

SWP 5/91 CULTURE: THE INTERNATIONAL DIMENSION

DR CHRIS BREWSTER
Cranfield School of Management
Cranfield Institute of Technology
Cranfield
Bedford MK43 0AL

(Tel 0234 751122)

Copyright: Brewster

October 1990



CULTURE: THE INTERNATIONAL DIMENSION

Aims and Objectives

This section of the unit explores the concept of national cultures and their impact on management in general and human resource strategies in particular. By the end of this section students should be conscious of the impact of national cultures on human resource management and their relevance for HRS. They should be familiar with the research and arguments of some of the main writers in this area and know about issues currently under debate. They should have enough knowledge to be usefully critical of universalistic management theories and prescriptions.

An American salesman, known to be one of the company's best is sent to South America to "tie up" a deal. He returns a week later complaining of being kept waiting for every meeting, of being unable to get through to the right person, that when he did meet him the person concerned just wanted to take him sightseeing and out to restaurants and refused to talk business. The sale was lost.

A Norwegian manager is working in India. He wins a large, but urgent order. He talks to his subordinates in the factory who tell him that the order can be delivered on time and to specification. In the event the shipment is not made at all: it is so late that by the time it is ready the customer has gone elsewhere. Furthermore, the manager finds out that when his subordinates were telling him that the order could be processed, and there were no problems, they knew that they could not even obtain the raw materials until after the deadline for final delivery.

A British academic travels to Germany to discuss industrial relations. "What happens if there is an industrial dispute?" he asks the managers he meets there. It is explained that the labour courts will determine it. "What if the employees refuse to accept the verdict?" he asks. "No", he is told patiently "You don't understand. The labour courts will give them the verdict". "Suppose they ignore the decision?" "No, they cannot. It is a court decision".... and so the discussion goes on.

In each of these cases what has gone wrong is caused by cultural misunderstanding. Our ability to understand different national cultures is going to become increasingly important as the world, and particularly the world of business, become ever more international.

CULTURE

We know from our own experience, as well as from the kind of examples quoted above, that different nationalities tend to have different ways of behaving, different things that seem to be important to them and different ways of relating to other people. The examples show the sorts of ways in which these differences can have an impact on business, but they are only examples. There is a multitude of other ways in which business transactions can be affected by national cultural differences or misunderstandings. At a deeper level the question of national differences also raises some very important issues about the way that we conceive of the whole process and even purpose of "management".

Most of the literature, much of the research, and a good deal of the received wisdom in the world about "management" comes from the United States of America. The concept of an MBA, and the type of teaching that is appropriate to it, comes from the United States. But if national cultures are as important to our ways of thinking and acting as has been suggested here then the corollary must be that much of our received wisdom about management is in fact culture-bound. In this case bound by the culture of the United States of America.

Perhaps this may not matter too much to us in other countries if our cultures are close to the American culture. It does mean however that our vision of the management process - and even its purpose - is a limited one.

This section of the unit therefore draws upon your experience of national differences to consider the issue of national cultures, their impact upon management in general and specifically their impact upon human resource strategies.

OUTLINE

There are a number of real dangers inherent in any discussion of culture and cultural differences. The three main ones are:

- its use as a "dustbin" category
- sloppy use of terminology
- drifting into a sophisticated form of racialism

Dustbin categorisation.

Because of the way in which the concept of culture is often used it sometimes becomes a kind of final explanation, resorted to when all else has failed. If none of the more traditional explanations work then we can always fling our analysis into the cultural dustbin: everything can go into that at least. We can see this in some of the attempts to explain the economic success of the Japanese or the Five Dragons of the Pacific. Detailed analysis on our normal assumptions fails to find any clear rationale for their much greater rate of success than other countries: in many ways their systems are much like those of other countries, their Governments are no more competent, their ways of management not too obviously different from our own. The more closely investigators examine the position the less clear are even the differences that there appeared to be at first. So, it is concluded, the real reason for their success must be the difference in culture.

Note that in such cases the cultural explanation is arrived at by a process of elimination, and is often poorly defined. Such analyses must clearly have less value than ones which arrive at a cultural rationale - or disprove a cultural rationale - by an examination of the different cultural characteristics.

Speculation and Vague Generalities of terminology are always a danger in these less quantitative areas of management. Because in English the word culture is applied to everything from national characteristics to a sophisticated appreciation of the arts, we have to be especially careful about its usage as an explanatory tool in the social sciences.

Racialism has a long and sometimes dark history in the social sciences. Nowadays it is frowned upon by most reputable commentators. There is a danger in talking about particularly national cultures, however, that we can easily slip into a more sophisticated form of racialism: analytical, data-based and research-backed of course, but racist nonetheless.

Avoiding these dangers requires two things: a clear understanding of our use of terminology; and clarity in our levels of analysis. These are the next tasks.

INTERNATIONALISATION OF BUSINESS

It is not necessary to know much about modern day business to know that there are few organisations which are entirely limited by national boundaries. The smallest independent entrepreneur will have office equipment made in Japan or the United States of America; the most isolated local authority will be aware of the possibility of receiving money from the European Community. At the level of the larger trading organisations many of these companies operate across the globe, or are in competition with companies which do operate in that way. It is indeed impossible for most employing organisations to act as if their world has bounded by the national border of the country that is their home base.

