Managing across cultures

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EXECUTIVE SUMMARY

In a global marketplace where every shop and business can interact worldwide, managers often must deal with people from different cultures. Puzzling cross-cultural interactions can be ameliorated — or even avoided — by knowing the traits inherent in different societies.
Nations are more interdependent and business more global than ever before. Advances in technology continue to diminish the barriers of time and geographic distance that used to separate people around the globe.

Historically, many businesses served customers in one (or a limited number of) countries based largely on geographic proximity, but today’s business environment affords even smaller businesses the opportunity to compete worldwide in the global marketplace. In such an environment, developing cultural know-how can determine success or failure.

If the 7 billion people on the planet were represented by 100 people, there would be: 50 females and 50 males; 60 Asians, 15 Africans, 14 people from the Americas and 11 Europeans; 12 people would speak Chinese, five Spanish, five English, three Arabic, three Hindi, three Bengali, three Portuguese, two Russian, two Japanese, and 62 would speak other languages. Twenty-six would be children and 74 adults, eight of whom would be 65 and older. (The statistics come from researchers at www.100people.org.) This portrait demonstrates the relatively small place that each culture controls as part of the whole, illustrating the importance that understanding different cultures holds for business success.

**Culture defined**

Culture is a broad and multifaceted concept that examines how a large group of people adapt to circumstances and develop a unique perspective about the world. Each cultural group develops an understanding of who members are and how they should behave. Research has shown that cultural values and norms, passed down from one generation to the next, have an impact on our thoughts and behaviors.

This includes both surface level behaviors as well as deep-rooted values and perceptions. Culture determines the food we eat. For example, beef is popular in the United States, while Hindus are forbidden from eating it. Pork is popular in many parts of the world, while Muslims are forbidden from eating it. It determines how we eat, from using hands to cutlery to chopsticks. Culture affects the way we dress, as clothing can be distinctly associated with specific cultures — think of the saris worn by Indian women, the Japanese kimono, the Mexican sombrero and the American cowboy boot.

Researchers have found that work-related values and norms also are culturally determined. For example, Japanese workers are loyal to the organization. In return, many Japanese companies offer lifetime employment, along with rewards attached to seniority. Meanwhile workers in the United States are more mobile, and performance-based reward systems are popular in the United States.

This article describes three challenging cross-cultural scenarios and offers a cultural explanation for each scenario using information from cross-cultural research. It then describes the latest research findings on how culture affects work-related practices and concludes with seven suggestions for managing across cultures.

**Manager heads south**

Peter is in charge of production and operations at a midsize manufacturing company in Minnesota. He has been with the company for seven years and has been instrumental in reducing costs, improving quality and boosting morale among his production employees.

Peter attributes much of his success to his ability to connect with his employees on a personal level and his ability to empower them. He holds weekly open-forum meetings where he solicits suggestions for quality improvements and then develops cross-functional teams to implement these suggestions.

The teams are empowered to structure solutions as they see fit and are given leeway over the implementation phases of their projects, as well as some discretion over budgets. Peter continuously emphasizes that he is not interested in micromanaging his employees. What he is interested in is results.

More recently, the company has opened a small manufacturing plant in Mexico and has encountered some problems getting operations off the ground. The likely choice for this expatriate assignment was Peter. Upon arrival in Mexico, Peter contacted the production supervisor and asked him to set up a meeting between Peter and all 50 shop-floor workers. Peter speaks Spanish but is not fluent, so he hired an interpreter to attend the meeting.

He now has held several of these types of meetings, but to his dismay the workers are more open to listening than participating in the discussion. The meetings seem to have caused an air of confusion for the factory workers who were looking forward to a new boss who could tell them what to do and how to improve things.

While their desire is to do well and have the plant succeed (they are all hard workers and welcome the employment), when they were hired they did not think they would be involved in leadership decisions. They are discouraged, as they expected more of a leadership stance from Peter.

**Cultural explanation:** One cultural dimension that lends insight into this scenario is power distance, first identified by Geert Hofstede in his study of work-related values conducted with 116,000 IBM employees in 50 countries.

