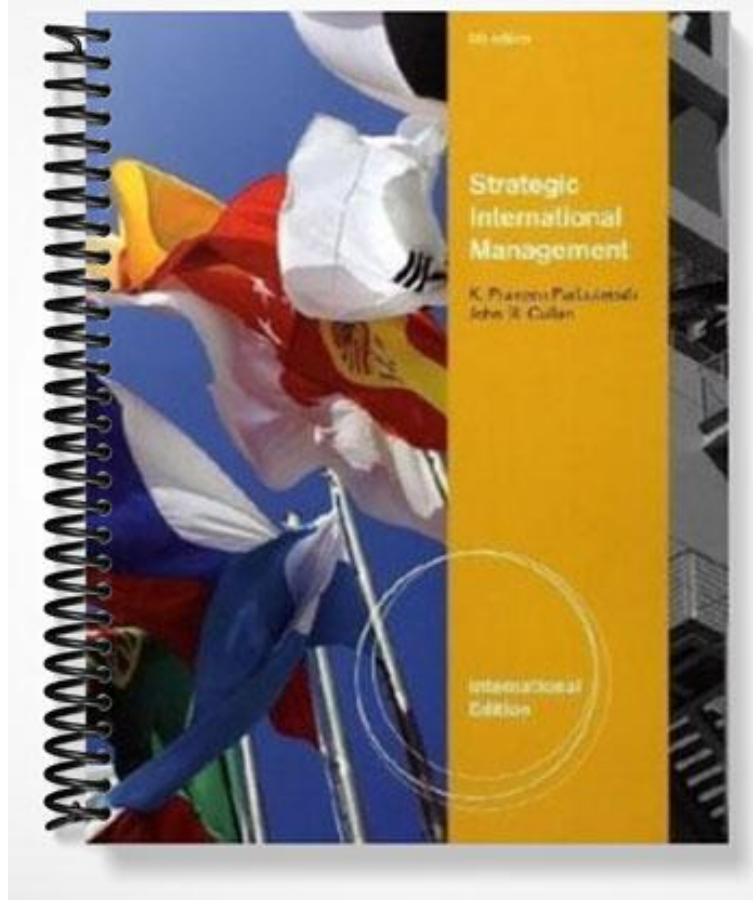


SOLUTIONS MANUAL



CHAPTER 2

CULTURE AND MULTINATIONAL MANAGEMENT

Learning Objectives

- ◆ Define and understand the basic components of culture
- ◆ Identify instances of cultural stereotyping and ethnocentrism
- ◆ Understand how various levels of culture influence multinational operations
- ◆ Apply Hofstede, GLOBE and 7d models to diagnose and understand the impact of cultural differences on management processes
- ◆ Appreciate the complex differences among cultures and use these differences for building better organizations
- ◆ Recognize the complexity of understanding new cultures and the dangers of stereotyping and cultural paradoxes

Introduction

- ◆ This chapter considers two basic questions:
 - What is culture?
 - How does culture affect management and organizations?

What is Culture?

- ◆ Culture – the pervasive and shared beliefs, norms, and values that guide everyday life of a group
- ◆ Cultural norms – prescribed and proscribed behaviors, telling us what we can do and what we cannot do
- ◆ Cultural values – values that tell us such things as what is good, what is beautiful, what is holy, and what are legitimate goals in life
- ◆ Cultural beliefs – our understandings about what is true
- ◆ Cultural symbols – these may be physical, such as national flags or holy artifacts. In the workplace, office size and location can serve as cultural symbols
- ◆ Cultural stories – these include such things as nursery rhymes and traditional legends
- ◆ Cultural rituals – ceremonies such as baptism, graduation, the tricks played on a new worker, or the pledge to a sorority or fraternity
 - Pervasive – the idea that culture affects almost everything we do, everything we see, and everything we feel and believe
 - Shared cultural values, norms, and beliefs – the idea that people in different cultural groups have similar views of the world
- ◆ To succeed cross-culturally, multinational managers must learn as much as they can about important cultural norms, values and beliefs of the societies in which they work

Levels of Culture

- ◆ Levels of culture – the levels of cultural influence including national, business, and occupational and organizational cultures

Exhibit 2.1 Levels of Culture in Multinational Management

(Show the levels of culture that affect multinational management)

National Culture

- ◆ National culture – the dominant culture within the political boundaries of the nation-state
 - Most business takes place within the political boundaries of the nation-state
 - Dominant culture influences the language of the business transactions, and the nature and types of laws that govern businesses.

