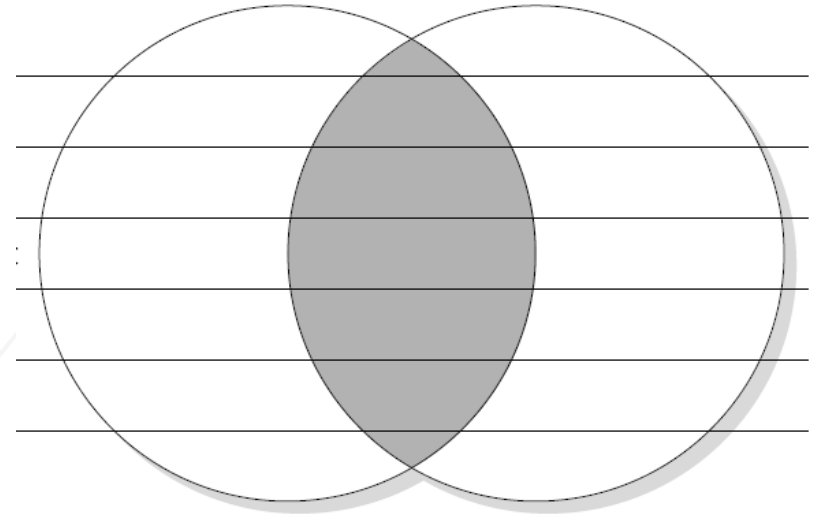
"There is no intention to humiliate women. In contrast [we want to tell the men] learn from women how to take care of clothes," it said.

Source: <https://www.bbc.com/news/world-asia-31786562>, 2015

1.3 DEBATES SURROUNDING THE CONCEPT OF CULTURE

A) National Culture: The word nation is often used as a synonym for culture without any further conceptual grounding.

- age
- sex
- social class
- ethnic
- national/regional culture
- organizational culture



Similarities and differences

Source: author's own chart

Recent Discoveries about
Cultural Differences

Groningen, 17 January 2013
Geert Hofstede

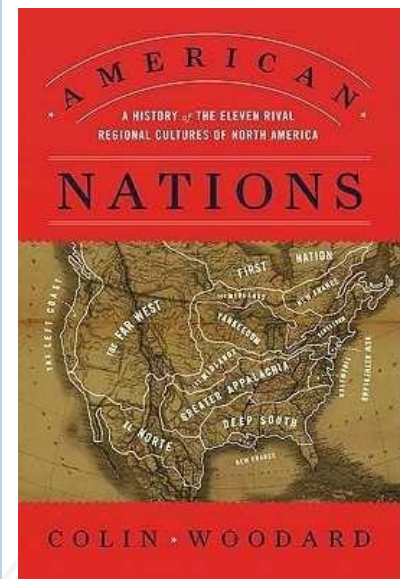
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Trent Cooper (UNCO)

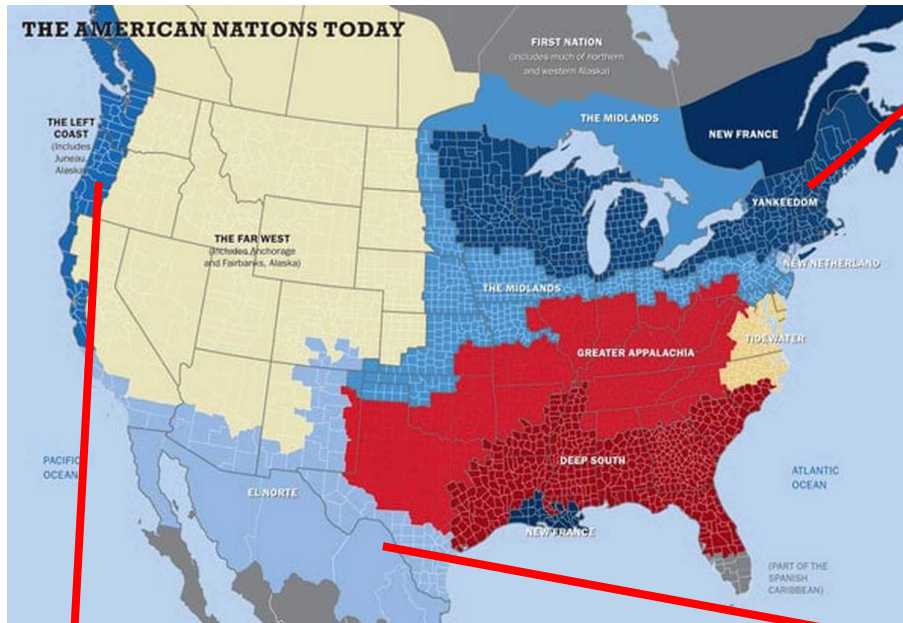
- *I noticed that drivers in NYC don't put their turn indicator and wait for someone to let them in their lane. They honk their horn repeatedly and merge over.*
- *Everyone is always in a hurry and everyone is so impatient with each other.*
- *Tipping is not an option, but a requirement.*
- *In Colorado, everybody is more laid back, polite, and generally moving slower.*
- *There are other big cities like Chicago and Los Angeles, but none like New York City ... the food, pace, buildings, history, attitude of people, diversity, cost of living, ...*

Sources of pictures: <https://sites.google.com/site/openbadgesinhighereducation/colorado-state-university>;
<https://www.businessinsider.com/advice-moving-to-new-york-city-2016-6>



The Washington Post November 8, 2013

2012



The Left Coast

The independence and innovation required of early explorers continues to manifest in places like Silicon Valley and the tech companies around Seattle.

Yankeedom

- Founded by Puritans, residents in Northeastern states and the industrial Midwest tend to be more comfortable with government regulation
- Value education and the common good more than other regions

El Norte

- Southwest Texas and the border region is the oldest, and most linguistically different, nation in the Americas
- Hard work and self-sufficiency are prized values

Coca-Cola 'America the Beautiful' Super Bowl Ad Celebrates Diversity (2014)



THE
HUFFINGTON
POST

English, Spanish, Tagalog,
Mandarin, Hindi, Hebrew, Keres,
French and Arabic

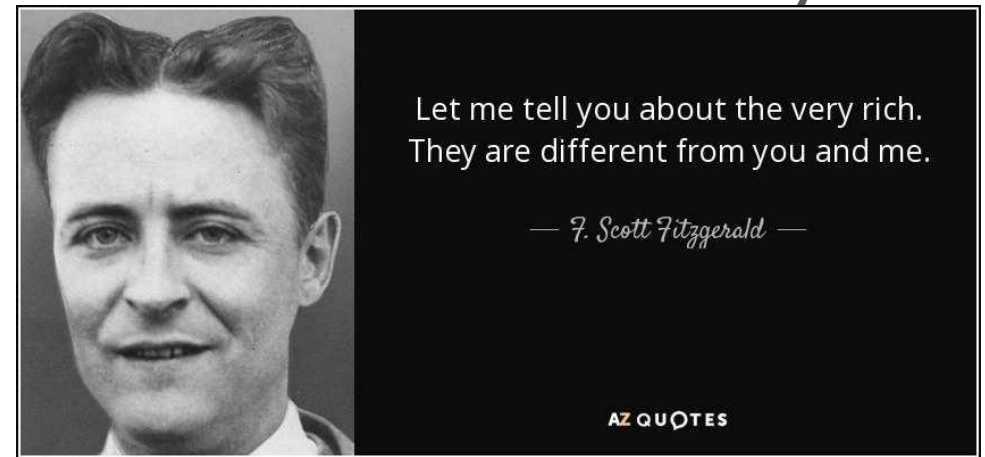


Coca-Cola's Super Bowl ad showed that
some Americans still can't take
diversity
the guardian



To help resolve the country-culture conundrum, we evaluate the extent to which political boundaries are suitable for clustering cultures based on a meta-analysis of 558 studies that used Hofstede's cultural values framework.

The results reveal that approximately 80 % of variation in cultural values resides within countries, confirming that country is often a poor proxy for culture.



Our results suggest that it may be more appropriate to talk about cultures of professions, socio-economic classes, and free versus oppressed societies, than about cultures of countries.

Taras et al. (2016). *Does Country Equate with Culture? Beyond Geography in the Search for Cultural Boundaries*

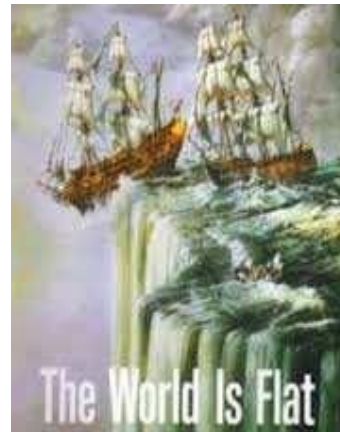
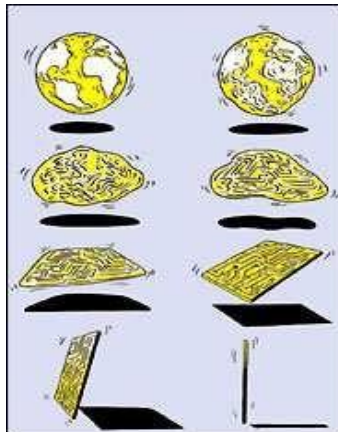
Three challenges in cross-cultural encounters:



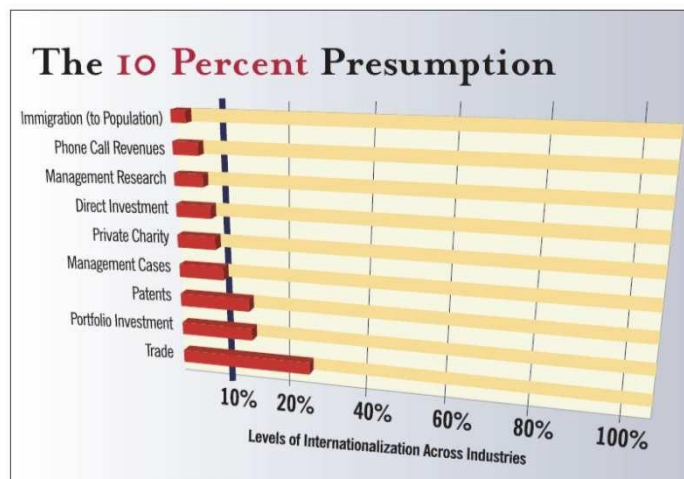
- There is often more than one culture involved in an interaction, and it is not always clear how each one plays out or is dominant in a particular situation.
- People often behave differently in cross-cultural situations than they do in intra-cultural situations.
- Cultures are fragmented, and even within a particular cultural environment different behaviors are observed in different subgroups.

Source of picture: <https://www.theguardian.com/us-news/2017/may/28/the-trump-handshake-how-world-leaders-are-fighting-back>, 2019

B) Convergence vs Divergence



It's a Flat World, After All (THOMAS L. FRIEDMAN, 2005)



Why the World isn't Flat (Pankaj Ghemawat, 2007)

Who do you (more) agree with? Why?



Trump: "Make America great again." / UK: "We want our country back."

Will 2018 Be the Year of Protectionism? Trump Alone Will Decide

(Jan, 3, 2018 *The New York Times*)

Trump Slaps Steep Tariffs on Foreign Washing Machines and Solar Products (Jan, 22, 2018 *The New York Times*)

Borders are back in vogue. Economic nationalism is paying political dividends.

Is globalization in retreat?

Sources of pictures: <https://edition.cnn.com/2016/06/28/politics/donald-trump-speech-pennsylvania-economy/index.html>; <https://brexit.land/tag/we-want-our-country-back/>



C. Fred Bergsten (director emeritus of the Peterson Institute for International Economics)

THE WAR ON GLOBALIZATION

Interview with C. Fred Bergsten (Journal of International Affairs, Summer 2017)

“It is not possible to reverse globalization. It has now become such a central feature of the world economy that it is embedded in the structure of business plans and national economic strategies.

It would be possible to slow down the increase in globalization by putting new barriers in place to trade, to investment, or to movement of people. It is also possible to limit the further increases in globalization by avoiding new trade agreements that otherwise would further reduce barriers and extend the degree of globalization. I think the last of those is the most likely.

I think it is not probable that we will see a big outbreak of protectionism, but it is quite possible that we will see a hiatus in the negotiation of new agreements and therefore the continued expansion of globalization could be slowed down for at least some period of time.”

'universal culture'

'popular culture'



'McDonaldization'

Globalization pressures people and communities towards:

- Cultural convergence
- Plurality of cultures
- Inclusion of all parties

But also pressures people and communities towards:

- Cultural divergence
- Cultural pluralism
- Exclusion of some parties

... this debate can lead managers in circles in terms of discovering a final overall pattern of either convergence or divergence.