The impact of current developments adds an extra dimension to this picture. The European Community has developed in a series of stages (see Brewster and Teague 1989) and is going through another spurt of increasingly closer cooperation. The 1992 target had a significant impact in focussing the mind of the European Governments and civil servants and clearly gave added impetus to EC developments. The rapid changes in Eastern Europe have been a source of constant interest to our media over the past few years; and one major effect has been the opening up of increasing trade links and companies which now straddle what used to be the Iron Curtain. And these are only examples from close to home. Across the world there is increasing extension of trading blocs, increasing development of internationally operating multinational corporations (MNCs), and increasing internationalisation of business.

This has led, inevitably, to an increasing interest in the subject of international human resource management (Dowling and Schuler 1990; Brewster and Wilkinson 1991). More immediately for our purposes here however it has led to a heightened awareness of the kind of problems that were highlighted at the beginning of this section, and a growing realisation that many of the analyses and prescriptions laid out in the standard management textbooks are, fundamentally, culture bound. They do not work in many societies - often in societies which are more successful economically than our own - and they need therefore to be examined with a sharp eye.

WHAT WENT WRONG?

So what did go wrong in the sketches noted above? Take them one by one.

A In South America what is seen as important prior to any contract is a sense of understanding between the parties concerned. After all, they would argue, contracts are only pieces of paper; valuable of course but open to either party to ignore, and the problems of taking disputes to court, particularly international disputes, are horrendous. Much better to make sure that we understand each other thoroughly, know each other as people as well as business associates, and that we feel trust in each other. If we cannot do that, better to make the deal with someone we can trust. For the American from the United States, however, trust is much less important than the signature on the paper. After all, these people would argue, at the end what matters is whether or not there is a legal document in force. Whether they trust me, or vice versa, is irrelevant once someone has "put pen to paper". So let's not waste time in social pleasantries, let us get on and do the deal; "time is money".

B In Scandinavia managers expect their subordinates to take some responsibility for the operation of the part of the work that they are involved in; who knows better how things can be done there? Furthermore the subordinates expect to be consulted and would react badly to a manager who never took their opinions into account or failed to involve them in decisions. In India the bosses are expected to be just that. The Indian view is that they have worked hard to become managers, that they are

paid to know what goes on and should get it right. They have the responsibility. Hence if the manager suggests that something can or should be done, the subordinates are unlikely to confront him with the fact that it cannot, even when they are aware it is impossible.

C The British industrial relations system, like many other British institutions, is noticeably unregulated by law. The British tend to see rules as something to be used when appropriate to a situation, but not otherwise. Hence the British have sayings such as that laws are "for the guidance of wise men and the obedience of fools". For most people in Germany such a statement would seem to be just wrong. The German culture is one of considerable clarity in rules and regulations and an assumption that laws will be obeyed. Thus the British academic found it difficult to understand why the German manager refused to answer the question about what would happen if the employees refused to accept a labour court ruling, and the German manager, knowing that the scenario being posed in the question was impossible assumed that there was a problem of translation.

Common to each of these anecdotes is the fact that things did not go wrong because of a clash of interests; the North and South Americans were both keen to do a deal, the manager and subordinates in India both wanted the company to be successful and the German manager and the British academic were both trying to increase the academics understanding. What went wrong was caused by differences in national culture.

These examples focus on national culture but of course it is also possible to find cultural problems at other levels. Different ethnic groups within a single country may have different cultures; men and women may have different cultures; so may different occupations (think of marketing and accounts for example). Other sections of this unit refer in detail to the concept of organisational cultures.

This section focuses on the idea of national cultures and their impact on management in general and human resource management in particular. It examines:

- the concept of culture
- the elements that make up culture
- an outline of some of the research that has been undertaken
- implications for management theory
- implications for human resource management theory.
- implications for international human resource management practice

IMAGES OF NATIONAL DIFFERENCE

The dangers of this form of stereotyping are clear. It is not just that our stereotypes often come from very limited and biased information (how much do we really know about the Japanese culture for example?) but more importantly that people are all different. To refer back briefly to our original examples for a moment, it is easy to find brusque, time pressured South Americans; relaxed, easy going United States executives; dictatorial Scandinavian managers - and so on. To treat any of them on the assumption that they were bound to be one of the national stereotypes could lead to difficulties.

We are therefore faced with a dilemma: we know that national cultures can be very important in understanding the process of doing business in different situations, but we also know that stereotypes are dangerous. The dilemma can be resolved by being clear about our definitions and our levels of analysis.

DEFINITIONS

We need to define our terms. There are many definitions of the word "culture". In 1952, well before the explosion of studies which has accompanied the increasing internationalisation of world trade, researchers found more than a hundred definitions of the concept (Kroeber and Kluckhohn 1952). There have been many more since.

In practice these definitions range from those which include a wide swathe of different situations to those which are more restrictive. At one extreme lies the definition of culture as: "the way we do things around here". It is on this broad interpretation that the notion of "organisational cultures" is generally built.

This section of the unit will use the word "culture" in a more explicit sense to mean

- something that is shared by all, or almost all, members of a group (in this case a nation)
- something that is passed on from the older or more senior members to the younger/more junior members, and
- something that shapes our perception of the world and of peoples' behaviour (examples would be morals, laws, customs)

One of the clearest definitions is given by Hofstede (1980). He argues that culture is "the collective programming of the mind distinguishes the members of one human group from another - the interactive aggregate of common characteristics that influences a human group's response to its environment".

Such a definition can be applied to almost any long-standing grouping of people. This section of the unit will focus on the country or nation as the relevant group.

