Management Across Cultures

Challenges and Strategies

Management practices and processes frequently differ across national and regional boundaries. What may be acceptable managerial behavior in one culture may be counterproductive or even unacceptable in another. As managers increasingly find themselves working across cultures, the need to understand these differences has become increasingly important. This book examines why these differences exist and how global managers can develop strategies and tactics to deal with them.

Key features:

- Draws on recent research in anthropology, psychology, economics, and management to explain the cultural and psychological underpinnings that shape managerial attitudes and behaviors
- Introduces a learning model to guide in the intellectual and practical development of managers seeking enhanced global expertise
- Offers user-friendly conceptual models to guide understanding and exploration of topics
- Summarizes and integrates the lessons learned in each chapter in application-oriented "Manager's notebooks"

Companion website featuring instructional materials and PowerPoint slides is available at www.cambridge.org/management_across_cultures.

RICHARD M. STEERS is Professor of Organization and Management in the Lundquist College of Business, University of Oregon, USA.

CARLOS J. SANCHEZ-RUNDE is Professor of People Management at IESE Business School, Barcelona, Spain.

LUCIARA NARDON is Assistant Professor of International Business at the Sprott School of Business, Carleton University, Canada.

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RICHARD M. STEERS
CARLOS J. SANCHEZ-RUNDE
LUCIARA NARDON

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Contents

Exhibits

Preface

We live in a turbulent and contradictory world, where there are few certainties and change is constant. In addition, over time we increasingly come to realize that much of what we think we see around us can, in reality, be something entirely different. We require greater perceptual accuracy just as the horizons become increasingly cloudy. Business cycles are becoming more dynamic and unpredictable, and companies, institutions, and employees come and go with increasingly regularity. Much of this uncertainty is the result of economic forces that are beyond the control of individuals and major corporations. Much results from recent waves of technological change that resist pressures for stability or predictability. And much results from individual and corporate failures to understand the realities on the ground when they pit themselves against local institutions, competitors, and cultures. Knowledge is definitely power when it comes to global business and, as our knowledge base becomes more uncertain, companies and their managers seek help wherever they can find it. It is the thesis of this book that a major part of this knowledge base for managers rests on developing a fundamental, yet flexible, understanding of how business management works in different regions of the world. More specifically, our aim is to develop information and learning models that global managers can build upon to pursue their careers and corporate missions.

As managers increasingly find themselves working across borders, their list of cultural lessons – do's and don'ts, must's and must not's – continues to grow. Consider just a few examples: most French and Germans refer to the EU as "we," while most British refer to it as "they"; all are members. While criticizing heads of state is a favorite pastime in many countries around the world, criticizing the king in Thailand is a felony punishable by fifteen years in jail. Every time Nigerian-born oncologist Nkechi Mba fills in her name on a form somewhere, she is told that she should write her name, not her degree. In Russia, companies frequently pay public officials to raid business rivals and subject them to criminal investigations. In Korea, a world leader in flexible IT networks, supervisors often assume employees are not working unless they are sitting at their desks in the office. And in a recent marketing

survey among US college students, only 7 percent on average could identify the national origins of many of their favorite brands, including Adidas, Samsung, Nokia, Lego, and Ericsson. In particular, quality ratings of Nokia cell phones soared when students believed (incorrectly) that they were made in Japan.

And there is more: Germany's Bavarian Radio Symphony recently deleted part of its musical repertoire from a concert tour because it violated the European Union's new noise-at-work limitations. US telecommunications giant AT&T has been successfully sued in class action suits for gender discrimination against both its female and male employees. When you sink a hole-in-one while playing golf with friends in North America and Europe, it is often customary for your partners to pay you a cash prize; in Japan, you pay them. The head of Nigeria's Niger Delta Development Corporation was recently fired from his job after it was discovered that he had paid millions of dollars of public money to a local witch doctor to vanquish a rival. The penalty for a first offense of smuggling a small quantity of recreational drugs into Western Europe is usually a stern lecture or a warning; in Singapore, it is death. Finally, dressing for global business meetings can be challenging: wearing anything made of leather can be offensive to many Hindus in India; wearing yellow is reserved for the royal family in Malaysia; and white is the color of mourning in many parts of Asia.