... rather than force an answer that is only half true, a duality perspective is required to see simultaneously both increased convergence and increased divergence.

... studies of **macro-level issues** often indicate cultural **convergence**

- e.g. economic orientation, managerial philosophy, common management practices such as pay-per-performance

... research indicating **divergence** typically involves more **micro-level issues**

- behaviour of individuals and managers in implementing these common practices



IKEA in China

Ikea gets its China formula right helping boost sales



Ikea Shanghai frowns on elderly daters who occupy cafeteria



Source of pictures: <https://www.theguardian.com/business/2014/sep/09/ikea-sales-rise-china-middle-class>;
<https://www.bbc.com/news/world-asia-china-37686968>

Japan's 'Liberation Wrapper' lets women eat burgers without violating social taboo:

Freshness Burger (a Japanese fast food chain) noticed that one of their best-tasting and most popular burgers was only a hit with men.

They concluded that the discrepancy was due to most Japanese women having 'ochobo', or a "small and modest mouth," which when eating a thick, juicy burger can be quite a challenge.

In Japanese culture, it's considered rude and unnatural for women to open their mouths wide in public places...



"Liberation Wrapper"



Liberating Japanese female of worries to be seen as bad mannered, when enjoying the big mouthful of hamburger.



Source: <http://japandailynews.com/> (Nov 5, 2013)

C) National vs Organizational Culture

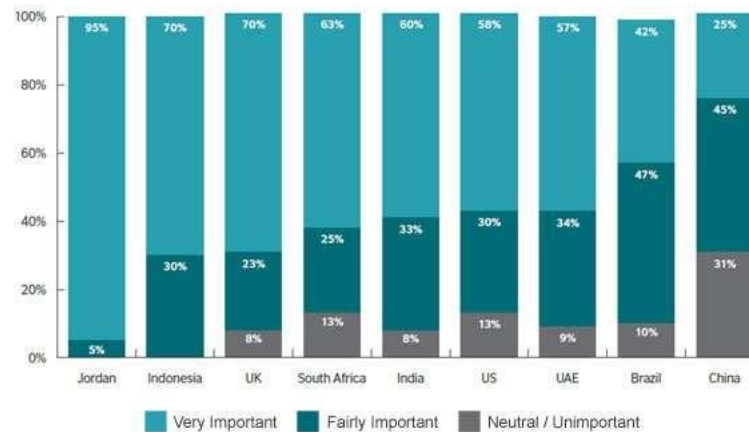
National culture	Organizational culture
Shared meanings (values)	Shared behaviours (practices)
Unconditional relationship	Conditional relationship
Born into it	Socialized into it
Totally immersed	Partly involved

Source: author's own chart

1.4 CCM: WHAT'S ALL THIS FUSS ABOUT?

Management practices are not universal; they are dependent upon the context and people with which they must be employed.

The Importance of Intercultural skills to organizations
 (by country, ranked by very important)



Source: Telephone/face-to-face surveys of public sector, private sector and NGO employers responsible for employment decisions.

Base: Brazil (n=43), China (n=40), Indonesia (n=40), Jordan (n=40), South Africa (n=40), UAE (n=44), UK (n=40), US (n=40)

Note: Because of rounding and/or exclusion of "don't know" responses, percentages may not add up to 100%

Source: British Council, 2013

What problems could a person have who comes to your home country for the first time?

Category	Number of statements	Percentage	Statements
Language & communication	242	35.7	communication (language) problems, language barrier / no Chinese language skills, different ways of thinking and expressing (directly vs indirectly communication) / implied/underlying meaning of Chinese (words or phrases or sentences) / nonverbal behaviour, misunderstandings, different kinds of dialects in Chinese ...
Culture (in general)	188	27.7	lack of understanding of local customs / custom manners, the attitude of local people towards foreigners, different behaviour / different manners, different cultural values, different religious belief, confusion about the interpersonal network in China (guanxi) / lack of understanding of feng shui, wine culture, Chinese history, unwritten cultural rules, cultural differences between areas/regions
Food (culture)	114	16.8	eating habits / culture, different kinds of food, local diet / taste / discomfort with food, use of chopsticks
Public life	55	8.1	unfamiliar with the local place / get lost easily, traffic problems, different legal systems / legal rules, residence dwelling / high real estate price, others such as danger of living in China as a foreigner on his/her own / no sense of safety / can't sleep well, the population of China is huge / too many people, different political system ...
Private life	47	6.9	different lifestyle / living habit, feel lonely in China / lack of friendships / hard to make friends / feel difficult to integrate into the groups and social circles...
Environment	32	4.7	climate / weather, air pollution, jet lag / time difference

Cramer:

Cross-cultural manage

ment in Chin

a: Cultural aw

www.mba.com/cultural-international-china-business-students (in press)

Source: author's own research

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Cramer:

Cross-cultural management

in China

a: Cultural awareness

www.mba.com/cross-cultural-management-in-china-business-students (in press)

Chart 4

Q To what extent can better cross-border communications improve the following at your company?

(% respondents)

■ Improve significantly ■ Improve somewhat ■ Not at all



Chart 5

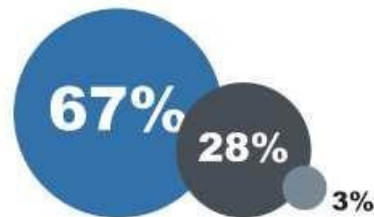
Q Please state the extent to which you agree or disagree with the following statements:

(% respondents)

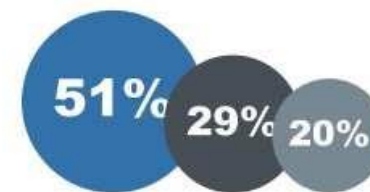
● Strongly agree/agree ● Neutral ● Disagree/strongly disagree



Better cross-border collaboration has been a critical factor in the improvement of our organisation's performance in the past three years



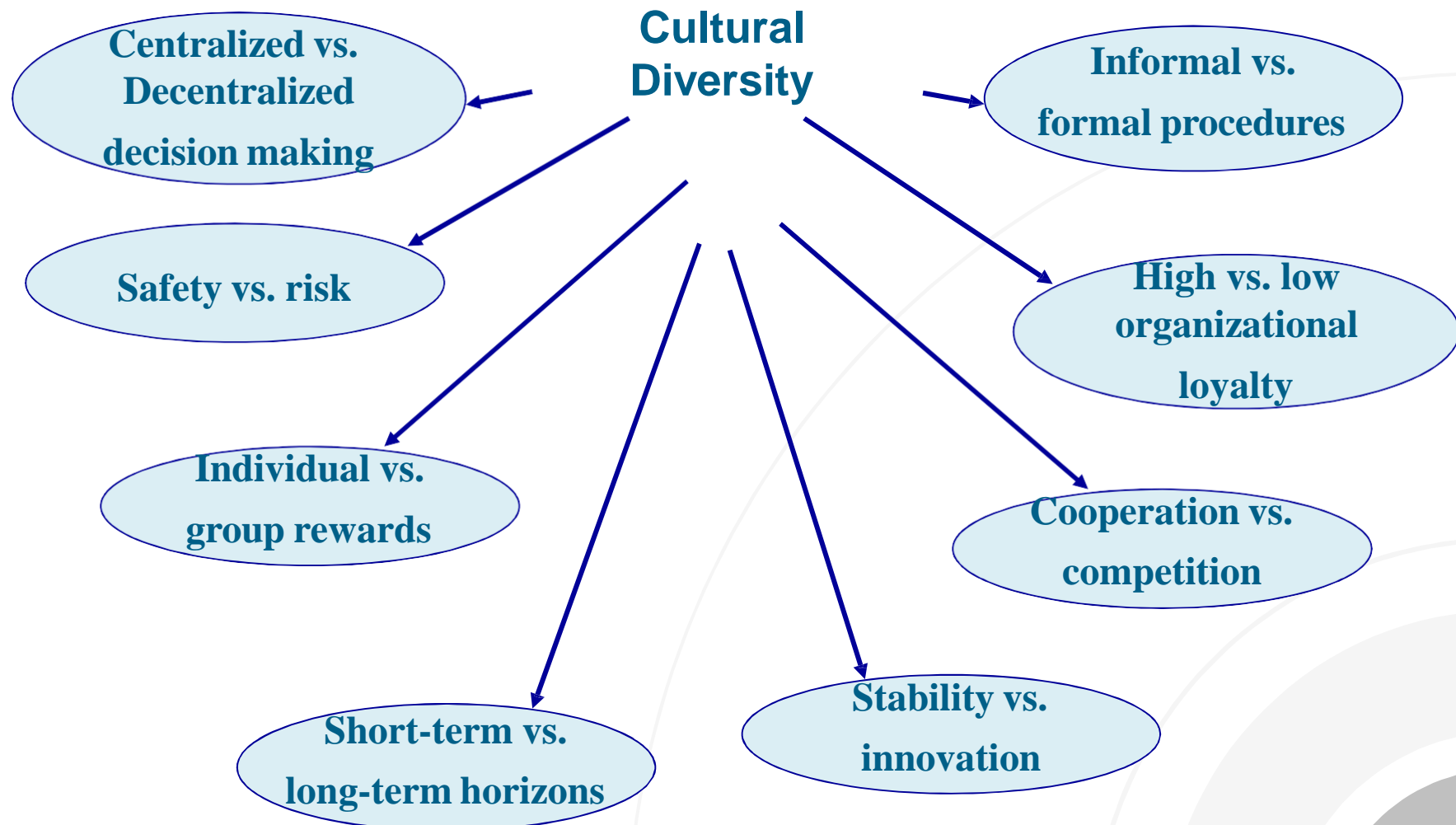
The multicultural nature of cross-border teams breeds innovation



Cultural and linguistic diversity can make it difficult to collaborate internally across borders and with our external partners

Source: The Economist, 2012

Management approaches affected by cultural diversity



Source: author's own chart

THE IMPACT OF CULTURE ON ...

Global planning:

- e.g. master-of-destiny vs fatalism
- Global managers are likely to encounter more difficulty in obtaining a commitment to their plans in fatalistic cultures than they would in master-of-destiny cultures.

Global staffing:

- e.g. personnel selection
- personnel selection based on merit (best qualified, hire/fire) vs friends and family are considered more important than the enterprise's vitality

Global marketing:

- e.g. branding

Cross-cultural Marketing (... Gaffes)



Source: internet

STAHL/BRANNEN (2013). Building Cross-Cultural Leadership Competence: An Interview with Carlos Ghosn



→ Main takeaways?

- Synergy = creating something together that neither one could have done alone
- Competencies to work effectively across cultures:

Thirst of Learning	Humbleness	Common Ground
Mutual Respect	Authenticity	Seek “Win-Win” situations
- How to develop intercultural skills: get people out of their comfort zone
- How to teach CCM: ‘physics’ = etic approach (formal knowledge e.g. frameworks)
+ ‘literature’ = emic approach (experience e.g. roleplays)
- 70-20-10-rule: *“We (teachers) can only make sure our 10% has the right messages, draws on their (leaders) experiences, sets them up to go back to their experiences in the right mind-set. But they are the ones who have to do the rest ... so they should pay attention here, engage the learning fully, and be ready to enable learning back at work.”* (quote from a chief learning officer in Maznevski, 2013)



Source: <https://eu.news-press.com/story/life/outdoors/2016/05/14/eastern-lubber-grasshopper-toxin-wild-file-stetson/84127598/>

Grasshoppers are considered pests in North America, pets in China, and appetizers in Thailand ...

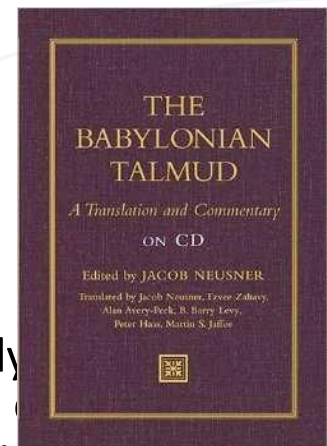
3 Culture and Management II

We do not see things as they are; we see things as we are.

- Talmud, Babylonia


Cross-cultural management is not an easy subject to teach, primarily there is this notoriously tricky element – “culture” – that you cannot satisfy diverse stakeholders altogether, no matter how hard you try to treat it fairly.