LEVELS OF ANALYSIS

We will also need to be clear about the level of our analysis if we are to make sense of our definition and to avoid some of the errors, particularly that of stereotyping, noted earlier. It is important to be cautious about our sources of data and our extrapolation of it. A common error is to transpose theories at one level of analysis to another. Thus if, for example, we take a theory which attempts to show how and why different American citizens are individually motivated, and then collect data which attempts to show how motivation differs in a variety of countries, we would be confusing individual and national levels of analysis. We would not know whether the American theories worked in other countries, or whether an entirely different set of motivational factors was at work there. Nor would we know whether it might be that individual variances in each country were more important than the national level differences between them; or whether some other variable (men/women; age; industry; wealth etc) might not work across all countries.

We have to recognise too that all cultures are internally differentiated; and some may be more differentiated than others. There will be individuals who match the national level analysis almost exactly; but others who do not match it at all. This does not invalidate the use of this level of analysis, but warns us not to be too casual in its use. Thus to know that Swedes are, as a nation, taller than the Chinese will help us if we are trying to sell clothing from one country to the other (we will have to stock different sizes); but it will not help me to know, if I am about to meet a Swede and a Chinese, which one will be taller. In the same way, to know that the Spaniards are more relaxed about time than the British may help me to plan my business trip, arrange my meetings and fix my flight home; but I should not be too surprised if I meet a very clock-conscious time-driven Spaniard. The cultural analysis will help me at the appropriate level: it will not be appropriate for individuals.

ELEMENTS OF CULTURE

What, then, makes up these national level cultures? The basic elements can be said to lie in the responses that nations make, or would generally accept, in relation to six fundamental questions.

- who are we?
- how do we relate to the world?
- how do we relate to each other?
- what do we do?
- how do we think about time?
- how do we think about space?

Who are we?

How does a society conceive of people's qualities as individuals? It may be generally held, for example, that people can go wrong but that they are basically good. Or the opposite. Or something in between. It may be generally considered that, in the end, people's characteristics are fixed; that however they may be persuaded to act differently, eventually their true character will come out. Or the society may believe that people can and do change.

Activity

Think of some ways in which a society's assumptions that people are good or bad, fixed or changing might be manifested. Try to consider some examples from HR.

If societies believe people are basically good, they will try to exercise social control through exhortation and encouragement: if people are seen as fundamentally bad, control will be exercised through a plethora of rules, laws and policing. If societies see people as changeable they will prefer reform to punishment.

How do we relate to the world?

How important is nature and the environment in our thinking? And how do we conceive of nature? Different societies have different answers to these sorts of questions. There are societies where the mark of successful people is seen as their ability to fit in with the world and to accept it. The Arabic cultures frequently use the expression "en shah Allah" or "God willing" to indicate their belief that there are many things over which humans have no control. In the United States of America, by contrast, farmers are expected to "improve" upon nature - there are even programmes aimed at controlling the weather or reprogramming our genes.

In the business context these latter beliefs come through strongly in the attempts to control markets, to make consumers "need" products that they had not realised they needed, and to win the hearts and minds of their employees.

How do we relate to others?

Do we conceive of ourselves as individuals or more typically as members of a group? Do we think of everyone else in their relationship to us individually, or in relationship to the way that their group relates to our group? Societies do not answer these kinds of questions the same way either. This has many ramifications. In the individualist, anomic societies that typify "Western" cultures, it is quite normal for people to live far from the other members of their family, not to feel personally threatened by attacks on their organisation or social grouping and not to expect their employer to provide work for distant relatives of theirs. In other societies it would be seen as very strange to want to leave the succour of your extended family, people

not only would the employer be expected to reward loyalty by providing work, but it would be seen as a sensible way for the employer to ensure that only trustworthy individuals were recruited.

In organisational, and particularly human resource management terms, this element of culture means for example, that some countries will be happier with concepts of individual leadership, individual responsibility and target setting whilst other countries will be happier with ideas of group working and shared responsibility.

What do we do?

Is our purpose in life to do things, to achieve successes, or is our purpose to enjoy what is happening to us? Are we people whose primary orientation is **action**, or people whose primary orientation is **being**? This differentiation will affect a large part of the society's approach but will impact particularly upon the approach to work.

ACTIVITY

Is a manager in a doing or a being culture more likely to suffer stress? What might a manager in each society who was suffering from stress do to cope with the problem?

It is clear that managers in achievement conscious countries (the doing cultures) are more likely to suffer stress. The response of the managers in the Being cultures is more likely to involve acceptance of difficulties as the way things are - or as one of those societies would put it "que sera sera". Managers in a doing society who are under stress are likely to try harder, to work longer and to place more demands on themselves; managers in a being culture are more likely to just leave.

How do we think about space?

The concept of space is also culturally determined. The amount of space we feel we need varies around the world: the further West you go in the northern hemisphere the larger rooms and offices tend to be; very small in China, bigger in Europe, much bigger in the United States. In Japan rooms often have no walls or variable walls. At an individual level this is amusingly visible in meetings between British and Arab executives. The Arabs are in general comfortable at about half an arms length away from the person they are talking to; the British prefer to be about a full arms length away. So a stately dance takes place in which the Arabs advance a step, the British move back a pace, and so they proceed to circle the room.

Allied to the amount of space is the privacy of the space. In Europe office doors are usually closed, even if they are not we knock before we enter. Important meetings are held, literally, "behind closed doors". Our space is private. In the Arab countries it is quite normal for people to walk in and out of offices, even when important business is being discussed; space is more public.

How do we think about time?

