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# INTERNATIONAL MANAGEMENT

Managing across borders and cultures

PEARSON  
Education  
Australia

megaphones asked the crowd to stop pushing, warning that all sales would end if there were any injuries. This love of high-tech gadgetry is reflected in Japan's high-tech industries.

On the other hand, Australians grumbled in 2004 that they had less time for leisure activities than they did the year previously and that the main barrier to spending more time on leisure pursuits was work.<sup>52</sup> Men complained about this much more than women. They complained also that they were spending more time on household chores. These findings relate to the Australian workplace environment where globalisation has increased competition and therefore put more pressure on workers; and women gradually are achieving parity with men in organisational responsibilities.

## Cultural value dimensions

Personal and cultural values are the principles and standards that guide human actions.<sup>53</sup> In all societies there exist unique sets of shared values. Thus, in similar circumstances, people from any one society are likely to behave somewhat differently from those of another—as within the eight subsystems of social organisation summarised above.

Interactions and pressures among these cultural subsystems, and between cultures, may provide the impetus for slow change. The evolution through successive Australian governments from the White Australia Policy to the country's present policy of multiculturalism is a case in point.<sup>54</sup>

### Project GLOBE cultural dimensions

Recent research results on cultural dimensions have been made available by the Project GLOBE (Global Leadership and Organizational Behavior Effectiveness) team. The team comprises 170 researchers who have collected data over seven years on cultural values and practices, and leadership attributes from 18 000 managers in 62 countries, including Australia and New Zealand, and from a wide variety of industries and sizes of organisations.<sup>55</sup>

The team identified nine cultural dimensions that distinguish one society from another and have important managerial implications: assertiveness, future orientation, performance orientation, humane orientation, gender differentiation, uncertainty avoidance, power distance, institutional collectivism versus individualism, and in-group collectivism.

Only the first four are discussed here since the other five are similar to those researched by Hofstede, which are presented in the next section.

#### 1. Assertiveness

This dimension refers to the extent to which leaders in a society are expected to be tough, confrontational and competitive versus modest and gentle. Iranians, for example, seek power and strength in their leaders, whereas Swedes tend to prefer leaders who value warm and cooperative relations, and harmony.

Trevor-Roberts et al. compared leadership in Australia and New Zealand based on data collected as a part of Project GLOBE.<sup>56</sup> They concluded that the dimensions of 'charismatic' and 'self-protective' leadership are evident in both cultures, but with some culturally determined

differences. For example, in New Zealand more than in Australia, leadership effectiveness seems to carry some negative connotations of 'bureaucratic' leadership. Australians seem more to value 'egalitarian leadership', while 'team leadership' appears more important in New Zealand. Both these models of leadership nonetheless represent styles of leadership based on egalitarian principles.

## 2. Future orientation

This dimension refers to the level of importance a society attaches to future-oriented behaviour by their leaders, such as planning and investing in the future. Managers in Switzerland and Singapore, for example, high on this dimension, are inclined to save for the future and have a longer time horizon for decisions than do managers in Australia, who tend to plan more in the shorter term and place more emphasis on instant gratification.

## 3. Performance orientation

This dimension measures the importance of performance improvement and excellence by leaders in society and refers to whether or not they strive for continued improvement. Managers in Singapore, China (Hong Kong) and the United States score high on this dimension; typically, this means they tend to take initiative, and to have a sense of urgency and the confidence to get things done.

On the other hand, Thai managers score low on this dimension; they appear to hold other priorities as highly as performance, such as tradition, loyalty, family and background. They are very aware and apprehensive of the strength of foreign competition.

## 4. Humane orientation

This dimension measures the extent to which a society encourages and rewards its leaders for being fair, altruistic, generous, caring and kind. Highest on this dimension are managers in the Philippines, Ireland, Malaysia and Egypt, indicating a focus on sympathy and support for the weak. In these societies paternalism and patronage are important, as are friendship, tolerance and harmony. In contrast, managers in Spain, France and the former West Germany scored low on this dimension. Apparently people in these countries give more importance to power and material possessions, as well as self-enhancement.

These findings may offer some clues to effective leadership when managers operate in cultures different from their own. However, all effective leadership balances the need for achievement and self-enhancement with a drive for performance improvement. All successful leaders, to a greater or lesser degree, display initiative, reasonable degrees of confidence, loyalty and sense of continuity, justice, altruism, sympathy and support for the weak.