- Professor Hyun-Jung Lee
London School of Economics, UK



List of Content

3 CROSS-CULTURAL MANAGEMENT THEORIES AND APPLICATION - ALL GOOD THINGS COME IN THREES

1. INTRODUCTION: CASE STUDY „BOSCH“
 2. THE POSITIVIST APPROACH
 3. THE INTERPRETIVE APPROACH
 4. THE CRITICAL APPROACH
 5. MANAGER'S NOTEBOOK
- 

3 CROSS-CULTURAL MANAGEMENT THEORIES AND APPLICATION

3.1 INTRODUCTION: CASE STUDY ... the traditional way

Case study:

- Johannes van den Bosch sends an email
- Johannes van den Bosch receives a reply

Teaching objectives:

- to illustrate cultural differences in relationships and directness in work situations involving emotions and conflict
- to illustrate the effects of the medium for messages, especially those involving complexity
- to encourage the reader to develop more effective processes for checking cultural sensitivities and for taking action to solve cross-cultural misunderstandings

Source:

- DiStefano (IMD)

The Work Situation

Johannes van den Bosch is the lead audit/accounting partner serving a British multinational client, Malcolm Smythe-Jones (CFO).

He is based in Holland and has just received a severe rebuke from Smythe-Jones and the controller, Mr Parker, for the lack of progress in providing the financial statements of their Mexican subsidiary.

Although van den Bosch had made multiple requests of Pablo Menendez, his counterpart in Mexico, no results had been obtained, nor had any explanation for the delays been forthcoming.

So he writes an email, first emotionally intense, then condensing to “facts and figures” but being direct and clear about what steps were necessary to meet the client’s needs...

Questions for the “Send an email” case:

- 1) What was the intention of his editing the email to “stick to the facts”?
- 2) How will Pablo react to the email? Why?
- 3) What cultural aspects are reflected in the sender's email and your prediction?



Source of picture: <https://mydailyquizz.me/how-traditional-is-your-way-of-thinking/>

SEND-CASE:

- Johannes: getting the job done + the problem with the client resolved
- Johannes aware of the inappropriate emotional email, focussing on the facts and figures
- not establishing an empathetic appreciation of the difficulties the Mexican partner is probably facing
- not asking any questions to understand the situation from his partner's point of view → no relationship-building
- his insistence on having information on five items „today“ + his requirement for a weekly progress report „as of today“ → likely to be perceived as totally inappropriate by the Mexican partner = being treated like a subc

LITTLE MISS al
TASK-ORIENTED



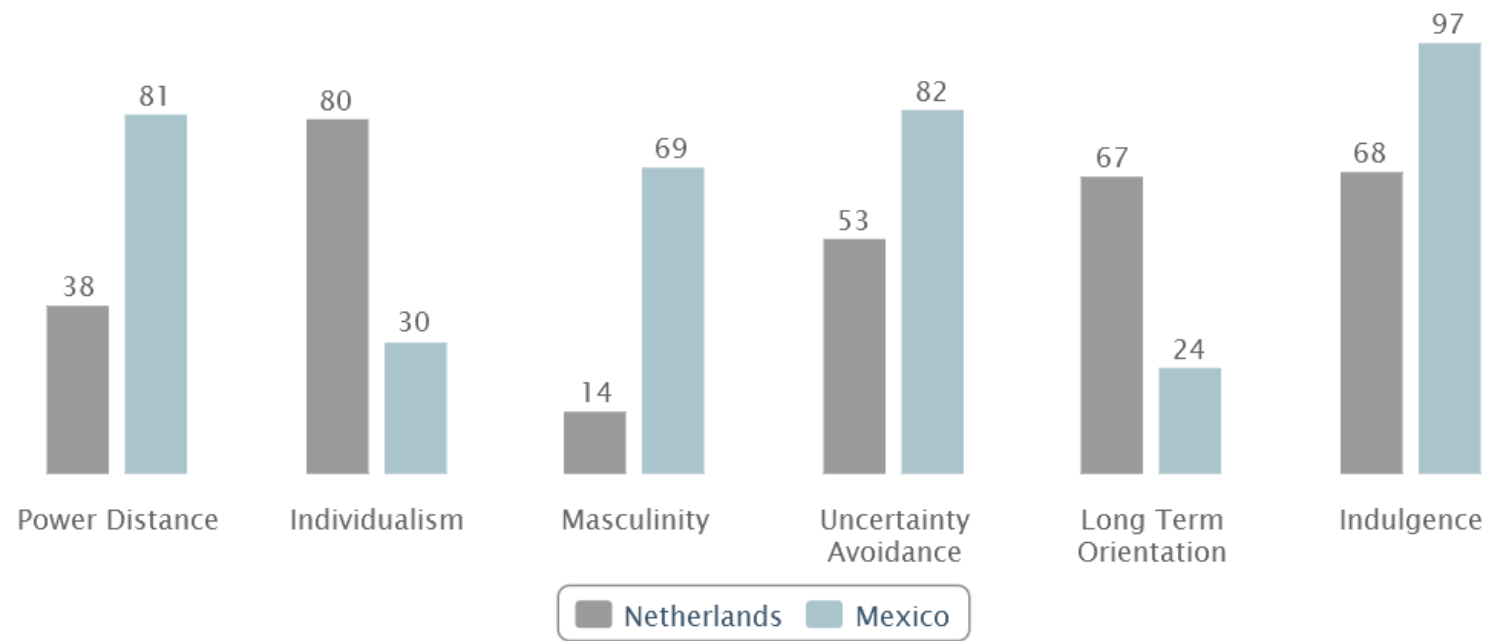
Source: https://twitter.com/the_pride_model

RECEIVE-CASE:

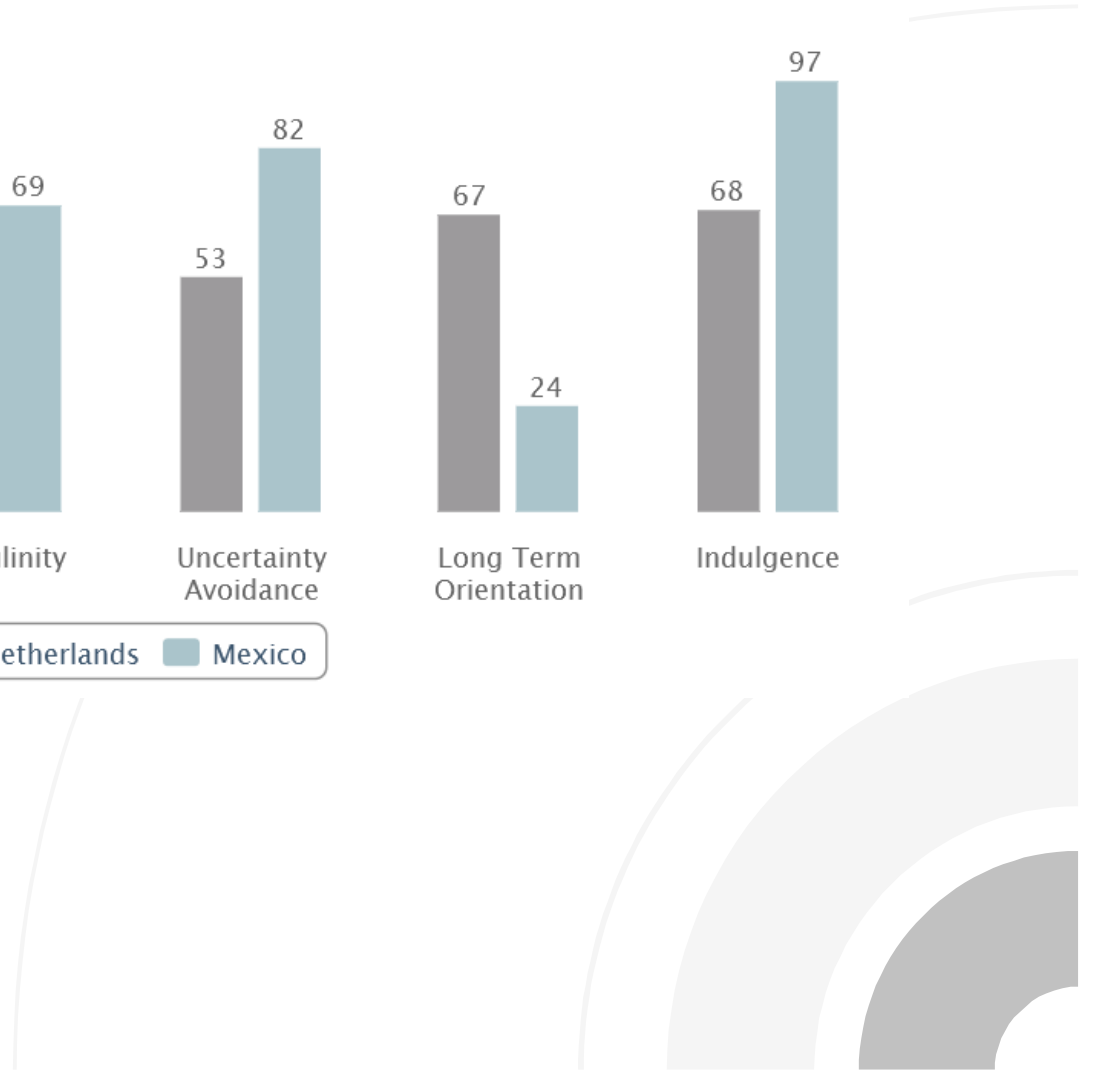
- Surprise? Why yes or why not? ... Hofstede

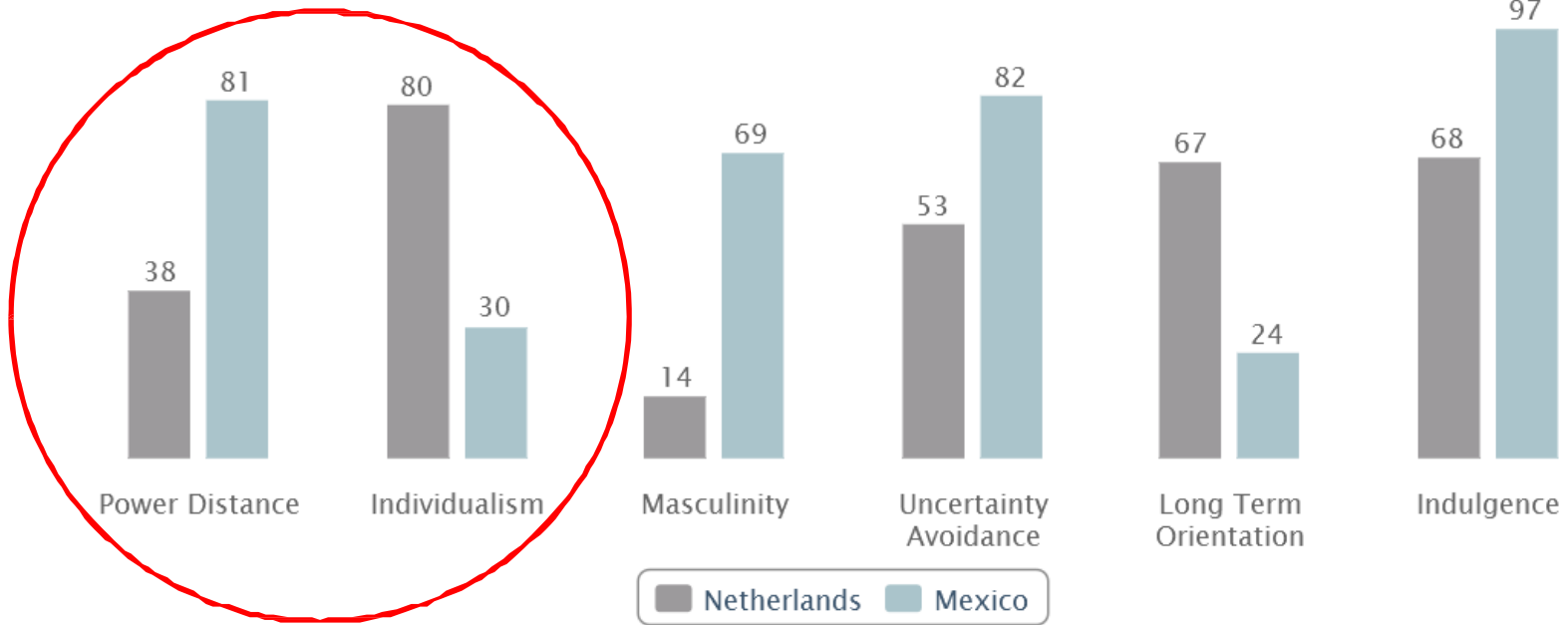


Source of picture: <https://mydailyquizz.me/how-traditional-is-your-way-of-thinking/>



geert-hofstede.com





geert-hofstede.com

■ Netherlands ■ Mexico

RECEIVE-CASE:

- Pablo: experiences deviation from partners (equals!) with much greater sensitivity because of his stronger hierarchical values
- Pablo's way of expressing his own indignation → series of questions (indirect way of objecting to sth.)
- might not be understood by the Dutch who needs some more direct signals
- „Best regards and season's greetings“: Dutch (task-oriented) might take it as sarcastic or ironic → doesn't think possible for anger and caring to occur simultaneously
- yet people with strong relationship and task orientations can separate anger about the task from anger related to the person