In his book *Culture’s Consequences*, Hofstede noted that power distance relates to the extent to which
members of a culture are comfortable with power and status differences in organizations. High power-distance cultures are more comfortable with power and status differences, while low power-distance cultures are less comfortable with power and status differences and have strategies to downplay such differences.

The United States is a low power-distance culture, where open communication with people in positions of higher status is comfortable. Power distance also helps explain the relatively high success rate of employee empowerment strategies within the United States.

Mexico is a high power-distance culture. In high power-distance cultures, there is more of an acceptance of differentiation between boss and employee. In high power-distance cultures, it is customary to use titles rather than first names, and communication among higher-status and lower-status employees is more structured. This differentiation is often embedded into the language. This is signified, for example, by the use of the formal you (“usted” in Spanish) for people in higher-status positions over the informal you (“tú” in Spanish) for those of equal status.

This would explain why Peter’s open forum meetings were so successful at the Minnesota plant but less so in Mexico. In order to gather information, Peter might want to spend more time with the production supervisor and use his knowledge of the plant to help develop an employee opinion survey. The survey can be administered to the workers in work time to make it easier for them to set time aside to complete it. They also need to be assured that the responses are completely anonymous and that their honest feedback will greatly assist in the survival of the plant.

Once data are analyzed, Peter should decide what needs to be done and give the workers concrete directions for next steps. A more direct leadership approach is likely to work best in this situation.

Confusion in the Far East
Alan owns a small custom-glass manufacturing plant in Nevada. For many years, he has been doing well marketing to Las Vegas casinos. More recently, he has developed contacts with some casinos in Japan and was excited to travel to Japan to meet his customers and get some orders processed. Since each pane of glass involves custom design, the design and production stages are rather intricate and time-consuming.

To his dismay, his first visit to Japan was unproductive. Upon arrival, he was greeted by a worker from one of the Japanese casinos. The employee escorted him to his hotel and made sure he was comfortable and had everything he needed for his one-week stay. The next day, Alan woke up refreshed and ready to meet with his clients, visit the potential sites for which the glass was needed, show them some slides of the work his company had completed for the Las Vegas casinos and see what his clients needed so that he could give them the best value possible.

Regrettably, the whole week was a series of lunches, sightseeing and getting acquainted with people. However, very little business was conducted, and he left with no contracts signed. On the flight home, Alan wondered if this trip was worth the time and money invested.

Cultural explanation: Edward T. Hall in his book Beyond Culture first identified the dimension of high context versus low context as a cultural pattern in communication and interaction.

High-context cultures use subtle situational cues, such as age, status and degree of comfort with the other party, when they communicate. They adopt less direct communication patterns and often will refrain from openly disagreeing with the other person. Low-context cultures rely on written and spoken communication, and they adopt a more linear and direct pattern of communication. High-context cultures are less explicit, often using stories to illustrate a point rather than stating the point directly, which happens more often in low-context cultures.

Because of the implicit nature of communication and way of conducting business, it is important that members of high-context cultures establish a relationship and develop social trust. Negotiations in high-context cultures tend to be slow and ritualistic, and agreement is based on trust more than written documents.

By contrast, members of low-context cultures prefer to get down to business first and then progress to socializing later. Negotiations tend to be efficient, and agreement usually is bound by a legal contract. The United States is a low-context culture, while Japan is a high-context culture.

This was Alan’s first meeting with his potential customers, and their desire was to get to know him and establish rapport and trust. The weeklong series of lunches, sightseeing and getting acquainted with his potential clients was a great investment. Once relationships are established and trust is developed, business with the Japanese clients is likely to flow much more smoothly.

Lack of space in the Mideast
Paul is a successful salesman for a high-end commercial furniture wholesaler in Chicago. He has developed a niche for himself selling to hotels and has found that securing several big contracts in one year is sufficient to provide him a nice standard of living. As such, he works at developing long-term relationships with his customers and relies heavily on referrals.