Business Culture

- ◆ Business culture – the norms, values, and beliefs that pertain to all aspects of doing business in a culture
 - Each national culture produces its own business culture
 - Guides everyday business interactions and business etiquette

Occupational Culture and Organizational Culture

- ◆ Occupational cultures – distinct cultures of occupational groups such as physicians, lawyers, accountants, and craftspeople
 - The norms, values, beliefs, and expected ways of behaving for people in the same occupational group, regardless of the organizational employer
 - Occupational cultures are often stronger than national cultures, particularly for professional and technical occupations
- ◆ Organizational culture – the norms, values, and beliefs concerning the organization that are shared by members of the organization
 - Discovered and created when members learn to cope with problems
 - Organizations seldom have only one organizational culture
 - Organizational culture often has as important an influence as national culture

Cultural Differences and Basic Values: Three Diagnostic Models to Aid the Multinational Manager

- ◆ Hofstede model of national culture – a cultural model mainly based on differences in values and beliefs regarding work goals.
- ◆ Global Leadership an Organizational Behavior Effectiveness (GLOBE) project – recent large-scale project based on Hofstede’s model to determine nine cultural dimensions of 62 countries
- ◆ 7d culture model – seven-dimension cultural model based on beliefs regarding how people relate to each other, how people manage time, and how people deal with nature

Hofstede’s Model of National Culture

- ◆ To describe national cultures, Hofstede uses five dimensions of basic cultural values:
 1. *Power distance*: expectations regarding equality among people
 2. *Uncertainty avoidance*: typical reactions to situations considered different and dangerous
 3. *Individualism*: relationship between the individual and the group in society
 4. *Masculinity*: expectations regarding gender roles
 5. *Long-term orientation*: basic orientation toward time

Hofstede’s Cultural Model Applied to Organizations and Management

1. *Human resources management*
 - a. Management selection – how people are chosen for jobs
 - b. Training – what the focus of job training is
 - c. Evaluation and promotion – what counts to get ahead
 - d. Remuneration – what accounts for differences in pay
2. *Leadership styles* – how leaders behave
3. *Motivational assumptions* – beliefs regarding how people respond to work

4. *Decision making and organizational design* – how managers structure their organizations and make decisions
5. *Strategy* – effects of culture on selecting and implementing strategies

Power Distance

- ◆ Power distance – expectations regarding equality among people.
- ◆ Power distance focuses on:
 - (1) the norms that tell superiors (bosses, leaders) how much they can determine the behavior of their subordinates
 - (2) the values and beliefs that superiors and subordinates are fundamentally different kinds of people
- ◆ High-power-distance countries have norms, values, and beliefs such as:
 - Inequality is fundamentally good
 - Everyone has a place; some are high, some are low
 - Most people should be dependent on a leader
 - The powerful are entitled to privileges
 - The powerful should not hide their power
- ◆ Characteristics of high-power distance countries
 - Strong concern with hierarchy
 - High respect for authority
 - Ideal managers come from high social class or elite university graduates
 - Large wage differences between management and workers
 - Theory X leadership style (authoritarian – people dislike work)
 - Centralized decision making in organizations

Exhibit 2.2 Management Implications of Power Distance

(Gives a summary of the managerial implications for power distance)

Uncertainty Avoidance

- ◆ Uncertainty avoidance – how people react to what is different and dangerous
- ◆ High uncertainty avoidance countries have norms, values, and beliefs such as:
 - Conflict should be avoided
 - Deviant people and ideas should not be tolerated
 - Laws are very important and should be followed
 - Experts and authorities are usually correct
 - Consensus is important
- ◆ Characteristics of high-uncertainty-avoidance cultures
 - Entry-level people are chosen for their potential fit with and loyalty to the organization
 - The belief that conflict and competition should be avoided
 - Task-directed leaders
 - Extensive rules and procedures
 - Conservative decision makers

Exhibit 2.3 Management Implications of Uncertainty Avoidance

(Summarizes the managerial implications of uncertainty avoidance)

Individualism/Collectivism

- ◆ Individualism – relationship between the individual and the group in society
 - Individualistic cultures view people as unique
 - People are valued in term of their own achievement, status, and other unique characteristics