Time is perceived culturally. It has two elements: locus and speed. The importance of locus is classically illustrated through the request (to men) to save someone in a crisis. The group is asked "if there were a fire, or a shipwreck, and your mother, your wife and your daughter were involved, but you could only save one - which one would you save?" Typically, Western audiences save the daughter and Pacific audiences save the wife. There are many explanations ("you can always get another wife or daughter, but you only have one mother) and the exercise reveals something about the role of women in society. However, and central for our purpose here, it

also tells us something crucial about perceptions of time. For the Westerner time flows, as the Western poets tell us, like a river. It moves in one direction. Time past is lost, gone. It has no importance. The locus of attention is on the future: what is still to come. In the Pacific time is not seen as divisible in that way. We are located in a swirl of time with all parts connected. We are our past: the most important people for us are our ancestors and our parents. They, and our past, have shaped us. There is little point in focussing on the future: we may get killed by a runaway lorry tomorrow.

The speed with which we feel ourselves to be "spending" (a very Western notion) or "in" time is also culturally determined. For many Western societies time is a commodity to be "managed" and "used well". They have clocks everywhere. Appointments are made, and kept. Apologies are tendered if people are late. Other societies do not have this view. We live in time and we should focus on experiencing it. Many Western societies share this view: the Americans have adopted the Spanish-Mexican word "mañana" to express this more relaxed approach to the timing of things. There is a story that an American in Ireland, frustrated by everyone's inability to share his view of the importance of time, asked an Irish colleague "What's the Irish for mañana?" The Irishman thought a little - and replied "I'm not sure we have a word that expresses that degree of urgency"

RESEARCH INTO NATIONAL CULTURES

This outline of some of the elements of national culture (drawn mainly from Kluckhohn 1951) is helpful in clarifying what we mean by the concept, but is still fundamentally anecdotal. Researching into such a complex issue is, of course, difficult and nearly all such research will be open to criticism. Nevertheless, it is only by exploring the research data and the hypotheses it generates that we will be able to move beyond the level of stories, experience and prejudice.

In practice there is not a great deal of research in the area. By examining just a few of the more notable names it is possible to cover most of the main findings. Leading names in the field include: Adler (1983); Haire, Ghiselli and Porter (1963); Hall (1976); Ratui (1983); Tayeb (1989). We will concentrate upon the work of two researchers.

Laurent, a Frenchman, studied the responses that management students from different countries gave to a series of statements about managerial styles. He was able to show significant differences. For example he found that some nationalities are much more likely to assume that a manager should have the answers to any questions subordinates might ask, that some nationalities see that reasons for organisational hierarchy as much more connected with knowing who has authority over whom, and that some nationalities are more likely to by-pass hierarchical structures than others (Laurent 1983).

Laurent was able to classify the nationalities concerned according to separate theories of organisations; as political systems, as authority systems, as role-formalisation systems and as hierarchical-relationship systems. Whichever view was taken, clear national differences emerged.

Hofstede is a Dutchman. He administered a questionnaire about their values to 160000 employees of IBM across more than 60 countries. He was able to analyse the results to show that there were four fundamental dimensions of difference which were correlated only with nationality. As this is in many ways the single largest and most seminal work on the concept of culture it is worth exploring these dimensions in a little bit more detail.

The four dimensions he named Power Distance, Uncertainty Avoidance, Individualism and Masculinity.

Power Distance

The power distance index measures the extent to which members of a society, the less as well as the more powerful, accept that power is distributed unequally.

Uncertainty Avoidance

The uncertainty avoidance index measures the degree to which people feel threatened by ambiguous situations and create beliefs and institutions which try to avoid the uncertainty.

Individualism

This index measures the extent to which people believe that their primary concern in life is the well being of themselves and their immediate family as opposed to an orientation towards a wider grouping with more extended responsibilities and a more extended network of support and loyalty.

Masculinity

This rather inaptly named index measures the extent to which achievement through such values as visible success, money and possessions is given priority over the more caring values of nurturing and sharing.

This categorisation, taken from such an extensive piece of research, provides a framework for discussion of some of the cultural differences already identified. The table gives the resulting scores from Hofstede's work on each of these dimensions. Some of the implications, and the potential problems that might arise are clear ...

Societies which are high on power distance will find the idea of employee involvement not only awkward to contemplate but difficult to achieve. Societies which are low on power distance will find the idea of the single charismatic leader who should be obeyed in all circumstances uncomfortable.

A country which has a high uncertainty avoidance index will find the need to "bend the rules" to achieve an objective to be unreasonable; better to follow the rules even if the result is unfortunate. A nation which has a low uncertainty avoidance index will find the thought of formalising and writing everything down to smack of unnecessary bureaucracy.

A society which is high on individualism will find the idea of lots of meetings and discussion to clarify people's feelings to be a waste of time. A nation which is low on individualism will think that there is a real value in ensuring that the widest possible consultation has taken place.

Countries where there is a high assertiveness and achievement orientation will be responsive to the idea of regular performance assessment and career planning. Other societies will be happier with a company that accepts responsibility for the well being and welfare of their workers.

Neither Laurent's work, nor Hofstede's, are without their critics. They point, amongst other things to the narrow base of their research (management students at one business school in one case, employees of one firm in the other). Indeed Hofstede himself, working with Bond, a researcher based in Hong Kong, has criticised his first four dimensions as being too heavily drawn from Western conceptions. They argue that the Uncertainty Avoidance dimension ("associated ...with man's search for Truth") may not be relevant in Eastern cultures. They find, however, another dimension, which may look odd to Western eyes but is important in the East. They call it Confucian Dynamism.