This month, he visited some clients in the Middle East for the first time. While his potential clients
were friendly and accommodating. Alan did notice that some aspects of the interaction made him uncomfortable: First, in business meetings, people seemed to sit and stand very close to him, and he had a feeling that they were breathing on him and seriously invading his personal space. Whenever he could, he would step back to ease the situation, but it felt like each time he stepped back, the other party would step forward. So it was a week of people chasing him around the room.

Another thing that frustrated Paul was the sense that things were rather unorganized: People would arrive at meetings a little later than they had promised, and once or twice a potential customer excused himself from the meeting to take unrelated phone calls. Reflecting on his trip, he admits to feeling a little overwhelmed with the whole situation.

**Cultural explanation:** Edward T. Hall in *The Hidden Dimension* used the term “proxemics” to describe how much personal space people need around them in order to feel comfortable. He found that this sense of personal space differs across cultures. North American and Northern European conversations typically are conducted at about three to four feet between the parties, while members of Asian and Latin American cultures stand about one foot from one another. Members of Middle Eastern cultures are likely to stand less than a foot apart.

Had Paul been informed of this cultural difference, he would have been more prepared for the closer negotiations. Even during interactions where the other party was making him uncomfortable, he would have stepped back with a greater understanding of the situation and empathy for the other person. Often, the understanding of what is happening allows us to accept the situation with greater ease.

In addition, cross-cultural researchers have found that perceptions of time are culturally determined and use the labels monochronic and polychronic to identify the differing perspectives. Cultures that adopt monochronic perceptions of time have a fixed, linear, schedule-driven view of time. They prefer to do one thing at a time and typically segment their time. Members of cultures that hold a polychronic view of time believe that time is fluid, circular and multidimensional. They often prefer to do many things concurrently.

The phrase “time is money” captures the monochronic perception of time held by people living in the United States. Business meetings typically start on time, and people value punctuality. By comparison, Middle Eastern countries typically adopt a polychronic sense of time. Meeting times are a little more flexible, and schedules tend to be more fluid.

Again, had Paul been aware of this cultural difference, it would have helped him recalibrate his expectations about how things would progress during his trip, and he would have been able to adjust his time accordingly. He could have carried something to read while he was waiting for others to arrive, or even taken the time to enjoy the new surroundings while he was waiting.

**Developing cultural expertise**

Various authors have written about the importance of developing cultural expertise or “cultural intelligence,” both in terms of marketing to customers from other cultures as well as managing employees from diverse cultures.

An important piece of research in how culture affects workplace practices is the Global Leadership and Organizational Behavior Effectiveness project (GLOBE). The project, a survey of 17,000 managers in 62 societies, identified nine dimensions on which national cultures differ: uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation and humane orientation. The following paragraphs give the definitions for these nine dimensions provided by Robert J. House, Paul J. Hanges, Mansour Javidan, Peter W. Dorfman and Vipin Gupta in *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies*. The information also includes the countries that ranked highest and lowest on each dimension.

**Uncertainty avoidance** is the extent to which members of a society look for structure, order, consistency, formalized procedures and laws in their daily lives. The GLOBE researchers found that societies scoring higher on uncertainty avoidance, such as Switzerland, Sweden, Singapore, Denmark and Germany (formerly West Germany) have a tendency to formalize interactions with others, take more moderate risks and show a stronger level of resistance to change. Societies scoring lower on uncertainty avoidance, such as Russia, Hungary, Guatemala, Bolivia and Greece, have a tendency to have informal interactions, rely on the words of trusted others over contracts and show less resistance to change.