LITTLE MISS RELATIONSHIP-ORIENTED



Source: <https://jonathansandling.com/relationship-oriented-leadership/>

Analysis:

- differences between task and relationship orientations; low vs high power distance; high vs low individualism
- Dutch: high individualism, low power distance in terms of HOFSTEDÉ's dimensions, mastery/task-oriented
- Mexican: high power distance (hierarchy), weaker values for individualism (i.e. collectivism), relationship-oriented
- Dutch: low-context communication, conflict acceptance
- Mexican: rather high-context communication, conflict avoidance

**LITTLE MISS
TASK-ORIENTED**

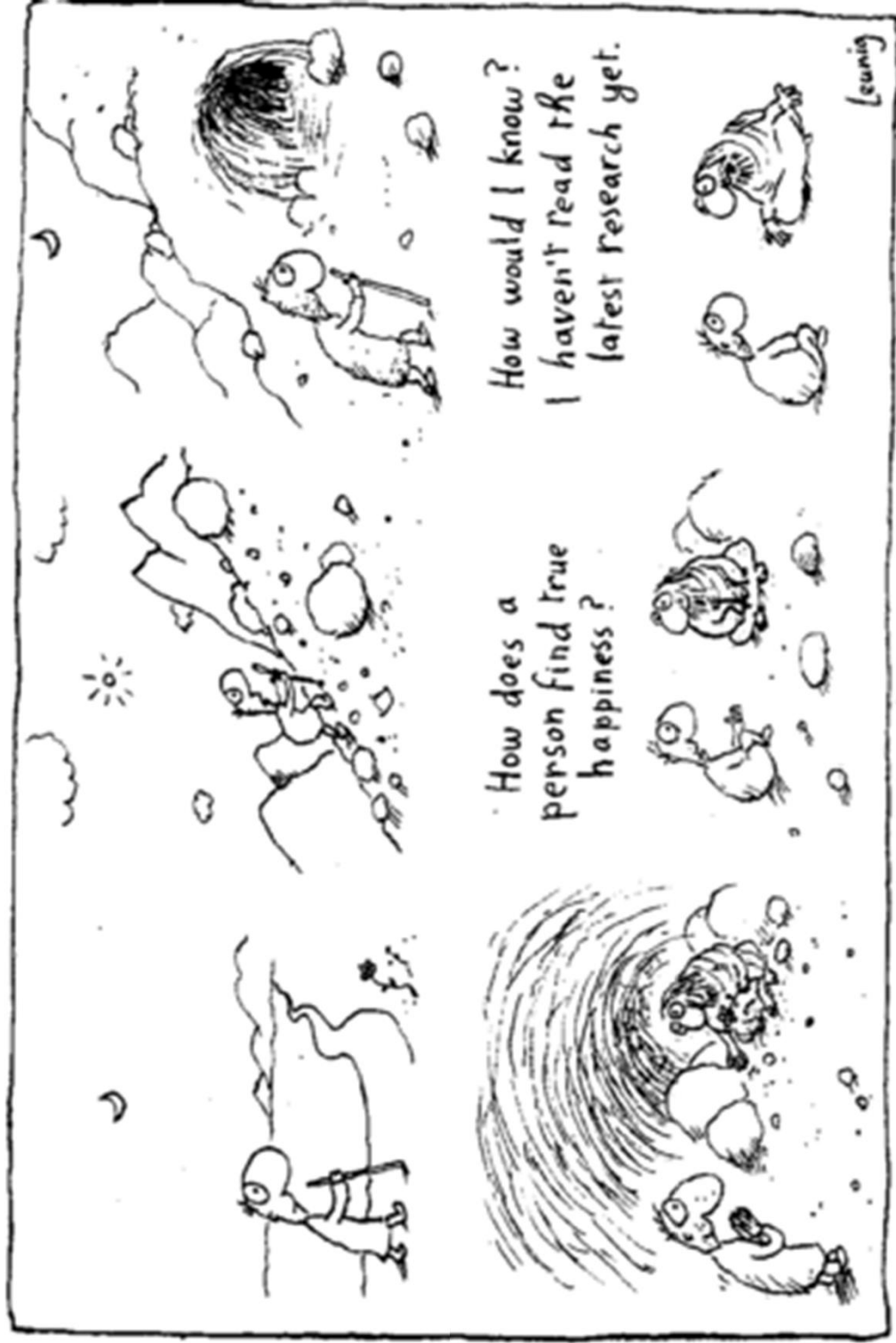


**LITTLE MISS
RELATIONSHIP-ORIENTED**



What really happened...

Johannes, still puzzled by the apparent anger in the email (and reinforced by his equally puzzled colleagues in Holland), called Pablo. Eventually he did get the information, but felt that their relationship had been severely strained. Still he had not understood the reasons for the problems until he attended a cross-cultural management program... 😊



MARKUS IN SHANGHAI



Source: <https://www.topchinatravel.com/>

1) Positivist Approach: 'Culture and values'

Positivism

An approach to social research which aims to be as close to the natural sciences as possible



August Comte (1798 - 1857)

Research should be:

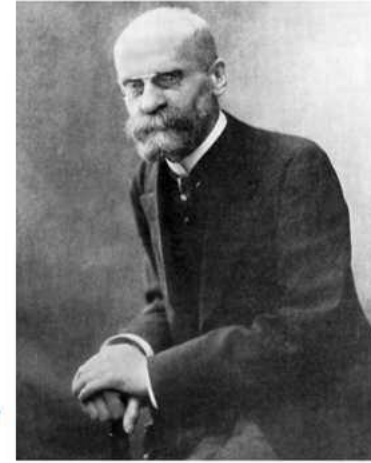
GENERALISEABLE

COMPARATIVE
OBJECTIVE
MACRO

QUANTITATIVE

DETACHED

The purpose of research is to uncover the general laws of human behaviour



Emile Durkheim (1858 - 1917)

- identifying patterned behaviour across cultures and establishing laws and predictive models
- **constructs and theories** - applicable across many cultures (etic = outside) → comparisons and clusters can be made
- **knowledge** = informative of the way things are
- **values** = key elements: core of culture + measureable with research instruments such as surveys

Source of picture: <https://revisesociology.com/2015/05/19/positivism-sociology-social-research/>

2) Interpretive Approach: 'Culture and meanings'

- endeavours to understand how people perceive their (cultural) reality and act accordingly
- individuals act consistently with **what makes sense** to them
- **knowledge** = informative of how things are in a certain context (local, emic = inside)
- in management: understanding how people's collective sense making of a certain culture explains their actions



- ☞ Both the positivist and interpretive views tend to see researchers' role as that of reporters, trying their best to provide an unbiased account of reality.

Source of picture: <https://www.slideshare.net/clairetupling/positivist-interpretivist>

Critical social science

“A research paradigm distinguished by its focus on oppression and its commitment to using research procedures to empower oppressed groups.”

Rubin & Babbie, 2007 p37

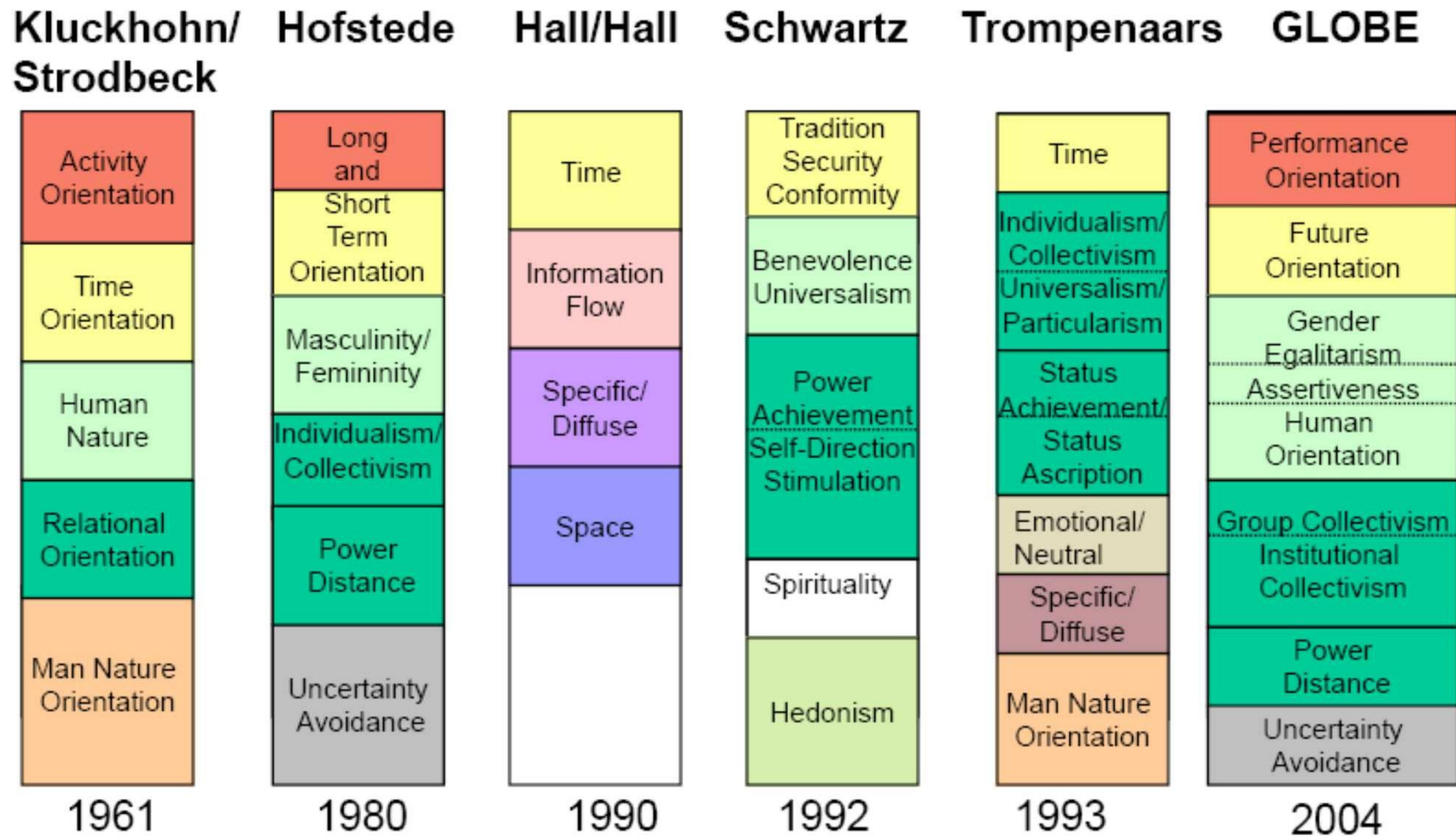
3) Critical Approach: 'Culture and power'

- uncovers hidden **power structures** + shows power struggles in the construction of reality
- the reality we know = the outcome of relationships between different social or cultural groups
- outcomes that tend to favour certain interests
- **knowledge** = linked to those in a situation of power in society (rather than being the outcome of a neutral and objective research process)
- researchers ≠ 'reporters' = '**activists**' (as agents for change)

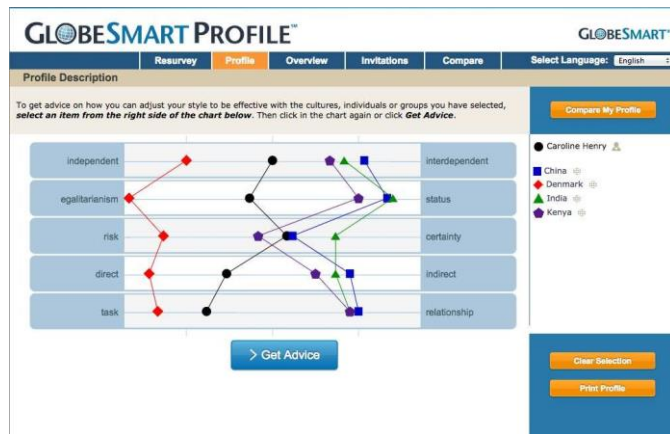
👉 Critical view is concerned with power dynamics and structures.

3.2 THE POSITIVIST APPROACH

Comparison of Cultural Dimensions



source: author's own chart



You are moderately direct.

Those who are direct tend to:

- Come to the point quickly
- Be comfortable making requests, giving direction, or disagreeing with others
- Give negative feedback directly

Those who are indirect tend to:

- Spend time explaining the context before coming to the point
- Express disagreement in subtle ways
- Give negative feedback indirectly

I don't care if you're Dutch or not, you're so called directness is just RUDE!!!