Serious? Silly? Absurd? Perhaps the correct answer (or answers) here is in the eye of the beholder. When confronted by such examples, many observers are dismissive, suggesting that the world is getting smaller and that many of these troublesome habits and customs will likely disappear over time as globalization pressures work to homogenize how business is done – properly, they believe – across national boundaries. But the world is not getting smaller; it is getting faster. And many globalization pressures are currently bypassing – and, indeed, in some cases actually accentuating – divergent local customs, conventions, and business practices, if for no other reason than to protect local societies from the ravages of economic warfare. What this means for managers is that many of these and other local customs will likely be around for a long time, and wise managers will prepare themselves in order capitalize on these differences, not ignore them.

In view of the myriad of challenges such as these, managers viewing global assignments – or even global travel – would do well to learn as much as they can about the world in which they will work. And the same holds true for local managers working in their home countries, where the global business world is increasingly challenging them on their own turf. Like it or not, with both globalization and competition increasing almost everywhere, the challenge for managers is to outperform their competitors,

either individually of collectively. This can be attempted either by focusing exclusively on one's own self-interests or by building mutually beneficial strategic alliances with global partners. Either way, the challenges and pitfalls can be significant.

Another important factor to take into consideration here is a fundamental shift in the nature of geopolitics. The days of hegemony – East or West – are over. No longer will global business leaders focus on one or two stock markets, currencies, economies, or political leaders. Today's business environment is far too complex and interrelated for that. Contrary to some predictions, nation-states and multinational corporations will remain both powerful and important; we are not, in fact, moving towards a "borderless society." And global networks, comprising technological, entrepreneurial, social welfare, and environmental interest groups, will also remain powerful. Indeed, networks and relationships will increasingly represent power, not traditional or historic institutions. And future economic and business endeavors, like future political, social, and environmental endeavors, will be increasingly characterized by a search for common ground, productive partnerships, and mutual benefit.

When faced with this increasing global challenge, managers have two choices. First, in international transactions, they can assume that they are who they are and the world should adapt to them. ("I am a Dutch manager with Dutch traits, and everyone understands this and will make allowances.") Or, second, they can work to develop greater multicultural competencies that allow them to either adapt to others where possible or at least understand why others behave as they do. ("I am a Dutch manager who is working to understand the cultural context in which my counterparts operate.") While both approaches can work (especially if these managers and their firms possess critical resources, such as money), the second strategy of working to develop increased multicultural competencies clearly offers greater potential benefits in the long run.

In this endeavor, managers cannot find help by simply reaching for a book called "Global Management for Dummies." Indeed, if it existed, such a book title would be an oxymoron. Global managers cannot afford to be "dummies" – perhaps "uneducated" is a better word here. Simply put, they and their companies would fail if such were the case, full stop. Instead, successful managers view working across borders as a long-term developmental process requiring intelligence and insight, not just a fancy title. It is a strategic process, not a tactical one.

As a result, this book focuses on developing a deeper understanding of how management practices and processes can often differ around the world, and why. It draws heavily on recent research in cultural anthropology, psychology, and management as they relate to how managers structure their enterprises and pursue the day-to-day work

necessary to make a venture succeed. It emphasizes both differences and similarities across cultures, since we believe that this mirrors reality. It attempts to explore the psychological underpinnings that help shape managerial attitudes and behaviors, as well as their approaches to people from other regions of the world. But most of all, this book is about learning. It introduces a learning model early in the text to guide in the intellectual and practical development of managers seeking global experience. It further assumes a lifelong learning approach to global encounters, managerial performance, and career success.

The title of this book, *Management Across Cultures: Challenges and Strategies*, reflects our two goals in writing it. First, we wanted to examine how management practices and processes can frequently differ – often significantly – across national and regional boundaries. Managers in different cultures often see their roles and responsibilities in different ways. They often organize themselves and make decisions differently. And they often communicate, negotiate, and motivate in different ways. Understanding these differences is the first step in developing global management capabilities. And second, we wanted to identify and discuss strategies and tactics that can be used by global managers as they work to succeed across cultures. That is, we wanted to explore how people can work and manage across cultures – and how they can overcome many of the hurdles along the way. We see these two goals as both mutually compatible and indispensable for meeting the business challenges ahead.

Like most authors who seek an interested audience, we wrote this book primarily to express our own views, ideas, and frustrations. As both teachers and researchers in the field, we have grown increasingly impatient with books in this general area that seem to have aimed somewhat below the readers' intelligence in the presentation of materials. In our view, both managers and would-be managers are intelligent consumers of behavioral information. To do their job better, they are seeking useful information and dialogue about the uncertain environment in which they work; they are not seeking unwarranted or simplistic conclusions or narrow rulebooks. In our view, managers are looking for learning strategies, not prescriptions, and understand that becoming a global manager is a long-term pursuit – a marathon, not a sprint.