CONFUCIAN DYNAMISM VALUES

Relative importance of:

Persistence (perseverance)
Ordering relationships by
status and observing this
order
Thrift
Having a sense of shame

Relative unimportance of:

Personal steadiness and
stability
Saving face
Respect for tradition
Reciprocation of greetings,
favours and gifts.

They found high scores on this dimension to be correlated closely with the successful economies of the Pacific.

Hofstede's reanalysis of his own theories is a timely warning. None are "right": We have far too little data to expect the theories to have settled to any kind of accepted wisdom - and should perhaps be cautious even when they do. The value of this research lies in the fact that it is the best we have; that it gives us data against which to test our anecdotes and that it helps to make us aware of the cultural differences and the challenges they pose. If it does this in the form of theories and propositions that we can argue about rather than established facts this does not invalidate these purposes.

CHALLENGE TO MANAGEMENT THEORY

The challenges that the concept of culture pose are seen clearly in managerial theory, and particularly perhaps in human resource management theory, and in the area of international human resource management. We start with the theories.

So, will "culture blind" management theories of the kind we use in our MBAs stand up to the test of cultural awareness? The answer is that they will have to become more sophisticated and less didactic: cultural awareness raises many questions. We mention briefly, some of the challenges it raises to our theories or approaches to a number of general managerial subjects:

- leadership
- organisation
- marketing
- accounting

and then examine some of the challenges it poses to HR policies and practices, drawing examples from

- motivation
- appraisal
- careers
- reward systems
- management development
- employee relations.

to show the (US) cultural bias of "good practice" in HR.

Leadership

Leadership theories have been developed, almost exclusively, in the United States of America. There have been attempts to adapt such theories in the UK and other countries but the predominant literature is American. It reflects the American culture: it is focussed on individual people (the US is high on individualism in Hofstede's data) and on a median level of power distance. The theories therefore propound a leader who will discuss with subordinates and take their views into account but will retain the personal decision-making power in societies which are more collectively oriented; those from the Pacific for example, the model is clearly inappropriate. Leadership in these countries can only be effective if it encompasses loyalty to the group (a concept alien to US leadership literature) and group responsibility for decisions (ditto). There are no societies more individualist than America: but many which are very collectivist.

On the participation issue societies can vary from the US in either direction. If they are less participatory (higher power distance index), such as the Arab countries, India, Indonesia, but also including France, Spain, Belgium, leaders will be uncomfortable with the concept of allowing subordinates to get involved in decisions. And so will subordinate: "Why are they asking me, they are the bosses, don't they know what they are doing, is it a trap?". In the countries with a lower power distance index than the States, such as the Scandinavians, there will be forms of employee determination where managerial prerogative, of the kind laid down in United States law, will be challenged. The leader's decision may not always be accepted: indeed the right to take such a decision may be disputed.

Hence many of the famous "leadership" packages developed by American specialists, and often sold around the world for large fees, have proven unsuccessful. This includes the theories of Drucker (management by objectives), McGregor (Theory X Theory Y). Likert (System Y), Ouchi (Theory Z). Blake-Mouton (the Managerial Grid) and Reddin (3-D Management). The success rate of such packages is difficult to prove or disprove. Outside their own cultural base, and faced with different cultural assumptions, however, much of their rationale is questionable.

Organisation

Hofstede uses chart x to indicate how power distance and uncertainty avoidance can be combined to identify preferred forms of organisation. The message is clear. Some forms will work better in some cultures than in others. The clash can be seen most graphically in the subsidiaries of certain multinationals. In one German multinational operating in the UK there has been a running battle for nearly a decade now between the Frankfurt headquarters and the London base as to means of responding to an increasingly competitive and cut-throat environment. The headquarters response is to issue new regulations and sub-regulations to take account of the need for increased flexibility and discounting and to expand departments with a "rule-maintenance" function. The British response is to ignore the rules, cut staff from the centre and expand the selling operation and do whatever is necessary to retain market share and profitability. That means, to them, ignoring the headquarters demands for data and statistics in favour of getting on with the job. The continuing, and sometimes acrimonious, debate between two groups both trying to respond in the best possible way for the good of the organisation is a microcosm of the culturally different approach to organisations.

Marketing and Selling

Activity

How might cultural differences affect the processes of marketing and selling across national ??

Stories of culturally inappropriate marketing are legion. Some examples might include a company trying to sell baby food in a mainly illiterate country in Africa put a picture of a baby on the tin. No-one bought any: the locals knew that tins with pictures of carrots on them contained carrots; tins with pictures of beans contained beans; a tin with a picture of a baby on it Symbols and logos can be just as problematic. The owl in Britain is credited with wisdom, sagacity, thoughtful; in China they know that owls are sneaky, silent, fly-by-night killers - monkeys are wise and thoughtful.

Innumerable problems have been created by urgent, successful North American salesmen failing to realise that in South America it is important to establish personal relationships before moving on to paper contracts. Our views of business ethics are culturally bound. An African arbitrator involves his whole family in the transfer of goods; individualistic European calls it corruption. But the European will not sell the product there unless he covers all their "salaries".