## Hofstede's value dimensions

Geert Hofstede developed a framework for understanding how basic values underlie organisational behaviour. It is based on his research on over 116 000 people in 50 countries (he conducted no research into differences in subcultures). He proposes five value

dimensions by which to identify national and regional cultural differences: those of power distance, uncertainty avoidance, individualism, masculinity and long-term orientation.<sup>57</sup>

His research findings were based on a sample drawn from employees (not managers) of the multinational firm IBM. This can be argued to be both a weakness and a strength of his research. The weakness is that only one US multinational was investigated. The strength is that if differences can be identified between these employees' cultural orientations, they must be very powerful indeed to transcend the strong internal organisational culture of IBM worldwide.

Hofstede's work has been subject to other broad criticisms: for example, that his results are time-dependent, i.e. his analysis may be out of date. Nevertheless, his and others' ongoing research has not disproved his original findings.<sup>58</sup>

Another criticism is that his findings refer to business cultures, not values cultures, i.e. a reflection of business culture at IBM and not national culture of the countries IBM operates within. A counter to this objection is that other important researchers in the field, such as Harris and Moran, Trompenaars and Hampden-Turner, and Schwartz, do not disagree with him.

A third and fourth criticism are that Hofstede's research is non-exhaustive—it doesn't identify all the cultural dimensions possible, but just a few; and he covers only a portion of the world's cultures and countries. But perhaps the most serious objections are to his Western bias, which values Western business ideals; that he makes no connection between employee attitudes and employee behaviours; and that he generalises national-level data into individual behaviour.

In spite of these objections, Hofstede's work continues to be generally accepted as a valuable contribution to understanding culture-based behaviour and his 'dimensions' do seem to provide helpful insights to major differences.

### 1. Power distance (PD)

The first of these value dimensions ranks the level of acceptance by the members of a society of unequal distribution of power within it. In all societies some inequalities of power are accepted in all organisations, from government and military to the shop floor. However, the extent of these power distributions seems to be socially determined. In countries in which people accept high power distance (such as Malaysia, the Philippines, and Mexico), formal positions in the hierarchy are respected and seldom bypassed. Typically this results in a relatively centralised structure and autocratic leadership.

In countries where people display low power distance (such as Australia, New Zealand, Denmark and Israel), officers and 'other ranks' tend to accord each other mutual respect. Each is recognised to have its own strengths and responsibilities. This does not necessarily result in more harmony and cooperation; but clearly an autocratic management style is not likely to be well received in low power-distance countries.

### 2. Uncertainty avoidance (UA)

The second value dimension refers to the extent to which people in a society feel threatened by ambiguous situations.

All governments and legal systems impose strict laws and procedures on their citizens; but in countries with a high level of uncertainty avoidance (such as Japan, Portugal and Greece) the rules tend to be more detailed and precise. Britain, for example, whose culture Hofstede argues is relatively low in UA, has no single written constitution, whereas the Australian constitution is an official document. One implication, supported by Hofstede's ratings, is that British culture is lower than that of Australia in the need to avoid uncertainty.

In business contexts also, a high need for UA is likely to result in formal rules and procedures designed to provide more security and greater career stability. Managers tend to favour low-risk decisions, employees are more circumspect in their protests than in low UA cultures, and permanent employment is more common.

In countries with lower levels of UA (such as Denmark, Britain and, to a lesser extent, Australia), company activities are less structured and less formal, some managers take more risks, and high job mobility is common.

Members of cultures high in the need to avoid uncertainty tend to distrust change. Westerners in general tend to rank lower on this dimension than do people from Asia and the Middle East—they believe more that individuals can exert some control over the future and can manipulate events, particularly in a business context, i.e. they seem to own more of an internal 'locus of control'.

This is a concept in psychology, originally developed by Julian Rotter in the 1950s.<sup>58</sup> The locus of control represents how a person's decision-making ability is influenced. Those who make choices primarily on their own are considered to have an internal locus, while those who make decisions based more on what others desire, or who assume that in the last resort every outcome is in the hands of God, are said to have an external locus of control.

Thus Westerners (including Australians) tend to believe they can alter the course of events in their favour if they work hard, save their money and plan carefully for the future. There is a phrase in English, 'Man proposes, God disposes', but it has a very old-fashioned ring in today's high-tech society. On the other hand, such a saying holds real truth for many non-Westerners for whom control over lives and events is seen as much more problematic.

This does not mean they are not willing to work hard. On the contrary, any Westerner who has lived for any length of time in a country like Turkey develops an enormous respect for how hard Turks work. But there does not seem to be the same self-confidence in outcomes that propels so much effort in the West, as illustrated by the following story.