- ◆ **Collectivism** – set of cultural values that views people largely through the groups to which they belong
 - Social groups such as family, social class, organization, and team all take precedence over the individual
- ◆ Countries high on individualism have norms, values, and beliefs such as:
 - People are responsible for themselves
 - Individual achievement is ideal
 - People need not be emotionally dependent on organizations or groups
- ◆ Countries high on collectivism have norms, values, and beliefs such as:
 - One’s identity is based on group membership
 - Group decision making is best
 - Group protect individuals in exchange for their loyalty

Exhibit 2.4 Management Implications of Individualism

(Summarizes the managerial implications of high individualism versus collectivist (low individualism) norms, values, and beliefs)

Masculinity

- ◆ **Masculinity** – tendency of a society to emphasize traditional gender roles
- ◆ Higher masculinity means the business culture of a society takes on more traditional masculine values, such as an emphasis on advancement and earnings
- ◆ High masculinity countries have norms, values, and beliefs such as:
 - Gender roles should be clearly distinguished
 - Men are assertive and dominant
 - Machismo or exaggerated maleness in men is good
 - People – and especially men – should be decisive
 - Work takes priority over other duties, such as family
 - Advancement, success, and money are important
- ◆ Characteristics of high masculinity culture
 - Jobs are clearly defined by gender
 - Work is very central and important to people
 - Managers act decisively

Exhibit 2.5 Management Implications of Masculinity

(Shows the major effects of high masculinity on work and organizations)

Long-Term Orientation

- ◆ **Long-term (Confucian) orientation** – an orientation toward time that values patience
 - Managers in cultures high on the long-term orientation are selected based more on the fit of their personal and educational characteristics to the company, than on skill
 - Employees value security and leaders work on developing social obligations
 - Eastern cultures, which rank highest on long-term orientation, value synthesis in organizational decisions
 - Countries with more long-term orientations do not ignore financial objectives, but they prioritize growth and long-term paybacks
 - The long time horizons allow managers to experiment and seek success by developing their “game plans” as they go along
- ◆ **Short-term orientation**
 - Must focus immediately on usable skills, and do not assume that employees will remain with the company for an extended time
 - Leaders focus on and pay and rapid promotion

- Western cultures, which tend to have short-term orientations, value logical analysis in their approach to organizational decisions
- Manage purposefully to respond to immediate pressures from the environment
- Managers often use quick layoffs of “excess” employees to adjust to shrinking demand for products

Exhibit 2.6 Management Implications of Long-Term Orientation

(Summarizes the managerial implications of long-term (Confucian) orientation)

Exhibit 2.7 Percentile Ranks for Hofstede’s Cultural Dimensions for Selected Countries by Cultural Cluster

(Displays the percentile ranks of selected countries on five of Hofstede’s dimensions of natural culture)

- ◆ Country clusters – groups of countries with similar cultural patterns
 - Although cultures differ within these broad classifications, such summaries are useful for condensing cultural information

GLOBE National Culture Frame Work

- ◆ The GLOBE project involves 170 researchers who collected data on 17,000 managers from 62 countries around the world
- ◆ GLOBE researchers developed nine dimensions - only two of these dimensions are independent of the Hofstede model
- ◆ Five dimensions similar to the Hofstede model are:
 1. Assertiveness orientation and gender egalitarianism (similar to masculinity-femininity)
 2. Institutional and family collectivism (similar to individualism-collectivism)
 3. Future orientation (similar to long-term orientation)
 4. Power distance
 5. Uncertainty avoidance
- ◆ Two dimensions unique to the GLOBE project:
 - Performance orientation
 - Humane orientation
- ◆ Performance orientation – the degree to which the society encourages societal members to innovate, to improve their performance, and to strive for excellence.
 - High performance orientation favors training and development, whereas lower performance orientation views family and background as more important

Exhibit 2.8 Management Implications of Performance Orientation

(Summarizes some of the management implications of performance orientation)

- ◆ Humane orientation – an indication of the extent to which individuals are expected to be fair, altruistic, caring, and generous
 - In high humane orientation, the need for belongingness and affiliation is emphasized more than material possessions, self-fulfillment, and pleasure
 - Less humane oriented societies are more likely to value self-interest and self-gratification

Exhibit 2.9 Management Implications of Humane Orientation

(Lists some of the management implications of humane orientation)

Exhibit 2.10 The Globe Model of Culture

(Shows the various clusters and the corresponding cultural scores)