Accounting

Even the hard numbers end of management theory is culturally bound. At bottom what we measure and how we count reflect our views of what is important. The need to balance the columns of figures is undisputed: but do we need to do that on a month by month or year by year basis. We do if we have short-term horizons. But in Japan and other countries in the Far East they expect to lend and invest for far longer before they see a return, and their accounting systems reflect that. Is money spent on training an expense or an investment? Is a new machine a cost, an asset, a depreciating asset (at what rate?) and so on. It is no wonder that accounting systems throughout the world vary markedly. They reflect deep lying local values. Even at the hard, financial end of management cultural awareness challenges our assumptions.

Human Resource Management and Culture

If cultural awareness poses a challenge to these and many other possible examples of management theory, how much more of a challenge it poses in the HR arena. Let us examine some examples.

Motivation

Activity

In what ways might Hofstede's dimensions of Uncertainty Avoidance, Individualism and Masculinity be related to approaches to employee motivation?

Hofstede outlines the influences as follows:

- *Uncertainty Avoidance.* In the US literature the value of "achievement" has been central to motivational theories. It implies taking risks to get a result. That is acceptable in low uncertainty avoidance cultures like Britain or the USA. In West Germany or Japan it fits less well. In those countries people require clarity and security much more: risk-taking is only comfortable if it doesn't challenge that security. As Hofstede points out (Hofstede, 1983, p 80) Interestingly, these security-seeking countries seem to have been doing better economically than the risk takers but the management theories that tell us that risk taking is a good thing were made in the US or Great Britain, not in Japan or Germany.
- *Individualism.* Most Western theories of motivation involve the concept of personal needs for fulfilment. They are centred around concepts like "self-respect" or "self-actualisation". In less individualistic countries these are less useful concepts. If my focus is my family or my locality then not only might I find motivation systems built around me as an individual uncomfortable,

but so will all my colleagues. The Japanese apparently have a saying that "the nail that stands out is hammered down". To reward a Japanese individually rather than through the group may be shaming and demotivating.

- *Masculinity.* The need to perform and to be assertive is considerably more widespread in some societies than in others. Motivational theories from the more masculine societies stress the need to compete successfully. In Scandinavia, however, good interpersonal relationships at work may be more motivation. In the US quality of working life programmes are thought to motivate because they create opportunities for the individual to perform, succeed and get on; in Scandinavia they are thought to motivate because they encourage group solidarity.

Employee Appraisal

In the United States and most of Europe employee appraisal is seen as a sophisticated way of ensuring either that people's performance is monitored, or that their potential is identified, or both. Performance appraisal, however, is largely unknown in the Pacific; and yet certain economies there seem to have managed quite well without it. It relies on a society where individuals are held accountable, rather than groups: where power distances are not so great that all responsibility rests at the top or so small that the opinion of a subordinate is just one amongst many; where time horizons are short and deadlines matter; and where the need to formalise opinion at regular intervals is unquestioned. Few societies have this combination of values and it is therefore unsurprising that many adopt the process of employee appraisal grudgingly or not at all.

This is, amongst other things, a considerable problem for multinational companies trying to assess the performance of their managerial cadre in different countries. It is less easy if the process of appraisal is conducted half-heartedly or "adapted" to fit local moves.

Careers

Activity

How might the concept of careers be affected by national culture?

Concepts of careers, of career planning, of career management depend upon underlying values of our ability to influence the world, our individual or collective orientation and our approaches to achievement. If, like many Arabs, we believe *en sha Allah* (God willing), or like many Africans, that our extended family comes before any personal or work objectives, or like many Scandinavians, that personal ambition and competitiveness are unpleasant traits then a British approach to careers will be inappropriate.

"Typical" career paths vary from country to country. In Britain individuals will often change employer, but more rarely occupation. In Japan employees will far more frequently change their occupation or function, but may well remain with the same employing organisation throughout their working lives.

In Europe many women will have careers; in many Pacific countries women will not expect to have a career at all. And within Europe the kinds of jobs that women can succeed in will be different in different countries.

There is a story of a British expatriate in Pakistan who had an excellent house-servant. He decides to reward the servant by offering him the prospect of promotion to head of the servant group and increasing his pay. The next day the servant sent along his young nephew in his place: he now was earning enough money to pay the

nephew to do his job whilst he stayed at home living on the remainder of the increased pay. His view of a "career" was clearly different from that of his boss.

Activity

Are there groups in the UK which have different approaches to careers? Think about the cultures of different ethnic groups, different social classes, men and women, young and old etc.

Reward Systems

The story of the Pakistani servant raises the issue of reward systems, by which is meant here the pay and benefits package received for employment. These too vary culturally. For many years in Britain pay and rewards were determined in a typically disparate, varied and unclear manner (low uncertainty avoidance). They were generally based on some notion of the independence of the employee from their organisation; so that the important factor was whether or not you were an engineer or typist, not which company you worked for (individualism). This principle was however mitigated by the individuals ability to earn more in many different ways (masculinity).

Current received wisdom in the pay arena, again originating in the United States, is that pay should be linked closely to performance or contribution. If you work well, or your organisation makes a lot of money you should earn more. If you do not work well, or your organisation does less well, you earn less. It is a concept that will be of diminishing acceptability in societies where collective consciousness and care and concern for the less advantaged are high. It will be less acceptable in less formalised and more flexible societies.

Management Development

Activity

How is management development likely to be influenced by different cultural assumptions?

Cultural assumptions of status, career, appraisal and reward will all influence management development. So will the perceived status of the management teacher (a "guru" in some societies; "another bloody academic" in others) and the surrounding culturally-influenced educational system from childhood to adulthood. There will also be influences in the status and success of development methods: a bigger job and 'sink or swim' philosophy will be acceptable in some cultures but not in others; students in Britain will challenge their lecturers and debate with them, but they will not in China.