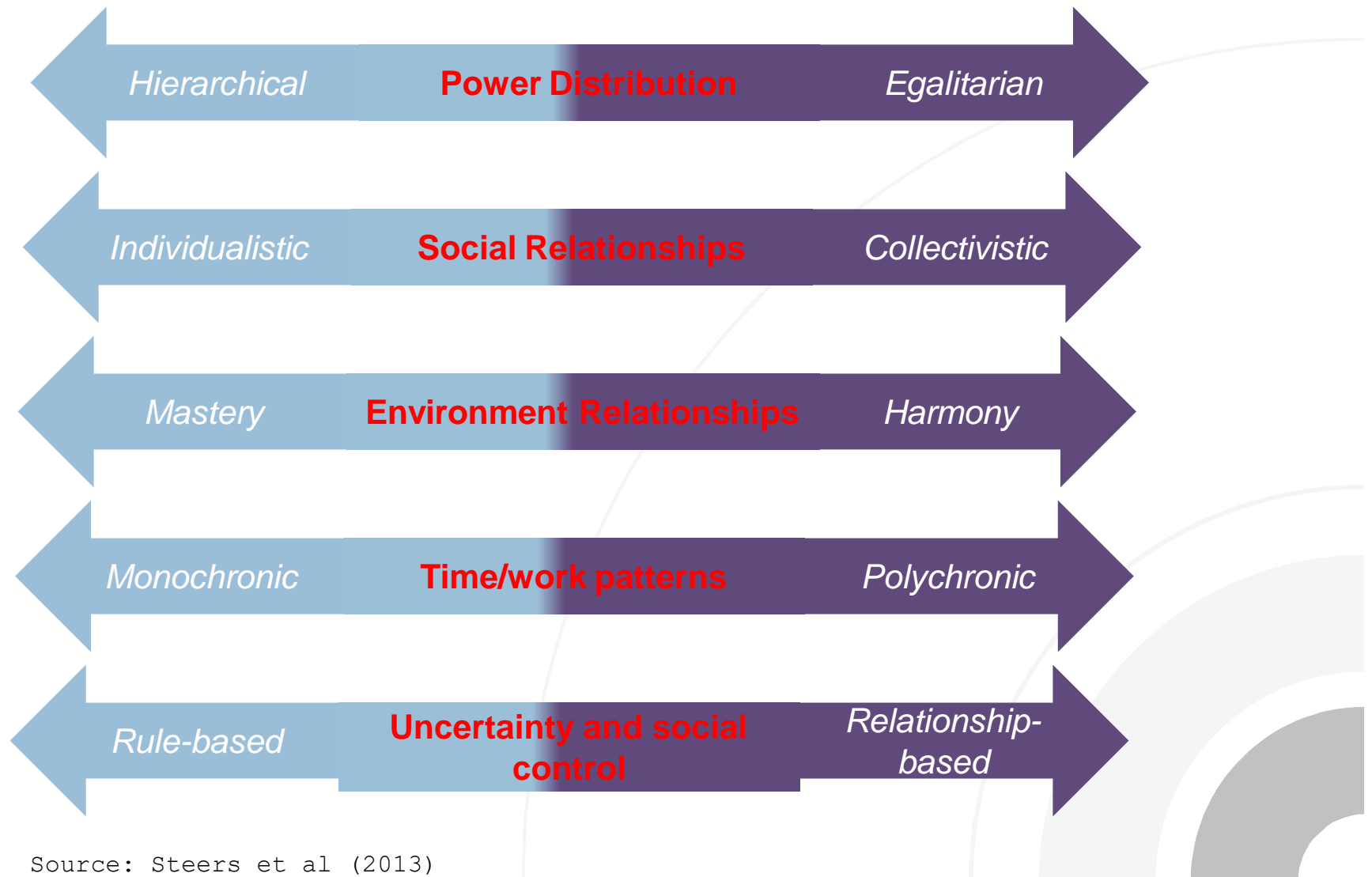


Source of pictures: <https://theculturemastery.com/>; internet

Fundamental questions for societies:

1. How are power and authority distributed in a society?
2. What is the fundamental building block of a society: individuals or groups?
3. On a societal level, how do people view their relationship with their surrounding environment?
4. How do people in a society organize their time to carry out their work and non-work activities?
5. How do societies try to reduce uncertainties and control the behavior of their members?

CORE CULTURAL DIMENSIONS



Power distribution

Hierarchical

- Centralized.
- Belief that power should be distributed hierarchically across society.
- Belief in ascribed or inherited power with ultimate authority residing in institutions.
- Emphasis on organizing vertically and autocratic or centralized decision-making.
- Emphasis on who is in charge.
- Acceptance of authority; reluctance to question authority.

Egalitarian

- Decentralized.
- Belief that power should be distributed relatively equally across society.
- Belief in shared or elected power with ultimate authority residing in the people.
- Emphasis on organizing horizontally and participatory or decentralized decision-making.
- Emphasis on who is best qualified.
- Rejection or skepticism of authority; willingness to question authority.

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A good example of how power orientation works can be found in Finland, a country that stresses egalitarianism with a passion. Many Finnish laws are based on the principle of equity, not equality. For example, traffic fines vary based on personal income; the more you make, the more you can afford to pay. Police departments maintain direct computer access to internal revenue files to calculate the fines on the spot. Hence, when Jaako Rytola, a young Finnish entrepreneur, was stopped driving his BMW at 43 miles-per-hour in a 25-mile-per hour zone, his speeding ticket cost him US\$72,000. And when 27-year-old millionaire Jussi Salonoja was caught doing 40 in a 25-mile-per-hour zone, he was fined US\$225,000. A government minister noted that this was a “Nordic tradition.” They have both progressive taxation and progressive punishment.³²

Steers et al (2013), p 83

- 1. What is your opinion of the fairness of tying traffic fines to personal income? Why might this be fair or unfair?**
- 2. Would you enjoy being a manager in a country that genuinely stresses equality—including equality with your subordinates?**

Social relationships

Individualistic

- Person-centered.
- Belief that people achieve self-identity through individual accomplishment.
- Focus on accomplishing individual goals.
- Sanctions reinforce independence and personal responsibility.
- Contract-based agreements.
- Tendency toward low-context (direct, frank) communication and individual decision-making.

e.g. “Hugo Boss”

Collectivistic

- Group-centered.
- Belief that people achieve self-identity through group membership.
- Preference for preserving social harmony over individual rights.
- Focus on accomplishing group goals.
- Sanctions reinforce conformity to group norms.
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© Petr Báša (CEMS student in Malaysia)



Source: Getty

Environmental relationships

Mastery-oriented

- Dominance over nature.
- Focus on changing or controlling one's natural and social environment.
- Achievement valued over relationships.
- Emphasis on competition in the pursuit of personal or group goals.
- Embraces change and unquestioned innovation.
- Emphasis on material possessions as symbols of achievement.
- Emphasis on assertive, proactive, "masculine" approach.
- Preference for performance-based extrinsic rewards.

Harmony-oriented

- Accommodation with nature.
- Focus on living in harmony with nature and adjusting to the natural and social environment.
- Relationships valued over achievement.
- Emphasis on social progress, quality of life, and the welfare of others.
- Defends traditions; skepticism towards change.
- Emphasis on economy, harmony, and modesty.
- Emphasis on passive, reactive, "feminine" approach.
- Preference for seniority-based intrinsic rewards.

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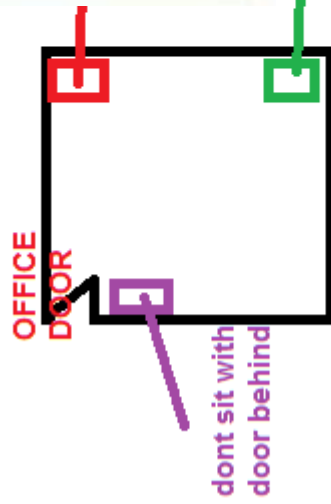
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- Emphasis on **passive, reactive, "feminine" approach.**
- Preference for **seniority-based intrinsic rewards.**

FENG SHUI DESK POSITION



avoid sitting back-to-back or face-to-face



avoid sitting back-to-back or face-to-face

- If you can't avoid face-to-face, use a plant or barrier

Time and work patterns

Monochronic

- Linear.
- Sequential attention to individual tasks.
- Single-minded approach to work, planning, and implementation.
- Precise concept of time; punctual.
- Job-centered; commitment to the job and often to the organization.
- Separation of work and personal life.
- Approach to work is focused and impatient.

Polychronic

- Non-linear.
- Simultaneous attention to multiple tasks.
- Interactive approach to work, planning, and implementation.
- Flexible concept of time; often late.
- People-centered; commitment to people and human relationships.
- Integration of work and personal life.
- Approach to work is at times unfocused and patient.

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Rank of 31 countries for overall pace of life [combination of three measures: (1) minutes downtown pedestrians take to walk 60 feet, (2) minutes it takes a postal clerk to complete a stamp-purchase transaction, and (3) accuracy in minutes of public clocks].

Exhibit 5.3

Speed Is Relative

Rank of 31 countries for overall pace of life [combination of three measures: (1) minutes downtown pedestrians take to walk 60 feet, (2) minutes it takes a postal clerk to complete a stamp-purchase transaction, and (3) accuracy in minutes of public clocks].

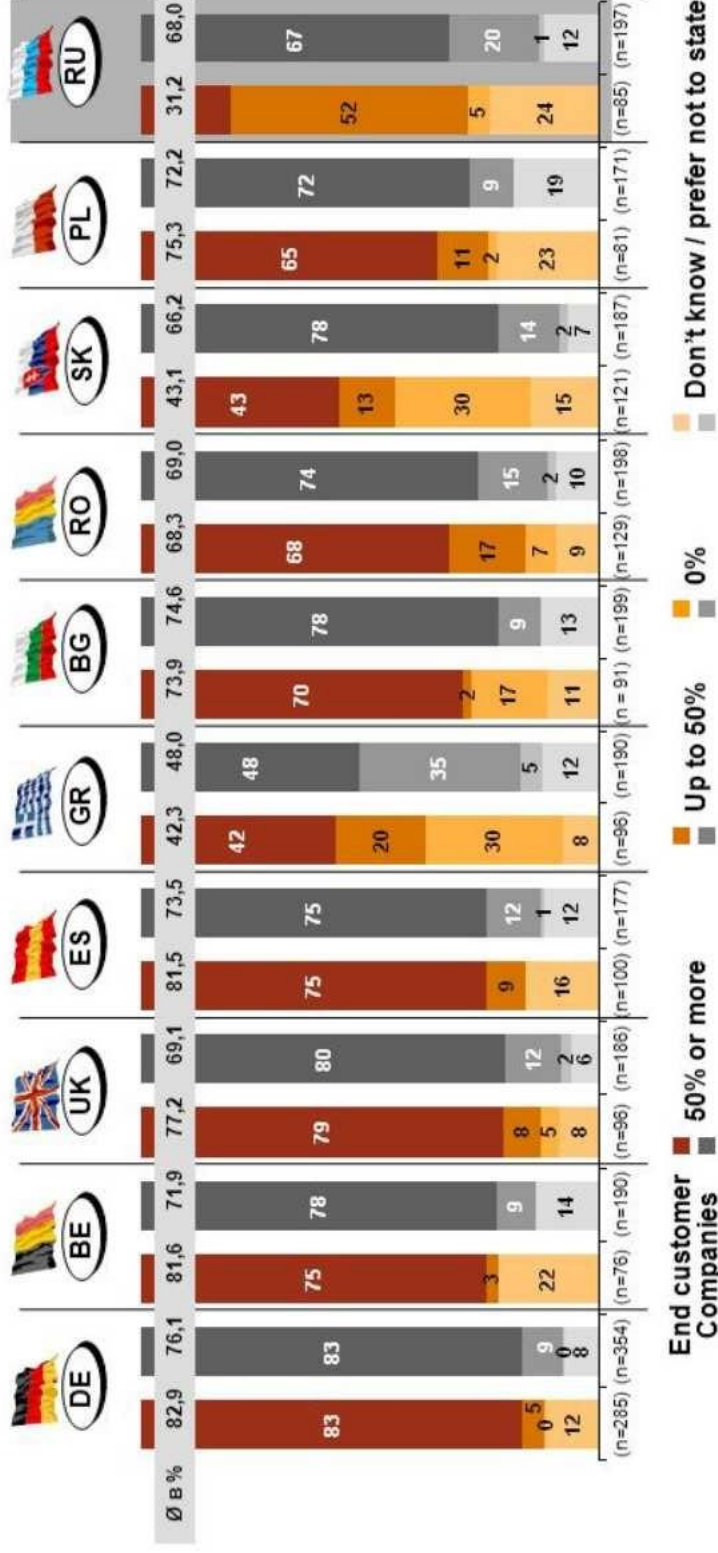
Source: Robert Levine, "The Pace of Life in 31 Countries," *American Demographics*, 19/11, 1997, pp. 20-29. Copyright 1997, American Demographics, a PRIMEDIA company. All rights reserved.