An Australian manager in Istanbul was told by his bank manager how his family name originated. His father, Tosun, an army officer in the First World War, was ordered with his men to storm a hill called Saral Tepe ('tepe' means 'hill' in Turkish). Knowing how outnumbered he was by the enemy, he put his fate in the hands of Allah and led his men over the hill. To his astonishment and gratitude he survived the battle. Whether this was at least partly due to his own skill as a military leader was irrelevant as far as he was concerned: Allah had saved the day.

After the war, the time came to obey a government decree that all Turkish families had to choose a family name (surnames were unknown before then). Tosun told the registrar that from henceforth his family would be Saral because it was on that hill that God spared his life.

Another aspect of uncertainty avoidance is that values regarding acceptance of change and amount and pace of change vary enormously between cultures and subcultures.

Young people, for example, are usually much more willing to embrace change than their grandparents. Senior members of firms who are looking forward to retirement are much more likely to resist restructuring of the organisation than are the young, upwardly mobile new recruits. Women, on the whole, are more likely to resist change than men because it is usually women who end up doing most of the 'donkey' work.

### 3. Individualism (IND)

Individualism refers to the tendency of people to look after themselves and their immediate families first, and only then the needs of society. In countries that prize individualism (such as the United States, Britain and Australia), democracy, individual initiative and achievement are highly valued.

In general, for example, Australians tend to work and conduct their private lives independently, valuing individual achievement, accomplishments, promotions and wealth above group goals. On the other hand, in countries like China, Japan and Thailand, much more of a 'we' consciousness prevails, and the group is the basic building block of social life and work. Emphasis is on the strength of family or community, though individual achievement is acknowledged and encouraged: witness the growing numbers of international students from Asian countries who study abroad in Australian, US and European universities.

In countries where low individualism prevails—that is, where collectivism predominates—one finds tight social frameworks and a strong belief in group decisions. Harmony and saving face are supremely important, whereas in more individualistic cultures people value more the concepts of autonomy and independence.

Management practices (such as the use of quality circles in Japanese factories) reflect the emphasis on group decision-making processes in collectivist societies. Such components of 'total quality management' (TQM) have never become popular in an individualistic country like Australia where group decision making (i.e. the empowerment of employees, a TQM essential) is not the norm.<sup>60</sup>

Hiring and promotion practices in collectivist societies are based on paternalism and nepotism, which do not carry the same negative connotations as in individualistic societies. Formal qualifications and relevant business experience are more valued in individualistic societies than personal relationships.

Hofstede's findings indicate a strong relationship between individualism, wealth and a political system with balanced power.

### 4. Masculinity/femininity (MAS), or quantity versus quality of life

This refers to the degree of traditionally 'masculine' values—assertiveness, materialism (quantity) and a lack of concern for others—that prevail in a society. In comparison, 'femininity' emphasises 'feminine' values—a concern for others, for relationships and for the quality of life.

The capitalist ('masculine') ethic is that the natural world exists to be exploited for the benefit of humanity. In cultures with no history of capitalism ('feminine' indigenous cultures such as that of Australia and those of the Asia-Pacific region) worship of nature is part of religious belief. Even in today's market economies there are large differences between Hofstede's 'masculine' and 'feminine' cultural values.

Respective emphases on the value of material success or of quality of life have implications for management functions such as motivation and reward systems. In Thailand, for example, it is not unusual for employees to refuse promotion if it means they will no longer be working with their friends.

In highly 'masculine' societies (Japan and Australia, for example), women traditionally were not expected to work outside the home when they married, and certainly not when they had small children. Women who did so, for whatever reason, shamed their husbands who were assumed to be too poor to support them. In Australia there were legal restrictions on employment of married women. Even today, child day-care centres are a controversial issue.<sup>61</sup> Some people argue in all sincerity that the provision of child care actively encourages mothers to work outside the home and so neglect their children.

### 5. Long-term orientation (LTO) versus short-term orientation (STO)

Geert Hofstede's fifth dimension, based on Confucian dynamism, is long-term orientation (LTO) versus short-term orientation (STO). Unlike research for the original four, this fifth dimension was found in Hofstede's study of students in 23 countries around the world, using a questionnaire designed by Chinese scholars.

It can be said to deal with virtue rather than 'truth'. Values associated with LTO are thrift and perseverance (as in China). Values associated with STO are more social, more materialistic and more self-centred—as in Australia. Both the positively and the negatively rated values of this dimension are found in the teachings of Confucius, the most influential Chinese philosopher who lived around 500 BC; however, the dimension also applies to countries such as Australia, without a Confucian heritage.