7d Cultural Dimensions Model

- ◆ Understands cultures by examining how humans deal with basic problems of survival
- ◆ Five of the 7 dimensions deal with the challenges of how people relate to each other
 - *Universalism vs. particularism* – choice of dealing with other people based on rules or based on personal relationships
 - *Collectivism vs. individualism* – the focus on group membership vs. individual characteristics
 - *Neutral vs. affective* – the range of feelings outwardly expressed in the society
 - *Diffuse vs. specific* – the types of involvement people have with each other, ranging from all aspects of life to specific components
 - *Achievement vs. ascription* – the assignment of status in a society based on performance vs. assignment based on heritage
- ◆ Two final dimensions deal with how a culture manages time and how it deals with nature
 - *Past, present, future, or a mixture*
 - *“Control of” vs. “accommodation with” nature*

Exhibit 2.11 The 7d Model of Culture

(Gives a summary of the 7d model and the issues addressed by each dimension)

Universalism versus Particularism

- ◆ Universalism – dealing with other people based on rules (i.e. law, religion, cultural principles, etc.)
 - “Do unto others as you would have them do unto you”
 - Precise guidelines exist in all situations
- ◆ Particularism – dealing with other people based on personal relationships
 - Rules represent a rough guide to life
 - Exceptions are made based on the individual (i.e. family, friends) and the changing circumstances
- ◆ No culture is purely universalistic or particularistic, but tendency to lean in one direction or the other influences business practices

Exhibit 2.12 Universalism versus Particularism: Differences and Managerial Implications

(Gives a brief description of universalism and particularism as cultural dimensions and shows the managerial implications for doing business in each)

Individualism versus Collectivism

- ◆ Considers the same distinctions as Hofstede’s dimensions
- ◆ Country rankings do not match exactly to Hofstede’s – may be explained by the more recent data used by Trompenaars, which also captures more subtle aspects

Exhibit 2.13 Individualism versus Collectivism: Differences and Managerial Implications

(Gives a brief descriptions of the individualistic and collectivistic cultural dimensions and the managerial implications of doing business in each)

Neutral versus Affective

- ◆ Neutral versus affective – the acceptability of expressing emotions
- ◆ In more neutral cultures, people expect that interactions are objective and detached – the focus is more on the task
- ◆ In more affective orientations, all forms of emotions are appropriate in almost every situation

Exhibit 2.14 Neutral versus Affective: Differences and Managerial Implications

(Gives a brief description of neutral vs. affective cultural dimensions and the managerial implications of doing business within each)

Specific versus Diffuse

- ◆ Specific versus diffuse – the extent to which all aspects of an individual’s life are involved in his or her work relationships
- ◆ In specific oriented cultures, business is segregated from other parts of life
- ◆ In diffuse oriented cultures, business relationships are more encompassing and involving

Exhibit 2.15 Specific versus Diffuse: Differences and Managerial Implications

(Gives a brief description of the specific vs. diffuse cultural dimensions and the managerial implications of doing business in each)

Achievement versus Ascription

- ◆ Achievement versus ascription – how society grants or gives status
- ◆ In achievement-oriented societies, people earn status based on their performance and accomplishments
- ◆ In ascription-oriented societies, one’s inherent characteristics or association define status

Exhibit 2.16 Achievement versus Ascription: Differences and Managerial Implications

(Gives a brief description of the achievement vs. ascription cultural dimensions and the managerial implications of doing business in each)

Time Orientation

- ◆ Time horizon – the way cultures deal with the past, present, future
- ◆ In future-oriented societies, organizational change is considered necessary and beneficial
- ◆ In past-oriented societies, people often assume that life follow a preordained course based on the traditions or will of God

Exhibit 2.17 Time Horizon: Differences and Managerial Implications

(Summarizes the cultural characteristics of different time horizons and gives managerial implications of differing time horizons)

Internal versus External Control

- ◆ Internal versus external control – beliefs regarding whether one controls one’s own fate
 - Best reflected in how people interact with their natural environment
- ◆ Does nature dominate us or do we dominate nature?
- ◆ In cultures where it is believed that nature dominates people, managers are likely to be fatalistic
- ◆ In contrast, where cultural values support the notion that people dominate nature, managers tend to be proactive

Exhibit 2.18 Internal versus External Control: Differences and Managerial Implications

(Summarizes the internal vs. external cultural dimensions and their managerial implications)

Exhibit 2.19 Percentile Ranks for the 7d Model Cultural Dimensions in Selected Countries