Overall Pace	Country	Walking 60 Feet	Postal Service	Public Clocks
1	Switzerland	3	2	1
2	Ireland	1	3	11
3	Germany	5	1	8
4	Japan	7	4	6
5	Italy	10	12	2
6	England	4	9	13
7	Sweden	13	5	7
8	Austria	23	8	9
9	Netherlands	2	14	25
10	Hong Kong	14	6	14
11	France	8	18	10
12	Poland	12	15	8
13	Costa Rica	16	10	15
14	Taiwan	18	7	21
15	Singapore	25	11	4
16	United States	6	23	20
17	Canada	11	21	22
18	South Korea	20	20	16
19	Hungary	19	19	18
20	Czech Republic	21	17	23
21	Greece	14	13	29
22	Kenya	9	30	24
23	China	24	25	12
24	Bulgaria	27	22	17
25	Romania	30	29	5
26	Jordan	28	27	19
27	Syria	29	28	27
28	El Salvador	22	16	31
29	Brazil	31	24	28
30	Indonesia	26	26	30
31	Mexico	17	31	26

Cateora, P.; Graham, J. (2005)

Payment behaviour / Punctual payment (in %)

Question: How high is the proportion of receivables and/or invoices paid punctually as a percentage of the total number of invoices issued in a (financial) year?



Russian end customers and Greek business customers account for the lowest proportion of punctual payments.

Uncertainty and social control

Rule-based

- Individual behavior should be largely regulated by rules, laws, formal policies, standard operating procedures, and social norms that are widely supported by societal members and applied uniformly to everyone.
- Emphasis on legal contracts and meticulous record keeping.
- Low tolerance for rule breaking.
- Decisions based largely on objective criteria (e.g., legal constraints, data, policies).

Relationship-based

- While rules and laws are important, they often require flexibility in their application or enforcement by influential people (e.g., parents, peers, superiors, government officials) or unique circumstances.
- Emphasis on interpersonal relationships and trust; less emphasis on record keeping.
- Moderate tolerance for rule breaking.
- Decisions often based on subjective criteria (e.g., hunches, personal connections).

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- While **rules and laws are important**, they often require **flexibility** in their application or enforcement by influential people (e.g., parents, peers, superiors, government officials) or unique circumstances.
- Emphasis on **interpersonal relationships and trust**; less emphasis on record keeping.
- **Moderate tolerance for rule breaking.**
- Decisions often based on **subjective criteria** (e.g., hunches, personal connections).

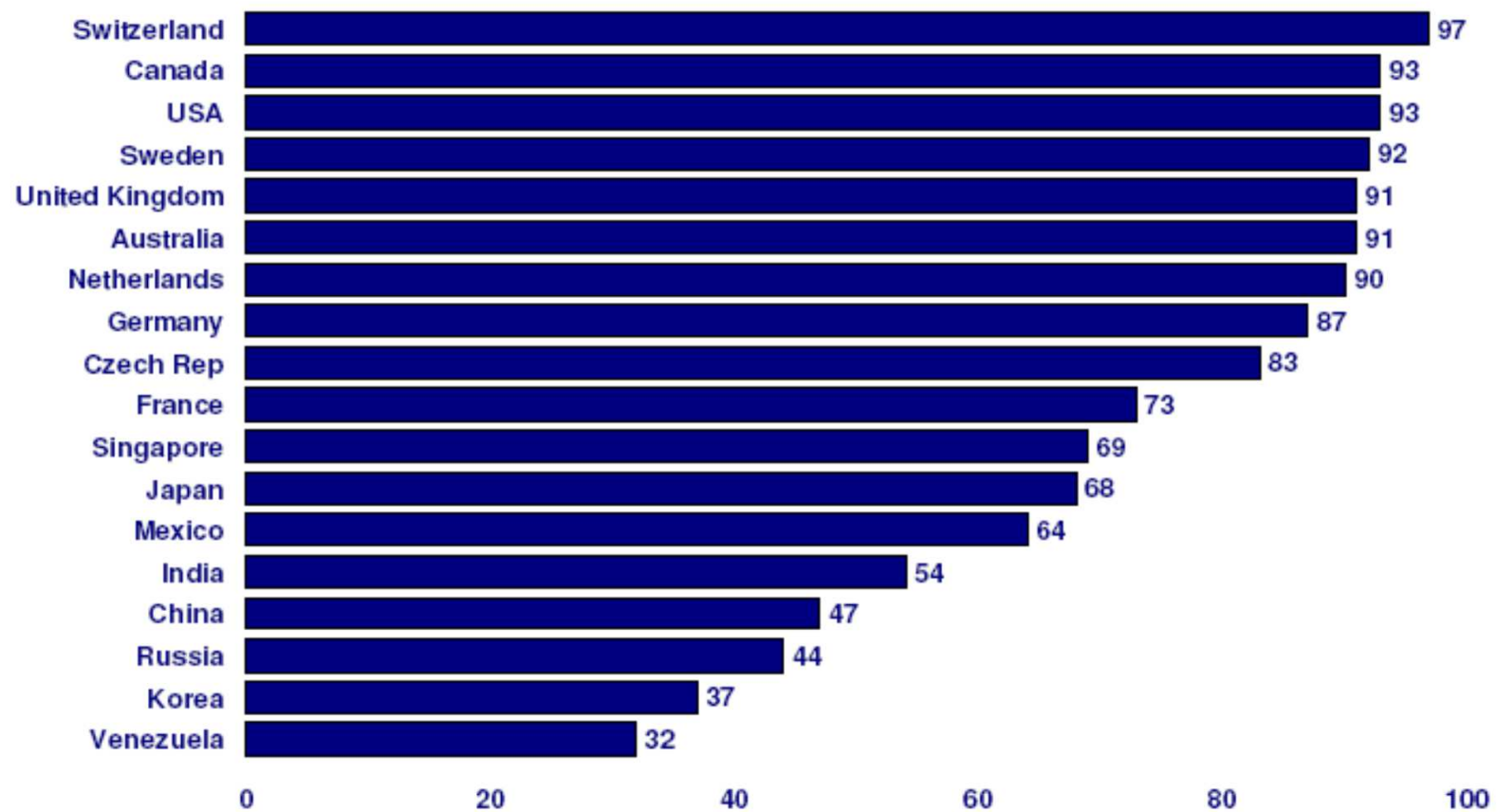


Question:

You are riding with a good friend in his car. Your friend hits a pedestrian. You know that your friend drove at least 60 km/h, although he should have driven 30 km/h at the max in this limited speed area. There are no other witnesses. Your friend's lawyer says, that you would save your friend from serious consequences if you stated under oath that he had driven at 30 km/h only.

What would give your friend the right to expect from you to protect him?

- a) My friend has a good reason and can expect me in any case to testify the lower speed.
- b) My friend has some reason to expect me to testify the lower speed.
- c) My friend has no reason to expect me to testify the lower speed.



Source: Fons Trompenaars: Riding the Waves of Culture, 27th March 2009, Beurs van Berlage

Central tendencies of core cultural dimensions across regions

Country clusters	Power distribution	Social relationships	Environmental relationships	Time/work patterns	Uncertainty and social control
Anglo	Moderately egalitarian	Strongly individualistic	Strongly mastery-oriented	Strongly monochronic	Moderately rule-based
Arab	Strongly hierarchical	Strongly collectivistic	Moderately harmony-oriented	Strongly polychronic	Strongly relationship-based
East European	Moderately hierarchical	Moderately collectivistic	Moderately mastery-oriented	Moderately monochronic	Moderately relationship-based
East/Southeast Asian	Strongly hierarchical	Strongly collectivistic	Strongly harmony-oriented	Moderately monochronic	Strongly relationship-based
Germanic	Moderately egalitarian	Moderately individualistic	Moderately mastery-oriented	Moderately monochronic	Strongly rule-based
Latin American	Moderately hierarchical	Moderately collectivistic	Moderately harmony-oriented	Strongly polychronic	Strongly relationship-based
Latin European	Moderately hierarchical	Moderately collectivistic	Moderately harmony-oriented	Moderately polychronic	Moderately relationship-based
Nordic	Strongly egalitarian	Moderately individualistic	Moderately harmony-oriented	Moderately monochronic	Strongly rule-based
Sub-Saharan African	Moderately hierarchical	Strongly collectivistic	Strongly harmony-oriented	Moderately polychronic	Strongly relationship-based

Note: The country cluster categories used here are adapted from Ronan and Shenkar, "Clustering cultures or attitudinal dimensions" and House *et al.*, Culture, Leadership, and Organizations. The core cultural dimension (CCD) ratings represent central tendencies for selected country clusters (see text for details). Variations, sometimes substantial, around these central tendencies can be found in all clusters and countries. Also note that some regions of the globe (e.g., Central Asia) are not included here due to an absence of substantive data, while others (e.g., Europe) are represented in some detail due to the availability of sufficient data.

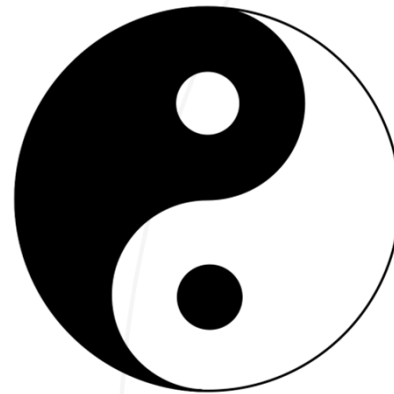
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Excursus: Fang's Yin Yang perspective on Culture

- Culture: paradoxical value orientations → enabling it to embrace opposite traits of any given cultural dimension
- paradoxical values coexist in any culture → reinforce and complement each other to shape the holistic and dynamic nature of culture
- Yin Yang perspective: all national cultures share the same set of values - differ in how each culture expresses these values at a given time or not
- cultures ≠ stable around a given set of preferred values, but rather dynamic around paradoxical values in tension



Excursus: Fang's Yin Yang perspective on Culture

Example: China

- many studies: communication = listening-centred, polite and insider oriented
- speaking: seniority, leadership, hierarchy and expertise
- listening: wisdom and good behaviour
- The opposite is also found in the Chinese society ...
 - the family's only child = central role
 - students are encouraged to debate in school
 - training on assertiveness is popular



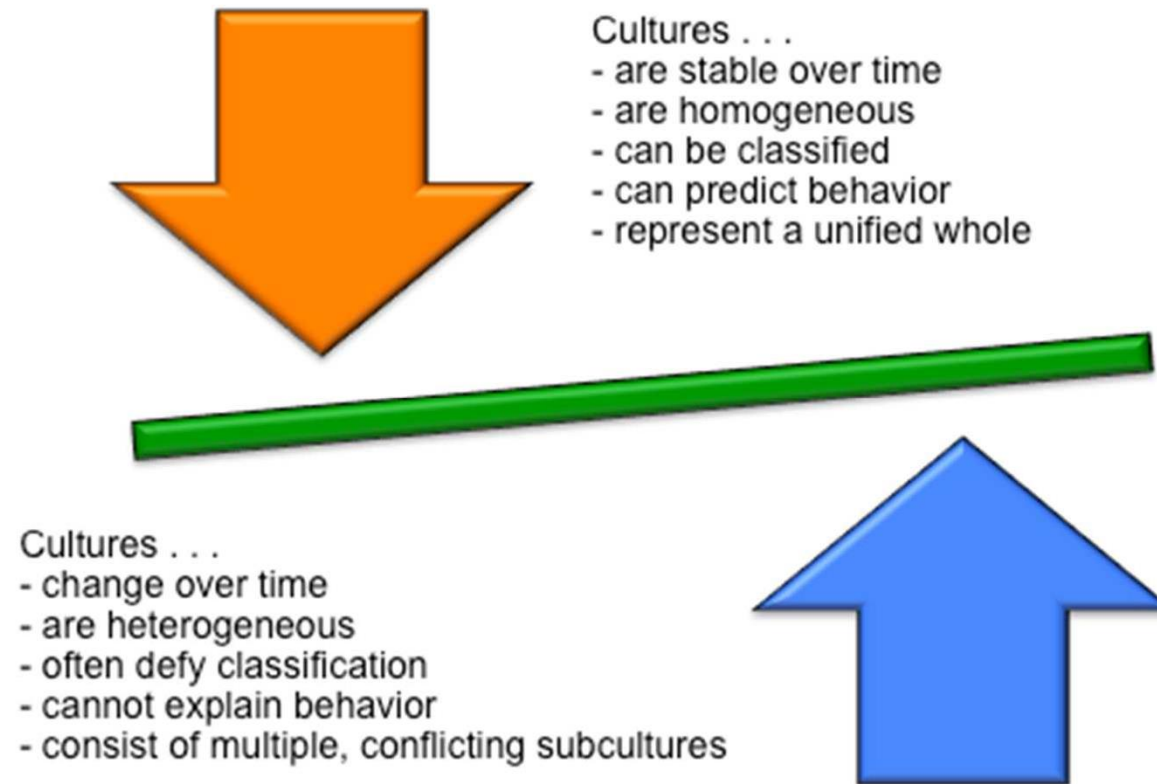
- ☞ Both listening-centred and speaking-centred values are present in the value portfolio of China and are expressed in different circumstances or moments in history.