**Power distance** is the degree to which members of a society accept authority, power differences and status privileges. High power-distance societies see power as providing social order, role stability and harmony in relationships. In societies with low power distance, democracy prevails and people expect all groups to enjoy equal involvement and opportunities for development. Countries ranking highest on power distance were Morocco, Nigeria, El Salvador, Zimbabwe and Argentina. Countries ranking lowest on power distance were Denmark, South Africa...
institutional collectivism as the extent to which practices within a society promote and reward the collective action and group loyalty at the expense of individual goals. Among the highest scoring countries were Sweden, South Korea, Japan, Singapore and New Zealand. Among the lowest scoring countries were Greece, Hungary, Germany (formerly East Germany), Argentina and Italy. Similarly, in-group collectivism is the degree to which people within a society express attachment, loyalty and pride in their families. In the GLOBE research, countries scoring highest on in-group collectivism were the Philippines, Georgia, Iran, India and Turkey, while countries scoring lowest on in-group collectivism were Denmark, Sweden, New Zealand, Netherlands and Switzerland.

Gender egalitarianism reflects the way in which societies divide roles among men and women. Societies high on gender egalitarianism, such as Hungary, Russia, Poland, Slovenia and Denmark, minimize gender role differences. On the other hand, societies low on gender egalitarianism, which include South Korea, Kuwait, Egypt, Morocco and Zambia, rely more on biology to determine social roles.

Assertiveness reflects whether people are encouraged to be assertive, aggressive and tough, or nonassertive, nonaggressive and tender in social relationships. Countries scoring high on assertiveness (examples include Albania, Nigeria, Hungary, Germany (formerly East Germany) and Hong Kong) value direct communication, tough behavior for everyone in society and emphasize results over relationships, while countries scoring low on assertiveness (e.g., Sweden, New Zealand, Switzerland, Japan and Kuwait) value indirect communication, tender behavior and emphasize who you are over what you do.

Future orientation is the extent to which members of an organization or society adopt future-oriented behaviors such as saving for the future and delaying gratification over spending now and instant gratification. Among the highest scoring countries were Singapore, Switzerland, South Africa (black population sample), Netherlands and Malaysia. Among the lowest scoring countries were Russia, Argentina, Poland, Hungary and Guatemala.

The GLOBE dimension of performance orientation is the degree to which a society encourages and rewards high standards, innovation and performance improvement. Countries scoring higher on performance orientation included Switzerland, Singapore, Hong Kong, Albania and New Zealand. Members of such societies believe that anyone can succeed given sufficient effort, and they value individual initiative and achievement. But societies that score lower on performance orientation (e.g., Greece, Venezuela, Russia, Hungary and Qatar) view merit pay as potentially destructive to harmony. Instead, they value loyalty and cooperation.

Humane orientation is the extent to which individuals are encouraged to be generous, altruistic and kind to others. Societies higher on humane orientation were represented by Zambia, the Philippines, Ireland, Malaysia and Thailand. In these countries, the need for belonging and affiliation motivates people, while power and material possessions motivate people in societies lower on humane orientation. Germany (formerly West Germany), Spain, Greece, Hungary and France had lower humane orientation scores.

The GLOBE research is one of the most recent and comprehensive studies of societal culture and helps illustrate the multiple dimensions that describe each culture. Before entering a country, it would behoove companies and managers to examine how they rank on the GLOBE cultural dimensions, as well as other aspects of culture, to determine cultural similarities and differences.

A cross-cultural action plan

Businesses are now operating in a truly global environment, and there is evidence that work-related values, norms and behaviors are culturally influenced. Seven basic guidelines for managing across cultures are as follows:

- Be aware that culture has an impact on diverse aspects of behavior in organizations.
- Cultivate an interest in learning about other cultures (both similarities and differences).
- Always talk about cultural values, norms and preferences in descriptive (versus evaluative) terms.
- When travelling abroad for business, whether it be a short trip or a long stay (as in an expatriate assignment), behave in ways that are acceptable to and customary in the host culture to the extent possible without violating any personal standards or norms.
- When engaged in marketing and sales to people of different cultures, regardless of the country in which business is taking place, behave in ways that are acceptable to the culture of your customer or client.
- When managing a diverse workforce, be cognizant of potential differences in culture and be very clear about what your expectations are in terms of performance, time-keeping, use of language and so on.
- Where necessary, invest in sensitivity training for your employees so that they might navigate the global marketplace with greater ease and competence.