We have likewise been dismayed with books that assume one worldview – whether it is British, American, French, or whatever – in interpreting both global business challenges and managerial behavior. Instead, we have tried diligently to cast our net a bit wider and incorporate divergent viewpoints when exploring various topics, such as communication, negotiation, and leadership. For example, asking how Chinese or Indian management practices differ from American or Canadian practices assumes

a largely Western bias as a starting point ("How are *they* different from us?"). Instead, why not ask a simpler and more useful question like "How do Chinese, Indian, American, and Canadian management styles in general differ?" ("How are we *all* different from each another?"). Moreover, we might add a further, also useful, question concerning managerial similarities across cultures ("How are we *all* similar to each other?"). To achieve this, we have resisted a "one-size-fits-all" approach to management, locally or globally, in the belief that such an approach limits both understanding and success in the field. Instead, our goal here is to develop multicultural competence through the development of learning strategies in which managers can draw on their own personal experiences, combined with outside information such as that provided in this book and elsewhere, to develop cross-cultural understanding and theories-in-use that can guide them in the pursuit of their managerial pursuits.

Throughout the process of researching and writing this book, the three authors were fortunate in having an opportunity to create our own "global team," consisting of management researchers from Brazil, Spain, and the US. This combination opened up numerous opportunities for taking multiple, and not necessarily congruent, perspectives on various topics. The lessons were many. First and foremost, we learned that facts and realities often have transient meanings, and can change both across time and borders. We learned that neither individualism nor collectivism is inherently good; that mastery and harmony can at times work in tandem; and that time has many different definitions and applications. Calendars and stopwatches do not necessarily lead to meaningful progress. Goal-directed behavior is often complemented, not displaced, by the more jumbled intersections of multiple simultaneous activities. Chaos theory probably has merit in joint intellectual pursuits. We learned that both rules and relationships could create a vibrant and committed multicultural team that works closely together in a spirit of both flexibility and goal orientation. We learned that non-linear systems could often trump linearity in both quality and completeness. We learned that cultural friction between partners is often a desirable quality, not something to be avoided. In our case, it led to greater creativity and a more realistic view – or, more accurately, views – of the world of work. We learned that assuming a leadership role can be both loud and assertive or quiet and subtle, but both approaches involve manipulation. Finally, we learned that working in a global team can be a great deal of fun, and can create an environment in which much can be learned and shared. We would like to believe that each of us has grown and developed as a result of this team collaboration.

In writing this book, we were also able to draw on our research and teaching experiences in various countries and regions of the world, including Argentina,

Belgium, Brazil, Canada, Chile, China, Denmark, Germany, Japan, Mexico, Norway, the Netherlands, Peru, South Africa, South Korea, Spain, the UK, the US, and Uruguay. In doing so, we learned from our colleagues and students in various parts of the world and believe these experiences made for a far better book than it might otherwise have been. Our aim here is not to write a bias-free book, as we believe this would have been an impossible task. Indeed, the decision to write this book in English, largely for reasons of audience, market, and personal competence, did itself introduce some bias into the end result. Rather, our intent was to write a book that simultaneously reflected differing national, cultural, and personal viewpoints, where biases are identified and discussed openly instead of being hidden or rationalized. As a result, this book contains few certainties and many contradictions, reflecting our views on the life of global managers.

Any book is a joint endeavor between authors and publishers. The people at Cambridge University Press lived up to their reputation as a first-class group of people to work with. In particular, we wish to thank Paula Parish, Philip Good, and Liz Davey for their advice, patience, and support through the project.

Finally, few book projects can be successful without the support of families. This is particularly true in our case, where all three of our families joined together to help make this project a reality. In particular, Richard would like to thank the four generations of women that surround and support him: Pat, Sheila, Kathleen, and Allison. Carlos, who also seems to spend all of his time and money on women, would like to thank his wife Carol and daughters Clara and Isabel. And Luciara, the only sane one in the group, would like to thank her mother, Jussara, for her unconditional support, and her son, Caio, for his inspiration. Throughout, our families have been there for us in every way possible, and for this we are grateful.

Richard M. Steers, USA
Carlos J. Sanchez-Runde, Spain
Luciara Nardon, Canada