The above five cultural value dimensions do not operate in isolation; they are interdependent and interactive in their effects on work attitudes and behaviours. For example, in a 2000 study of small to medium-sized firms in Australia, Finland, Greece, Indonesia, Mexico, Norway and Sweden, based on Hofstede's dimensions, Steensma et al. found that entrepreneurs in masculine, individualistic societies engage less in cooperative strategies than do their counterparts from societies that are feminine and collectivist.<sup>62</sup> Masculine cultures view cooperation, in general, as a sign of weakness and individualistic societies place a high value on independence and control. High levels of uncertainty avoidance prompt more cooperation, such as developing alliances to share risk.

## Trompenaars' value dimensions

Fons Trompenaars also researched value dimensions; his work was spread over a ten-year period, with 15 000 managers from 28 countries, representing 47 national cultures.<sup>63</sup> If these countries are placed along a range from personal to societal, based on each dimension, some interesting patterns emerge.

### 1. Universalism versus particularism

According to Trompenaars, a universalistic approach applies rules and systems objectively, without consideration for individual circumstances, whereas a particularistic approach—

more common in Asia and Spain, for example—puts the first obligation on relationships and is more subjective.

In all societies law-enforcers 'bend the rules' in individual cases; and in all societies some members of the community are treated better or worse than others. Trompenaars argues that in universalistic societies these flaws in the system are regarded more seriously than in particularistic societies.

In Australia (universalist, in theory), for example, a popular TV star arrested for assaulting his girlfriend is far less likely to go to prison than an Aboriginal young man in a similar situation—but such inequitable treatment is openly deplored in the media. In a particularist society, such as that of Turkey, it is taken more for granted.

Another example is that of 'insider trading'. Trompenaars found that people in particularistic societies are more likely to pass on insider information to a friend than those in universalistic societies.

## 2. Neutral versus affective

In this dimension, the focus is on the emotional orientation of relationships. Italians, Mexicans and US Americans, for example, are more likely to express emotions openly, even in a business situation, whereas Australians, the British and the Japanese would consider such displays unprofessional.

## 3. Specific versus diffuse

People tend to be more or less specific or diffuse in their relationships depending on their cultural orientation. Managers in specific-oriented cultures such as those of Australia, the US, the UK, Germany and Japan separate work and personal issues and relationships. In diffuse-oriented cultures such as China, work tends more to spill over into personal relationships and vice versa.

## 4. Achievement versus ascription

In this dimension, the question asked is: 'What is the source of power and status in society?'

In an achievement society, the source of status and influence is strongly based on individual achievement—how well one performs the job and what level of education and experience one has to offer. Thus, for example, even members of underprivileged sections of the community and minorities can achieve status through sporting prowess, as has the Aboriginal athlete, Cathy Freeman, in Australia.

In an ascription-oriented society, status is accorded on the bases of class, age, gender, birth and breeding. People are likely to be born into positions of influence. Again, this happens to some extent everywhere; but in Indonesia, for example, recruitment is more likely to be based on who you are than in Australia or Germany.

## 5. Time as sequence versus synchronisation

Trompenaars makes a culture-based distinction between time as a sequence and time as synchronisation. Time as sequence sees events as separate items in time, one following after another. Time as synchronisation sees events in parallel, a coordination of multiple efforts.



Differences in temporal values can cause conflict and frustration. If time is seen as sequential, it becomes a valuable and limited resource to be saved, scheduled and spent with precision because, once gone, it will never come again. The clock is always running—time is money. Deadlines and schedules have to be met.

Australians on the whole are much more relaxed about time than are, say, Germans or US Americans. Even so, for most Australians, as for their Western counterparts, time is a limited resource. When others are not on time for meetings, sequentially minded people, like Germans or US Americans, may feel impatient or even insulted.

In many parts of the world, however, people view time from different and longer perspectives. Some of these derive from social values in which relationships are so important that they may take precedence over tasks. The Spanish word for 'tomorrow' is *mañana*, but when spoken by a Spaniard or Latin American it is often a metaphor for some indefinite time in the near future. The same connotation applies to *bukra* ('tomorrow') in Arabic. Imposed deadlines from this perspective on time can be almost an insult.

An Australian woman, Suzy, working temporarily in a business firm in Tijuana, put her head round the office door of a colleague, Esteban, to remind him that an important committee meeting was just about to begin. She found him with a visitor, whom he introduced as an old friend from the country.

They were so plainly delighted to meet each other again—Esteban was already calling to his secretary to bring coffee—there seemed no likelihood he would get to the meeting for at least half an hour. Suzy was warmly invited to join the celebration and, being Australian, was inclined to do so. However, she resisted temptation, politely excused herself, went to the meeting and explained why Esteban would be late—if, indeed, he were to turn up at all.