“Beyond sophisticated stereotyping” (OSLAND&BIRD, 2000)

Example: [KIASU](#) (Singapore) - afraid to loose

- doesn't fit into the popular picture of decent, distant Asians
 - e.g. food: jumping lines, getting on trains before people could get off, queuing because there's something for free, parents imposing heavy study labour on their children in their wish to make them at the very top of all other students
 - It's about being first, having something others don't.
 - two sides to kiasuism: 1) belief that diligence and extra effort would lead to success in life (positive side); 2) personal envy and selfish behaviours (negative side)
- 👉 One cultural value trumps the other in particular situations. [„One cultural value might trump another, lessening the influence another value normally exerts“ (Osland&Bird, 2000)]

Cultural complexities and contradictions



Steers et al (2013), p 95

Saudi Women (BBC, 8 March 2016)



Source: <https://www.bbc.com/news/blogs-trending-35687712>

	Japan		Czech Republic	
Dimension	Hofstede	present study	Hofstede	present study
PDI	medium (54)	low (24)	medium/high (57)	low (35)
IDV	medium (46)	high (72)	medium/high (58)	high/medium (62)
MAS	high (95)	low (27)	medium/high (57)	low (29)
UAI	high (92)	high/medium (61)	high (74)	medium (51)
LTO*	high (80)	medium (50)	low (13)	medium (47)

*Scores reflect Hofstede's revised formula (Hofstede, 1994) for measuring Long Term Orientation.

- shifts in all dimensions found (possible trends?)
- lower PDI, more individualistic, more feminine, lower UAI, shorter time orientation
- influence of globalization (internationalization, democracy, media, ...)?
- limitation: not totally representative (young students, little work experience)

Source: author's own research



Excursus: Thomas' Kulturstandards (Thomas, A., 1996)

- quantitative studies = dominant position in positivist studies
- a number of studies use qualitative methods ... the *Kulturstandard* method
- initiated by Alexander Thomas (em. Prof. University of Regensburg): identifying cultural cognitive schemata mobilized for action, through the analysis of bicultural interactions
- culture = system of orientation providing its members with cognitive (value-oriented) and behavioural norms termed *Kulturstandards*
- analysis of critical incidents: pinpoint a cognitive or behavioural difference between partners → identify the *Kulturstandards* of the culturally foreign person whose behaviour was found to be unpredictable or unexplainable
- critical incidents relate to a given bicultural interaction
- a type of incident between Japanese and Italians is unlikely to also occur in Japanese / Chinese encounters, for example

Germans ...

- are task-oriented.
- are very structured.
- do everything step by step.
- extremely separate job and free time.
- express directly what they mean and openly confront conflicts.
- have a stable self-confidence.



Czechs ...

- are relationship-oriented.
- are structured to a lesser extent.
- do many things at the same time.
- hardly separate job and free time.
- express themselves indirectly, avoid conflicts.
- have a unstable self-confidence.



Application to the case “Markus in Shanghai”

- Markus’ company (Sveab): values such as individualism, low power distance and individual well-being
- scores of Scandinavian countries and China on major cultural dimensions = differences: Power Distance, Individualism (or low score on In-group Collectivism), Future Orientation, Gender Egalitarianism, Assertiveness and Humane Orientation (GLOBE)
- situation: discrepancies on the dimensions of Power Distance (CHN: high) and Individualism (CHN: low) = the most relevant for explaining employees’ lack of participation in workshops
- employees not used to equal communication between supervisors and their subordinates, nor individual positioning (both important for workshops to be successful)

- scores: indicative of a preference for a certain kind of logic
 - not all Chinese are high on Power Distance
 - in comparison to practices and ways of thinking in Scandinavia, employees in China: more familiar with high power distance in their organizational environment
 - strategies to deal with directive leadership and strategies to be successful in such an environment
- ☞ The analysis using positivist views on culture informs us of cultural reasons that can be explanatory of individuals' behaviour.
- ☞ One might wonder: what are the limitations of workshops for people used to high Power Distance logic? How can workshops fit in with such logic? How can they fit in with a high score on In-group Collectivism?

- *Fang's* perspective on culture: would be surprising that Markus had encountered only one form of communication behaviour among his employees
 - ☞ suggestion to Markus: to search for affirmative, individualist and low power distance behaviour of employees ... at work or outside work ... see how he can build on this set of values for the success of organizational workshops

- *Kulturstandards*: to what extent Markus' perception of a passive attitude from the employees = linked to his being used to low-context communication
 - ☞ if Chinese employees used to making suggestions or allusions ... maybe Markus simply not heard his employees' contributions because he is expecting messages articulated more straightforwardly (not listened to what is being said "between the lines")

Cultural differences
affect our impact.

ERIN MEYER



#GLS16

-3:08

COMPARATIVE ANALYSIS / POSITIVIST VIEW

STRENGTHS

- 1) Enables the manager to make broad comparisons
- 2) Makes him sensitive to points at which differences between cultures might occur, hence sensitive to e.g. possible points of conflict
- 3) Focus on relations between members of groups; between superiors, subordinates, and peers
- 4) Must be used pragmatically, in response to the context, i.e. not like unquestioned “sophisticated stereotypes” (e.g. not all Japanese are high on masculinity and uncertainty avoidance, low on individualism, and moderate on power distance)
- 5) “First best guess”; manager then needs deeper understanding of the culture

WEAKNESSES

- 1) The assumption of the national group as an appropriate unit of analysis is partly unreliable.
- 2) Common values are assumed among those identified as group members, the values of fringe members cannot be easily taken into account.
- 3) These models lack descriptive depth; definitive judgments about any one culture cannot be made.
- 4) They do not help the manager distinguish the influence of non-cultural factors, e.g. organizational culture.
- 5) Bi-lateral models are static in the senses that
 - they do not help the manager predict change in the culture;
 - they do not explain why groups and individuals are led to modify their values through interaction with each other.

MARKUS IN SHANGHAI

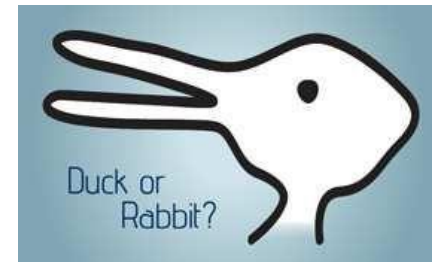


Source: <https://www.topchinatravel.com/>

3.3 INTERPRETIVE VIEWS

- people use meaning systems to organise their actions
 - people act and interact - makes sense to them

 - tremendous variations between individuals, social groups or genders in possible ways of making sense of situations
 - intercultural interpretive research: through socialization, in generation cohorts, in gender, in social groups ... individuals tend to develop similar frames of interpretation
- 👉 **Swedish** meaning system on ‘good leadership’¹ ...
- notions of *group work* (to make employees part of a team, each employee feels valued)
 - *individual coaching* (boss takes personal interest in the employees’ development & to some extent in their personal life)
 - *individual empowerment* (no directive instructions)
 - *consensus* (consulting employees and then reaching a consensus opinion)



¹ Holmberg & Akerblom, 2006; Romani, 2010

☞ *Meanings associated to participative leadership in **Germany** ...*

- participation of employees: co-determination or consultative decision-making; leadership = to some extent depersonalized + employees' expertise is highly regarded → participative leadership; consensus orientation
- employees motivated when their views are valued
- this commitment + the use of their expertise and knowledge → better organizational performances (effectiveness)
- role of the manager: enable teams to work fairly independently
- role of subordinates is to make contributions¹



☞ *A 'good leader' in **China** ...*

- ,good' power = by the image of a leader devoted to the good of the people, who is a model of virtue
 - with upright and exemplary conduct: the leader creates a harmonious ruling environment
 - subordinates suggest and express their desires + leaders should take them into consideration
- in opposition to the Western views ... people in China associate good power with rules, duties and no direct expression of opinion but indirect suggestion²

¹ Szabo, 2007

² d'Iribarne, 2012; Fu et al., 2007

Application to the case “Markus in Shanghai”

- in *Sweden* a workshop = a perfect setting for the expression of good leadership and for people to express themselves (empowerment): the setting is informal and fits with the view of a boss as a coach
- the workshop = a case of collective action: team work perceived as an ideal format to work with, offering more ideas, more creativity, more inclusiveness ...
- → a workshop is a perfect illustration of leadership that values teamwork and consensus
- participative leadership in *Germany*, Markus = familiar with or adhere to the idea that employees' participation is both expected and required for best organizational performance
 - the non-participation of employees in a workshop: problematic + loss to the organization
 - employees' non-participation and silence may be interpreted as a lack of commitment
 - Markus (team leader, facilitator): lack of success in moderating the workshop and thus enabling the team to work independently = leadership failure

- ☞ Not the culture of the employees itself that may be the challenge, but rather, the format of the workshop that necessitates up-front expression of ideas and opinions.
- ☞ one possibility = to modify the format of the workshops towards a form of group-work where Markus, for instance, can develop one-on-one relationships, or takes a backseat position
- ☞ organise the workshop into smaller teams, in which he might himself be part of one team, and then ask each team to report to the larger group

MARKUS IN SHANGHAI



Source: <https://www.topchinatravel.com/>

3.4 CRITICAL VIEWS



- societal structures = the outcome of power struggles: the winners impose their views in a form of domination (e.g. gender or economic domination)
 - Malaysian Uber driver doesn't talk to female passenger, UPS delivery guy doesn't accept the money from a female office worker (Lucie Geroldová, Czech CEMS student in Malaysia)
- power can masquerade as cultural difference → using positivist and interpretive analyses (that principally address cultural differences) are not enough; cultural differences = 'excuses'
- Kartari & Roth (2004):
 - Leadership styles of German and Turkish managers are very different. The Turkish managers view the way and manner German managers treat their subordinates as more authoritarian than expected.
 - They complain that the Germans see themselves as knowalls and do not trust their Turkish subordinates.
 - The German managers respond to this that their Turkish colleagues are not ready to participate in the management.
 - The result can be inefficient communication between German and Turkish managers and a lack of mutual trust.
 - ☞ Cultural differences may serve as an excuse of power struggles.

- talking about cultural differences, we ‘otherize’ = we create an ‘other’ in opposition to which we can build our own (cultural) identity

- most often in a way that empowers us and to the disadvantage of the others
 - Trompenaars’ (1993) dimension ‘Universalism- Particularism’ hides the dichotomy between a disciplined environment and one of nepotism/cronyism where relationships prevail over the law

Application to the case

- Markus' terminologies ≠ neutral, rather depict his collaborators in negative terms regarding the purpose of the workshop: 'passive', 'sit in silence'
- Markus → a cultural 'other' ... by using common discourses about Asians as silent and passive; at best he uses cultural dimension constructs
- Markus not considering cultural practices of his employees in neutral terms → impact on his management negatively
- power differences between the actors : the supervisor Markus and the Chinese subordinates
- Markus = a position of power: his views in line with the corporate agenda; local employees, however, are not
- Markus: 'this is their culture': culture as determining behaviour, a simplification → employees in a position of inferiority and of misfit with the corporate agenda
- Is it probable that his opinion of the employees result in their low motivation?

- Markus: “I cannot over-ride their culture, I cannot ask them to change”
 - = a limiting and reductionist view on culture and on people → both are dynamic and flexible
 - transformations do occur in (inter-cultural) encounters
- ☞ This is probably why Anna is saying that using ideas such as “it’s their culture”, Markus won’t go far in his analysis, nor his management of the Chinese co-workers.