(Gives percentile rankings for the 7 dimensions in selected countries)

Exhibit 2.20 Proverbs: Windows into National Cultures

(Shows that proverbs provide less formal insights into national cultures)

Caveats and Cautions

- ◆ Cultural paradoxes – when individual situations seem to contradict cultural prescriptions
- ◆ Stereotyping – when one assumes that all people within a culture behave, believe, feel, and act the same
- ◆ Ethnocentrism – when people from one culture believe that theirs are the only correct norms, values, and beliefs
- ◆ Cultural relativism - a philosophical position arguing that all cultures, no matter how different, are correct and moral for people of those cultures
- ◆ Cultural intelligence – the ability to interact effectively in multiple cultures

Summary and Conclusions

- ◆ After completing this chapter, you should know that culture has a variety of levels that affect multinational managers and organizations
- ◆ Models of cultural values proposed by the GLOBE researchers, Trompenaars and Hofstede provide basic concepts for analyzing cultural differences
- ◆ Most successful multinational manager will realize that understanding a different culture is a never-ending learning process

Global Watch Exercises

1. GROUP EXERCISE

Have the students each select one partner in class. Have one of them take Topic 1, and one of them take Topic 2. Have them research their issues using the Global Watch website. At the beginning of the next class, ask them each to provide a two-minute summary to their partner on the issue they were assigned.

Topic 1: *Why Indian Firms Go Wrong When Hiring US Sales Teams*

"[Why Indian firms go wrong when hiring US sales teams.](#)" [The Hindu Business Line](#) (March 8, 2009) [Global Issues In Context](#). Gale. Global Issues in Context. 16 Oct. 2009

<http://find.thomsonlearning.com/gic/infomark.do?&contentSet=IAC-Documents&type=retrieve&tabID=&prodId=GIC&docId=CJ198892646&source=gale&userGroupName=olr_gic&version=1.0>.

Topic 2: *Americanisation or Globalization?*

"[Americanisation Or Globalisation?.](#)" [Africa News Service](#) (August 9, 2006) [Global Issues In Context](#). Gale. Global Issues in Context. 16 Oct. 2009

<http://find.thomsonlearning.com/gic/infomark.do?&contentSet=IAC-Documents&type=retrieve&tabID=&prodId=GIC&docId=A149315737&source=gale&userGroupName=olr_gic&version=1.0>.

2. INDIVIDUAL EXERCISE

In some cultures, child labor is acceptable and practiced. Have the students research the topic of child labor on the Global Watch site, and answer the questions below.

- In which regions of the world is child labor most prevalent?
 - Answer: Africa – particularly Sub-Saharan Africa, and South Asia have the highest numbers of children used as labor.

- Why is child labor so prevalent in other regions of the world? Research “Why Children Work” using the Jeremy Seabrook article on workers in Dhaka, Bangladesh and explain how the culture of child labor came to be accepted in that area of the world.
 - Answer: They regard the employment of children as good fortune rather than exploitation. Due to the loss of land thanks to the river and the corrupt officials who took it over, and a collapsing rural community, most families need their children to contribute to the household income in order to sustain themselves. 14- and 15-year olds are sent to work in factories where agriculture used to prosper, and the government does not require employers to pay a living wage.

The two articles referenced to answer the questions in this exercise are listed below. Instructors are encouraged to create additional questions to suit their own needs.

Working Children by Region

"Working Children by Region." [Global Issues in Context Online Collection](#). Detroit: Gale [Global Issues In Context](#). Gale. Global Issues in Context. 20 Nov. 2009
<http://find.thomsonlearning.com/gic/infomark.do?&contentSet=GRAF&type=retrieve&tabID=&prodId=GIC&docId=CP3208575025&source=gale&userGroupName=olr_gic&version=1.0>.

Why Children Work

Seabrook, Jeremy. "[Why children work: Jeremy Seabrook visits young garment workers in Dhaka, Bangladesh and finds clear links between growing landlessness, the collapse of rural economies and the roots of child labour.](#)" [New Internationalist](#) 425 (Sept 2009) 34(2). [Global Issues In Context](#). Gale. Global Issues in Context. 20 Nov. 2009
<http://find.thomsonlearning.com/gic/infomark.do?&contentSet=IAC-Documents&type=retrieve&tabID=&prodId=GIC&docId=A209110766&source=gale&userGroupName=olr_gic&version=1.0>.