A colleague from the US was furious. He was on a tight schedule, had a plane to catch, needed urgently to brief Esteban on the forthcoming visit of a US Congresswoman and—adding insult to injury—knew Esteban was well aware of all this. Yet he had chosen to put friendship before business.

Suzy pointed out mildly that Esteban could be briefed well enough by email and telephone, but it was the principle of the thing that really annoyed the US delegate. Esteban had promised to make himself available for this meeting, he should have given it top priority. Not to do so was sloppy, inefficient and discourteous.

'But what can you expect?' he said bitterly to Suzy as she drove him to the airport. 'All these Mexicans are alike—they've got no idea of commitment.'

## **Schwartz's value dimensions**

Another researcher whose findings have influenced cross-cultural studies is Shalom H Schwartz.<sup>64</sup> He argues that current theories of cultural values address limited aspects of culture rather than seeking to capture the full range. He describes Hofstede's as the most comprehensive study but lacking in data from important regions of the world such as the former Eastern bloc. Schwartz's research aimed to overcome these limitations.

Of course, within all cultural groups there is individual variation in values due to the unique experiences and personalities of different individuals. However, average priorities point to underlying common cultural values such as success, justice, freedom, social order and tradition. They are part of the vocabulary of socially approved goals used to motivate

action, and to express and justify the solutions chosen. They are expressed in the ways social institutions operate, such as the family, education, and economic, political and religious systems. For example, in societies where individual ambition and success are highly valued, the organisation of the economic and legal systems is likely to be competitive (e.g. capitalist markets and adversarial legal proceedings). In contrast, a cultural emphasis on group well-being is likely to be expressed in more cooperative economic and legal systems (e.g. socialism and mediation).

Because cultural values are shared, social leaders (e.g. teachers in schools, executive officers of corporations, leaders in governments) can draw on them to justify their decisions—for instance, to punish a child, to fire employees, to go to war.

Schwartz argues for seven types of values on which cultures can be compared, validated with data from 49 nations. He structures them along three polar dimensions.

### 1. Conservatism versus intellectual and affective autonomy (individualism/collectivism)

This polarisation refers to the relationship between the individual and the group. To what extent are persons embedded in their group, as opposed to being, and encouraged to be, autonomous entities? Intellectual autonomy refers to ideas and thought, affective autonomy to feelings and emotions.

### 2. Hierarchy versus egalitarianism (power distance)

One solution to preserving the social fabric involves forcing or persuading people to consider the welfare of others and to cooperate with them. Schwartz suggests that this solution involves the use of power differences and relies on hierarchical systems of ascribed roles to ensure socially responsible behaviour. People are socialised and sanctioned to comply with the obligations and rules attached to their roles, with a cultural emphasis on the legitimacy of an unequal distribution of power, roles and resources (social power, authority, humility, wealth).

An alternative solution is egalitarianism: to induce societal members to recognise one another as moral equals who share basic interests as human beings. People are socialised into voluntary cooperation with others and to feel concern for everyone's welfare through a cultural emphasis on transcending selfish interests in favour of voluntary commitment to the welfare of others (equality, social justice, freedom, responsibility, honesty).

### 3. Mastery versus harmony (masculine/feminine)

Schwartz argues that the third basic issue that confronts all societies is the relation of human beings to the natural and social world. One response is actively to master and change the world, to exploit it for personal or group interests. The value type expressive of this orientation is mastery—a cultural emphasis on getting ahead through active self-assertion (ambition, success, competence, material possessions).

For example, in the US, people consume resources at a far greater rate than anywhere else in the world. Their attitude towards nature—that it is there to be used for their benefit—differs from the attitudes of Indians and Koreans, for example, whose worship of nature is part of their religious beliefs. Whereas US Americans often value physical goods and status

symbols, many non-Westerners (including Native Americans) find these things unimportant; they value more the aesthetic and the spiritual realm.

This does not mean such people are indifferent to money making—on the contrary. Anybody who has visited New Mexico in the US will be aware of how rich the native people have become through gambling in casinos on their land—a source of revenue that is illegal elsewhere in the state.

Nevertheless, the harmony response is to accept the world as it is, trying to fit in rather than to change or exploit it: a sense of unity with nature, protecting the environment in a natural world of beauty. Sweden and Denmark illustrate similar national value cultures: very high egalitarianism, intellectual and affective autonomy, moderately high harmony, moderately low mastery, very low hierarchy and conservatism. In contrast, China and Italy have virtually opposite profiles on all but conservatism and affective autonomy.