CONCLUSION - ALL GOOD THINGS COME IN THREES

- positivist analysis:
 - established and well-documented cultural differences perceptible in management across countries (e.g. different views on Power Distance, Individualism, and communication conventions)
 - the situation is about the prevalence of different values and by implication, different management systems

- interpretive analysis:
 - understand the motivation and legitimacy of the attempt to implement workshops in the Shanghai operations: the management being convinced that these practices are better and their reasons why
 - the interpretive analysis contributes to sense-giving

■ critical analysis:

- Markus' position is both judgmental and aimed at limiting his local employees to inferior (cultural) positions
- Markus does not see that with cultural encounters come opportunities for (co-) learning and improvement
- believes that cultures are fixed and should be 'respected'
- in fact he does not seem to respect his employees' differences in values → misses the opportunity to enter a relationship with them or with other members of the organization

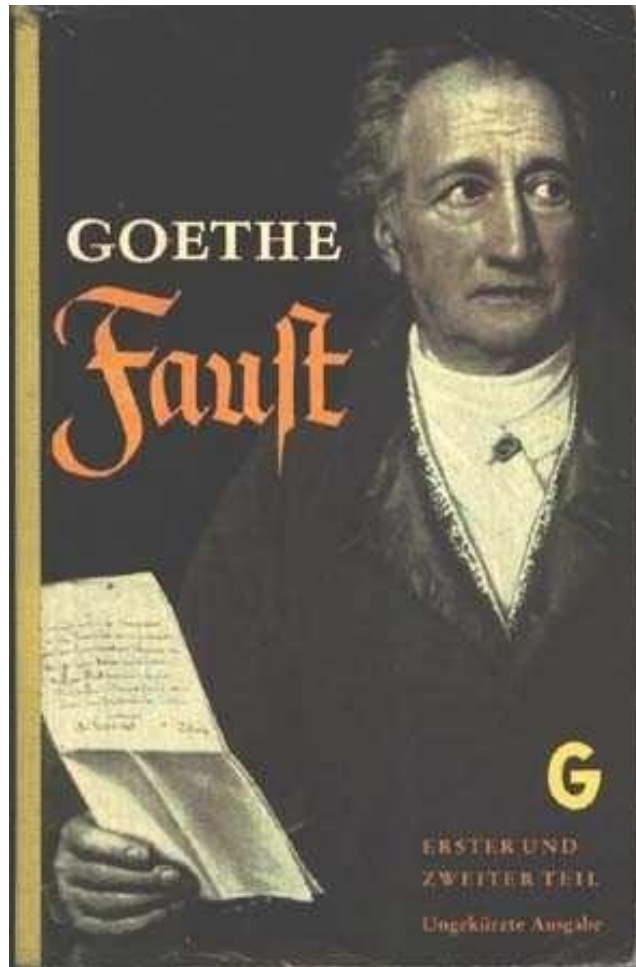
Positivist views Culture and values	Interpretive views Culture and meanings	Critical views Culture and power
<p>How does culture influence this situation?</p> <p>Which are the cultural dimensions that can explain people's behaviour?</p> <p>Which are the cultural dimensions' score differences between the two countries/ organizations?</p> <p>What are the characteristics of an environment scoring high/low on these dimensions?</p> <p>How does it apply here?</p>		

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Positivist views Culture and values	Interpretive views Culture and meanings	Critical views Culture and power
How does culture influence this situation?	What does this situation mean to those involved?	Is there a struggle between two camps?
Which are the cultural dimensions that can explain people's behaviour?	What do they associate with the situation/ elements of the situation?	Who is in a position of power? Who is silenced?
Which are the cultural dimensions' score differences between the two countries/ organizations?	What does the situation remind them of? Which terms, which metaphors do people use when talking about it?	What is at stake? Are people collaborating?
What are the characteristics of an environment scoring high/low on these dimensions?	What are the arguments advanced, how do the arguments make sense for the participants involved?	What are the risks for each camp? What is said to be 'normal' (status quo or stated situation)? And by whom?
How does it apply here?		Is culture talked about explicitly? Which stake/camp does talking about cultural differences serve?

Source: author's own compilation



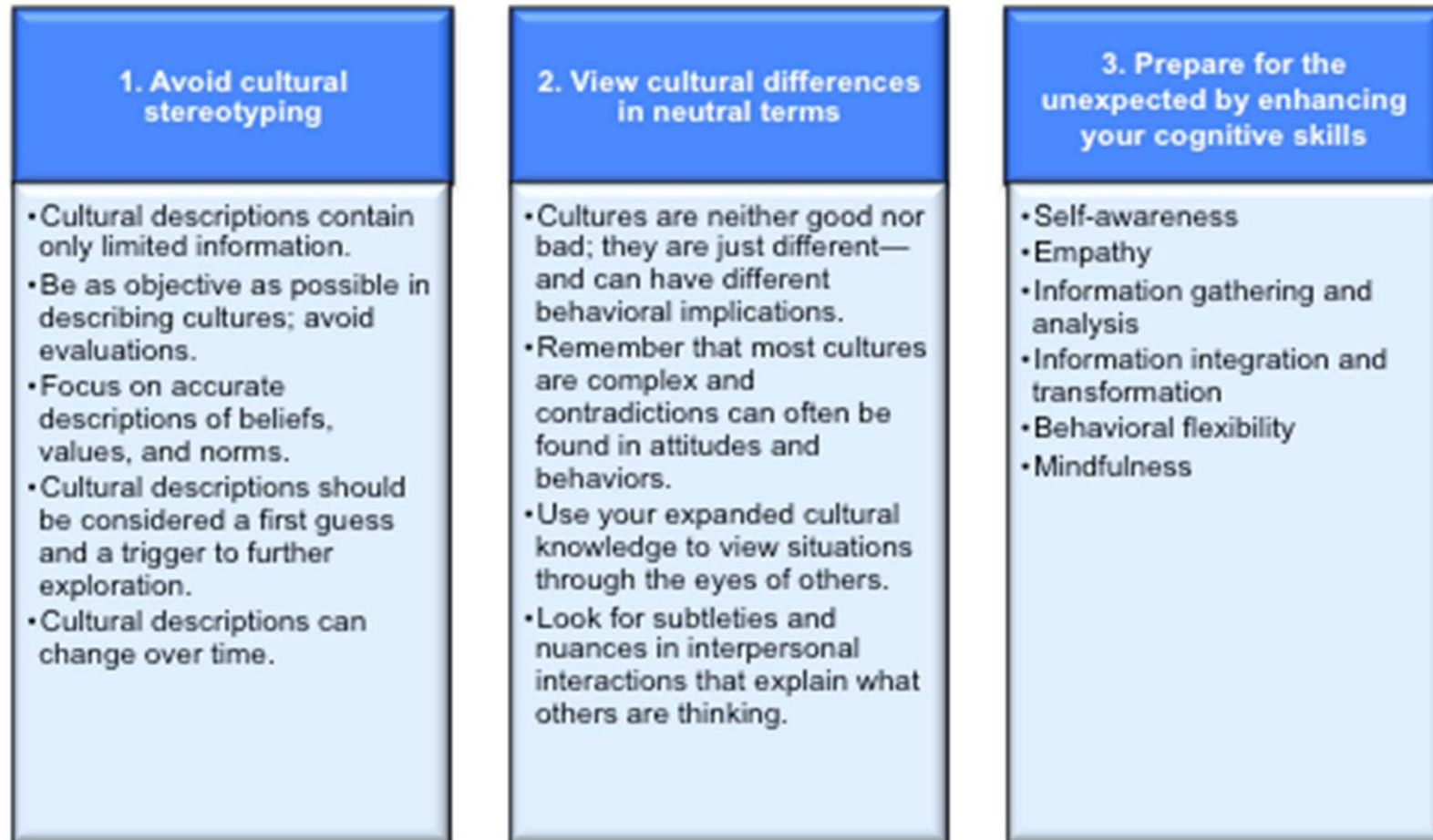
„Da steh ich nun, ich armer Tor! Und bin
so klug als wie zuvor.“

Goethe, Faust - Der Tragödie erster Teil

“And here I am, for all my lore, The
wretched fool I was before.”

Goethe, Faust, Part I

3.5 MANAGER'S NOTEBOOK: ACTION PLANS FOR WORKING ACROSS CULTURES



Source: Steers et al. (2013)

Handout chapter 1: Introduction – management and culture

cited from CULTURE MATTERS – THE PEACE CORPS CROSS-CULTURAL WORKBOOK (1997), Peace Corps, Washington, DC. Information Collection and Exchange Div. (ISBN 0-9644472-3-1), pp 11-20

Exercise 1: The Iceberg model

Culture is sometimes compared to an iceberg. Some of it is visible while a larger part is difficult to see, or invisible. Visible or easily recognizable aspects of culture might be dress and the way people greet. Aspects which are not so easily recognizable or invisible might be humor or beliefs, respectively. Like an iceberg, the part of culture that is visible (observable behaviour) is only a small part of a much bigger whole. Draw an iceberg with a clear waterline.

The numbered items below are all features of national culture. Look at the list and place each one in one of the three categories. Try to justify your categorization:

- A) Things which you can recognize quite easily
- B) Things which take time to recognize
- C) Things which you recognize only when you are very familiar with a culture.

Then write the numbers of the 'easily recognizable' items above the waterline, the numbers of the items 'which take time to recognize' directly below the waterline and those 'which you become aware of once you are familiar with a culture' at the bottom.

- | | |
|------------------------------------|---------------------------|
| 1. facial expressions | 11. driving habits |
| 2. religious beliefs | 12. foods |
| 3. religious rituals | 13. eating habits |
| 4. concept of personal space | 14. press and other media |
| 5. artefacts: art and architecture | 15. concept of friendship |
| 6. values and beliefs | 16. work ethic |
| 7. literature | 17. concept of beauty |
| 8. child raising beliefs | 18. music |
| 9. social organization and class | 19. greetings |
| 10. physical gestures | 20. concept of fairness |

Exercise 2: Values and behaviour

Match the value or belief in the column on the left to a behaviour in the column on the right.

Then compare your answers with a partner.

- | | |
|-------------------------------|--|
| 1. Directness _____ | a. Use of understatement |
| 2. Centrality of family _____ | b. Asking people to call you by your first name |
| 3. External control _____ | c. Taking off from work to attend the funeral of an aunt |
| 4. Saving face _____ | d. Not helping the person next to you on an exam |
| 5. Respect for age _____ | e. Disagreeing openly with someone at a meeting |
| 6. Informality _____ | f. Not laying off an older worker whose performance is weak |
| 7. Traditional _____ | g. At a meeting, agreeing with a suggestion you think is wrong |
| 8. Indirectness _____ | h. Inviting the errand boy to eat lunch |

-
9. Self-reliance _____ with you in your office
i. Putting the Christmas tree up on
Christmas Eve every year
10. Egalitarianism _____ j. Accepting, without question, that
something cannot be changed

In groups discuss the following questions:

- Which of the above values and beliefs do you think affect behaviour in your culture?
Which do not? Give some concrete examples.
- How do you think those values could lead to misunderstandings for people from another culture?

Exercise 3: Values contrast

Continuums are often used in intercultural training to illustrate contrasting views or positions. Look at the chart below which shows values that are considered to be opposites and decide on your own where you would place **your national culture**. Compare and discuss your results in small groups. To what extent can you come to any conclusions about your national culture's values? Where do you see yourself or your generation on the continuum?

CULTURAL VALUES CONTRAST

Personal Control over Environment										Fate/Destiny
Change seen as natural & positive										Stability/Tradition
Control over time										Close Human Interaction
Equality /Fairness										Hierarchy/Rank/Status
Individualism/ Independence										Group Welfare/ Dependence
Self-help/initiative										Birthright/ Inheritance
Competition										Cooperation
Future Orientation										Past Orientation
Action/Work Orientation										'Being' Orientation
Informality										Formality
Directness/Openness Honesty										Indirectness/ Saving Face
Practicality/ Efficiency										Idealism/ Theory
Materialism/ Acquisitiveness										Spiritualism/ Detachment

*Adapted from Kohls, L. Robert and John M. Knight (1981). Developing Intercultural Awareness. Washington D.C.: Society for Intercultural Education, Training and Research.

Exercise 4: Universal, culture or personal

The exercise below contains a list of behaviours. In the underlined space, put a “U” if you think the behaviour is universal, “C” if it is cultural, or “P” if it is personal. Then in pairs try to come up with 2 more examples for each category.

1. _____ Sleeping with a bedroom window open.
2. _____ Speaking Chinese as a foreign language.
3. _____ Making friends.
4. _____ Men opening doors for women.
5. _____ Respecting older people.
6. _____ Liking spinach.
7. _____ Preferring playing soccer to reading a book.
8. _____ Rule making.
9. _____ Eating with knife, fork, and spoon.

10. _____ Being wary of strangers.
11. _____ Calling a waiter with a hissing sound.
12. _____ Regretting being the cause of an accident.
13. _____ Feeling sad at the death of a loved one.
14. _____ Wearing white mourning robes for 30 days after the death of a loved one.
15. _____ Not liking wearing mourning robes for 30 days after the death of a loved one.

SOURCE: CULTURE MATTERS – THE PEACE CORPS CROSS-CULTURAL WORKBOOK (ISBN 0-9644472-3-1)



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