Employee Relations

Employee relations are also affected by culture. It is not just that whether a society tends to be more or less formal or legalistic, more or less collectively orientated or higher or lower on a power distance index that affects the nature and role of trade unions and employment laws. It also impacts upon the ways in which employees are thought of and behave. All employees are individuals and group members, at some position in a hierarchy and have some degree of information and knowledge. How these issues are handled, however, varies considerably from society to society. In some group representative organisations will be formulated in law their right to challenge managerial action laid down and their ability to play a central role in relationships between managers and employee unchallenged. The concept of industrial relations is an essentially Anglo-Saxon one. In Europe employee representative organisations are often granted more power by law, and are more responsive to organisational demands. In other societies all relationships will be

individually based, representative organisations may be illegal, the role of superior as having power but also responsibility for all aspects of subordinates lives will be clear.

THE PRACTICE OF INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Four approaches to international organisational management have been identified (perlmutter 1969; Ondrack 1985) as follows. International organisations can be:

- 1 **Ethnocentric** The organisation is run from the "home-base" headquarters. All key decisions are taken there by "home-base" nationals. Foreign subsidiaries are managed by expatriates sent out from headquarters.
- 2 **Polycentric** National subsidiaries are treated as essentially independent operations: often run by local nationals. These home country nationals however do not get involved at headquarters, where the key strategic decisions are still made.
- 3 **Regiocentric** Like the polycentric organisation but based on sometimes huge geographical areas.
- 4 **Geocentric** The organisation is a world company. Its headquarters almost just happen to be in one country but staff there may come from anywhere in the world. There will be a worldwide integrated business strategy and regular transfers of staff around the world and into and out of headquarters.

It is sometimes argued that this categorisation reflects the development of an organisation over time, but if it does it is clear that organisations move through the stages at markedly different rates. Some go very quickly through certain stages, some miss stages and some remain for very long periods at a stage that they feel suits their needs (Phatak 1989).

Whatever view one takes of this debate it is clear that for most international organisations, except perhaps some of the polycentric ones, the issue of international human resource management is likely to become more important as the business world becomes more international. International human resource management could well form a Unit on its own. Here it will suffice to point to two recent texts which address this area (Dowling and Schuler 1990; Brewster and Wilkinson 1991) and to summarise some of the key issues. These concern:

- selection
- settling in
- monitoring of performance
- rewards
- repatriation, and
- international human resource strategies

Selection is used in this context, rather than recruitment, because except for some technical jobs or in an emergency, MNCs prefer to give foreign postings to current employees. For managerial expatriates particularly, nearly always in crucial positions in the subsidiary organisation, MNCs will if possible appoint people they know and trust - managers from within. Key issues in recruitment can be expressed in a series of questions:

Do you choose the best people you have because the jobs are so important? or use them as developmental posts since they are such a valuable opportunity to allow perhaps younger managers to run their own small show?

Do you try to appoint married people who may be steadier and more reliable, but who cause all sorts of additional problems related to the partner's role, children's schooling etc? or do you appoint single, probably younger, people who may be less reliable.

Do you select on the basis of expertise for the job? or do you choose them for their cultural adaptability?

How much preparation do you give them for the new posting? And what kind of preparation should it be?

Settling in to a new job is not always easy. But when it is accompanied by the need to settle into a new house, in a new country, with no or few previous acquaintances around, and having to work with a group of subordinate managers who are from a different culture and may have very different approaches, then the problems are compounded. It is hardly surprising that it takes many expatriates many months before they feel that they are making a full contribution in the new work environment.

Monitoring of performance is another issue that becomes more difficult for the organisation when an international focus is taken. In addition to all the other complexities in performance evaluation now have to be added:

Distance, and the difficulty of really knowing what is going on in another country. If the financial return is disappointing is that because of peculiarly difficult market situations out there? or because the local managers are not good enough? or because the manager is performing badly? If the results are particularly good is that because of something locally that headquarters is not aware of? or because the local managers are carrying the expatriate and getting the results despite that?

The expatriate's approach may also cause difficulties for the organisation in its attempt to evaluate performance. It is much easier for an expatriate to report only good news, to sweep problems under the carpet, and to hope that promotion arrives before this all blows up. Equally, an expatriate who stirs up discontent in what had previously been a quiescent country operation may be facing up to issues that should have been dealt with long before. It is difficult to evaluate the performance of expatriates.

Rewards for expatriates can be considerable. These are usually well paid people. Key issues here are as follows:

What is the reference group for these people? Do we pay them a salary in line with their home salary so that we can easily move people into and out of positions in headquarters? Do we pay them a salary that maintains their living standard in the other country (which may therefore be much more or less than they were earning before?) Do we pay them a salary which keeps them broadly in line with other expatriates in the country that we are sending them to, so that they do not feel cheated? Do we have the same criteria for unattractive countries as attractive ones?

What does the company do when the answers to these questions result in different salary packages (as they almost certainly will)? What does the MNC do when it has finally established its policy on these issues, and then finds that no-one will accept the job?

What about the rest of the package? Will the company pay for boarding school for children, or for independent tuition in the host country? Will they organise a job for the spouse? Will they provide security? A car? A driver? Servants? How many visits home will the family be entitled to?