Schwartz regards these values as especially compatible or conflicting with the pursuit of four types of work values or goals. He distinguishes social norms according to the degree that they emphasise work as a right to which everyone is entitled versus as a duty or obligation that everyone owes to society—in other words, a choice between 'Everybody should be entitled to interesting and meaningful work' versus 'People should value the work they do even if it is boring, dirty or unskilled'.

Thus, according to Schwartz, work is more likely to be experienced as a right or entitlement in societies where mastery and hierarchy values are important. It is more likely to be perceived as an obligation in societies where affective autonomy, egalitarianism, harmony and conservatism are important. This is because mastery values emphasise getting ahead through active self-assertion, through mastering and changing the natural and social environment. In most societies, the major legitimate arena for such assertive, controlling, exploitative activity is the world of work.

Hierarchy values also legitimise the allocation of roles and resources differentially, and justify actions to increase one's power and wealth within the system. Hence, a culture that emphasises hierarchy values also encourages people to devote themselves to the world of work through which such goals can be attained.

A cultural emphasis on affective autonomy legitimises the pursuit of leisure and the expression of values. Egalitarianism emphasises bettering the community. Conservatism stresses devotion to family and religion. Harmony values, opposed conceptually and empirically to mastery values, also conflict with viewing work as central to life: work generally aims to modify the material and social environment, whereas harmony values emphasise accepting the world as it is.

Other things being equal, the goals chosen by managers to motivate workers will be more effective if they are compatible with prevailing cultural emphases, that is, no one type of work goal is likely to be the most effective across all cultures.

Thus the pursuit of power values is likely to be more acceptable in cultures where hierarchy and mastery values are emphasised (e.g. China and the USA). The use of power and prestige to reward workers is likely to be an effective motivator. However, these motivators are more likely to arouse individual or organised opposition in cultures where harmony and egalitarianism values are important, such as those of Sweden and Finland.

Where autonomy values are strong, the intrinsic satisfaction of work is likely to be seen as desirable and justified—in contrast to conservatism work environments where motivation is more through appeals to group and organisational goals. For example, the Zimbabwean samples emphasised conservatism and hierarchy values whereas the Swiss samples showed the opposite. This suggests that workers' job satisfaction will come more from extrinsic work values in Zimbabwe, and more from intrinsic factors in Switzerland.

## The Internet and culture

Digital mass media communication not only affects but is affected by cultural factors, for example, by local attitudes towards personal privacy.

Australians and US Americans, for instance, collect data about consumers' backgrounds and what they buy, and often trade that information with other internal or external contacts. Swedes are astounded that this is done, especially without governmental oversight. They are required to register all databases of personal information with their federal regulatory agency for privacy, and to get permission from that board before that data can be used. The Swedish system is typical of that of most countries in Europe in their social approaches to privacy.<sup>65</sup>

Managers brought up on a strong diet of the market economy need to realise they will often need to 'localise' their use of IT to different rules for its use.

### Comparative management in focus: An 'email-gate' incident<sup>66</sup>

*'Dear Rebecca, I already told you on Tuesday that whatever you do, or think, DO NOT assume! Tonight, you locked me out with all my things still in the office! The problem with you is that you assumed I brought my key with me. With immediate effect, whether during lunch time or after office hours at night, you may not leave the office until you have confirmed that there is nothing more to be done for you yourself and all the managers you are serving. Is that understood?'*

*'Dear Mr. Lock, First of all, I am absolutely right in what I did. I locked the office door based on security concern. Should anything be lost, I can't bear the responsibility. Next, you have the office key. You blamed others when it was you who forgot to bring your key with you. You are responsible for it, so don't blame the mistake on somebody else.*

*'Third, you have no right to interfere and control my private time. I only work eight hours a day, please remember that mid-day and evening after normal office hours are strictly my private time.*

*'Fourth, since the first day I joined the company until now, I have fulfilled my role and responsibilities, and worked overtime on many occasions, and I don't have any complaints. However, if you ask me to work overtime for something outside my job, I can't do that.*

*'Fifth, although our relationship is that of superior and subordinate, please pay attention to the tone of what you said. This is basic courtesy in human behaviour.*

*'Sixth, I want to emphasise here that I did not guess or assume anything, because I neither have the need nor time to do so.'*

This email exchange took place in 2006 between the Singaporean CEO of the Greater China subsidiary of an Australian multinational corporation located in Beijing and his Chinese secretary. The CEO went out for an appointment and when he returned to the office late in the evening he found that his secretary had already locked the office door and left but he did not have the office key with him. He called the mobile phone of the secretary but there was no answer. Very upset, past midnight, he sent a strongly worded email to admonish the secretary and copied the email to a number of senior members in the company.

In reply, Rebecca, the secretary, sent a long email back, and copied her email to all workers in the Beijing, Chengdu, Guangzhou and Shanghai offices of the company.

What the two involved in this 'email-gate' incident did not realise was that the tremendous broadcasting power of the Internet of today brought the aftermath of such an exchange to unimaginable proportions. Their emails were retransmitted repeatedly among workers of other companies in the IT industry in major cities in China. Eventually, the story appeared in the newspaper called *Beijing Youth* and invoked heated discussions about 'the cultural barrier between Chinese employees and their foreign counterparts'.

General opinions expressed in the discussions on the Internet were that the final showdown must have been the result of a longstanding squabble, and that the secretary was ready to quit before she dared send such an email. Also, general opinion tended to sympathise with the secretary for her courage to voice her thoughts.

There was also criticism that the CEO in this 'email-gate' incident, a Singaporean and an ethnic Chinese, who was dispatched from the IT multinational's Singapore subsidiary as an expatriate to China, should be responsible for the negative publicity to his employer for the way he handled a strictly private squabble.

According to various reports in the newspapers, those who are familiar with Singaporean bosses described their management style as rigid, 'no-nonsense', and 'I said it once, I said it a thousand times'. From the point of view of the Chinese workers, the Singaporean bosses, while speaking Mandarin, do not have the art of the Chinese words, and therefore do not communicate effectively with the Chinese workers.

Other comments included: 'English is spoken among all workers in companies with Singaporean bosses and one would feel that these are Western companies, but Asian culture seeps into the operation and management of these companies are not very different from those with Taiwan or Hong Kong bosses, in that there is a strict hierarchy that prohibits any subordinate to challenge the superior even though, publicly, these bosses encourage workers to be independent and self-reliant.'

Singaporean bosses interviewed commented that: 'In Singapore, a boss is a boss. The boss gives an order and the subordinates execute the order without fail. But in China, it is different. Workers show faces when they are not happy, or they say YES in front of you but do something else behind you.'

Old hands among expatriates in China suggested that to effectively lead a team of Chinese workers in China, the manager must possess four traits:

1. Take personal charge. Do not remote control.
2. Lead by example. Do not expect subordinates to do what you would not.
3. Explain company culture and expectations to workers clearly and patiently.
4. Suggest additional traits as appropriate.

Rebecca quit her job immediately after the 'email-gate' incident. The CEO also resigned from the company before the end of the year due to the incident and under pressure from management.

#### Discussion questions

1. Comment on the statement 'speaking a language is not the same as knowing a culture' and use another example beside the case to illustrate your point of view. (Hint: English is now an international language, but though Iraqis and Australians may communicate in English, is this enough to overcome cultural differences?)
2. Relate a personal experience in a given company and a given country—or cite an example—of a disproportionate development of a media message. (Hint: An example would be the international furore over a Danish newspaper's publication of anti-Islamic cartoons.)
3. Comment on the relevance of the four traits mentioned in the case to your country—or any country of your choice.

## Chinese small family businesses

There are so many Chinese small businesses, not only in China but in the whole of the Asia-Pacific region, that this chapter would not be complete without a brief discussion of how they operate today.

Like many family businesses worldwide, companies run by ethnic Chinese have 'suffered a sea change' in the face of globalisation. The popular idea of Chinese capitalism is that it operates on the system of *guanxi* ('connections' or 'cronyism' in a nepotistic hierarchy of authority). However, this is to ignore the fact that Chinese capitalism, like all human-made systems, is no more static than any living organism. On the contrary, it responds and adapts constantly to change—witness the dynamic ways in which millions of ethnic Chinese in East and Southeast Asian economies (in Singapore, Hong Kong, China and Taiwan, Malaysia and Indonesia) manage their business activities. Examples are Eu Yan Sang Holdings Ltd, the Hap Moh Printing businesses and the Pacific International Line. All show the same impetus to globalise through growth.

Ethnic Chinese and their firms are no longer hierarchically organised and their participation in international trade has led to fundamental changes in their operations, whether large or small, in manufacturing and service industries. Associate Professor Henry Yeung Wai-chung of the National University of Singapore



Chinese calligraphy: wealth  
blackred/iStockphoto.com.

concludes that the economic crisis of the late 1990s was a watershed, in that it washed away businesses that were unwilling or unable to change.<sup>67</sup>

Those that survived have shaped the Asian economy in major ways. The sheer diversity and prowess of economic activities controlled and coordinated by these ethnic Chinese have enabled some of them to become the very foundations of the Asian economies in which they primarily reside and operate.