Repatriation can also be a problem; on three fronts. For the organisation, they may have no obvious alternative job for the returnee to slot into. Few organisations nowadays keep more positions than they think they need; if there is a job someone is already doing it. The expatriate may already be uncertain whether moving out of the head office mainstream was a good idea - if there is no job ready, and certainly not one that is an obvious promotion, such fears may be confirmed.

For the expatriate's family returning home may also be a problem. Their typically, slightly idealised memory of home is replaced by problems of housemoving, coping without servants, without the usual expatriate community around them, with commuting, the rain, the overcrowded roads. Children who have been away at boarding school may now be under the parent's feet. And on top of this at least one member of the family is likely to be having problems at work. It is a stressful time.

For the expatriate in particular, this is often a difficult time at work. They come back, full of their experiences of running their own part of the organisation, only to find themselves squashed uncomfortably back into a hierarchy of people who are not interested in their experience, who may even resent it, who have their own concerns which the expatriate has to relearn.

Many expatriates, expensive people whom the company has taken great time and trouble to provide with international experience, leave the organisation soon after repatriation.

International human resource strategies have to be developed by all international organisations. The foregoing should have made clear that this is not easy. On the other hand it will be crucial to the success of the international business. Most international businesses employ both locals and expatriates; have overall strategies and try to be culturally aware in each country; aim to be successful in each location and overall. If they are to achieve this they will need to have clearly thought out well-integrated HR strategies that are part of, and contribute to, their overall international strategy.

Ideas for integral learning activities

These will depend upon the organisation the student works in. If the student is in an MNC the opportunities are extensive: we could include a brief "value orientation survey" for them to complete in at least two countries for instance. Otherwise much of this ground could be covered by audio/visual case-study examples. I have lots of "incidents" gathered from internationally mobile managers which could very readily be turned into such material.

Chris Brewster
November 1989

References

- BREWSTER, C J & WILKINSON, J Expatriation Kogan Page 1991
- BREWSTER, C J & TEAGUE, P European Community Social Policy, IPM 1989
- DOWLING, P J & SCHULER, R S International Dimensions of Human Resource Management, PWS-Kent 1990
- ONDRACK, D A International Human Resources Management in European and North-American Firms International Studies of Management and Organisation, Vol 15, No 1 1985 pp. 6-32
- PHATAK, A V International Dimensions of Management, PWS-Kent 1989

SHORT INTERCULTURAL BOOKLIST

- ADLER, N "International Dimensions of Organisational Behaviour", The Kent International Business series 1986
- ARGYLE, M "Intercultural communication", Published in 'Cultures in Contact', Ed Stephen Bocher, Pergamon Press 1982
- CASSE, P "Training for the Cross-cultural Mind", Sietar 1981
- CASSE, P "Training for the Multicultural Manager", Sietar 1982
- DUGLOS, G Ed., WEIERMAIR "Managing under Differing Value Systems", De Gruyter 1981
- ENGLAND, G "The Manager and his Values", Ballinger 1975
- GEERTZ, C "The Interpretation of Cultures", Basic Books Inc. Pub
- HARRIS, P & MORAN, R "Managing Cultural Differences", Gulf Publications 1979
- HARRIS, P & MORAN, R "Managing Cultural Synergy", Gulf Publications
- HELLER, F & WILPERT, B "Competence and Power in Managerial Decision Making", Wiley 1981
- HOFSTEDE, G "Cultures Consequences", Sage Publications 1980
- JOYNT, P & WARNER, M "Managing in Different Cultures", Univerersitetsforlager AS 1985
- KLUCKHOLN, F & STODTBECK, F "Variations in Value Orientations", Row Peterson & Co New York 1961
- LESSEM, R "Global Management Principles", Prentice Hall 1989
- LONNER, W Ed., "Field Methods in Cross-cultural Research", Sage 1986
- MARSELLA, Ed., DEVOS & HSU "Culture and Self", Tavistock Publications 1985
- TRIANDIS et al "The Analysis of Subjective Culture", Wiley Interscience 1973

ARTICLES

ADLER Nancy & JELINEK Mariann Is 'Organisation Culture' Culture bound?
Human Resource Management Spring 1986, Vol 25 Number 1 pp. 73-90

HALL Edward T A guide to men of action. Human Organisation, Vol 19, Number 1. 1960 pp. 5-12

HOFSTEDE Geert and HARRIS BOND Michael The Confucius Connection: from Cultural roots to Economic growth. Organisational Dynamics Spring 1988 pp. 5-21

HOFSTEDE Geert Motivation, Leadership and Organisations: Do American Theories apply abroad? Organisational Dynamics Summer 1980 pp. 42-63

HOFSTEDE Geert The Cultural Relativity of Organisational Practices and Theories
Journal of International Business Studies Fall 1983, pp. 75-89

HOGG Clare Human Resource Management and the International Market Place
Manpower Policy and Practice Summer 1988

LAURENT Andre The Cultural Diversity of Western Conceptions of Management
International Studies of Management and Organisation, Vol XIII no 1-2 Spring-Summer 1983, pp. 75-96

LEVITT Theodore The Globalisation of markets Harvard Business Review, May/June 1983 92-102

ROBERTS Karlene and NAKIYE Boyacigiller A Survey of Cross-national Organisational Researchers; their views and opinions Organisational Studies 1983

SCHNEIDER Susan C National vs Corporate Culture: Implications for Human Resource Management Human Resource Management Summer 1988, Vol 27, No 2, pp. 231-246

SMIRCICH Linda Concepts of Culture and Organisational Analysis Administrative Science Quarterly, Cornell University September 1983