Yeung cites the examples of Hong Kong-based tycoon Li Ka-shing, and Wee Cho Yaw, the second-generation banker from Singapore with his family-controlled United Overseas Bank that became the largest bank in Singapore, with an international network comprising 273 offices in 18 countries in the Asia-Pacific region, Western Europe and North America.

Chinese have always been quick to learn and ethnic Chinese entrepreneurs soon acquire organisational knowledge and practices in non-Asian host countries. Their great strengths as business people stem from the *guanxi* tradition of intensive interaction with customers and suppliers in the host countries or from their previous employment in foreign firms. These global networks that include even competitors ensure information and knowledge flows.

Yeung has found that Chinese small family businesses today can be described as such only in name. They are no longer managed exclusively by family members. On the contrary, their young people are likely to be sent overseas for business studies and work experience, often with major international firms, before returning to the family company. Moreover, leading positions are no longer held exclusively by family members or even by Chinese.

Yeung reports that Hong Kong tycoon Li Ka-shing, for example, has a solid reputation for appointing non-Asian managers to top executive positions in his flagship company, Hutchison Whampoa. Two former managing directors were British expatriates.

Thus Chinese capitalism today is a kind of hybrid, with all the vigour of hybrid growth. Confucian values are still present but international standards of corporate governance and technology are applied to business dealings. Family businesses are not just sustainable, they are enormously successful. Yeung points out that a third of the public companies listed by Fortune 500 are family businesses.

## Conclusion

It seems to be agreed generally in the literature that certain cultural variables affect people's basic attitudes towards authority, individualism, materialism, time and change. They structure people's motivations and expectations regarding work and group relations and ultimately affect the kind of behaviour that can be expected from any one individual.

This chapter has explored various theories to explain these differences in cultural values. The following chapters focus on application of this cultural knowledge to management in an international environment (or, alternatively, in a domestic multicultural environment)—especially as relevant to cross-cultural communication (Chapter 4), negotiation and decision making (Chapter 5), and motivating and leading (Chapter 11). What happens when people from different cultures communicate? How can international managers adapt their styles and expectations to different cultural settings? For the answers, read the next chapter.

## Summary of key points

1. The culture of a society comprises the shared values, understandings, assumptions and goals that are passed down through generations and imposed by members of the society.
2. Cultural and national differences strongly influence the attitudes and expectations and therefore the on-the-job behaviour of individuals and groups.
3. Managers must develop cultural sensitivity to anticipate and accommodate behavioural differences in different societies.
4. Managers must avoid parochialism—an attitude that assumes one's own management techniques are best in any situation or location and that other people should follow one's patterns of behaviour.
5. Harris and Moran take a systems approach to understanding cultural and national variables and their effects on work behaviour. They identify eight subsystems of variables: kinship, education, economy, politics, religion, associations, health and recreation.
6. From his research in 50 countries, Hofstede proposes five underlying value dimensions that help to identify and describe the cultural profile of a country and affect organisational processes: power distance, uncertainty avoidance, individualism, masculinity/femininity, and long-term time orientation/short-term time orientation. Through the research of Hofstede, Trompenaars, Schwartz and others, countries can be clustered according to intercultural similarities.
7. On-the-job conflicts in international management frequently arise out of conflicting values and orientations.
8. Managers can use research results and personal observations to anticipate to some extent how to motivate people and coordinate work processes in a particular international context.

## Discussion questions

1. Do you notice cultural differences among your classmates? How do those differences affect the class environment? What effects do cultural differences have on your group projects?
2. Assuming you have identified the departmental culture in your new management posting as individualistic, masculine and low in need for avoidance of uncertainty, how would you try to achieve the following:
  - Greater productivity?
  - Better teamwork?
3. You are a time-conscious manager. You have been posted to Thailand. Your workers seem to have no sense of punctuality. How might you motivate them to arrive at work on time?
4. Give an example of impact of family on work. For example, as a manager, how would you deal with workers who need to leave work early every day to pick up their children from day-care? How would you respond to workers who want time off to say their prayers? Would you give a worker permission to take the day off to attend a funeral?
5. In collectivist workplaces such as in Turkey, how might you motivate individuals to perform more efficiently?
6. Do you think there are basic differences in work-related behaviour between Christian and Muslim workers? If so, what are they?