

# 1 Introduction: ethics and cross-cultural management

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Management studies, like education studies, has tended to follow the social and behavioural sciences rather than to lead them. It is true that various streams of critical management and organization studies have developed, but these have largely drawn on developments in sociology or politics or even literary studies. Perhaps compounding the lack of innovation in applied areas such as management, has been the lack of cross-over, and cross-fertilization with other applied areas. For example, in a globalized world, where much of the work of international managers will be in the so-called ‘developing’ countries (which, by the way, take up some 80 per cent of the world’s land-mass), and within the world as a whole we can talk about living in a largely post-colonial world where North–South geopolitical dynamics have tended to dominate, management studies has very little connection with development studies. If this cross-over does take place, it is within the domain of a rather uncritical modernization theory.

The acceptance of a developing–developed world paradigm is strongly evident within both international management studies, and, regrettably, cross-cultural management. Centre stage to the critical debate should be what promised to be a rising star, auguring major contributions to critical knowledge in the area of international management studies: cross-cultural management.

It all started out well, albeit within a positivist paradigm. Hofstede (1980b) warned against the unquestioning transfer of management knowledge from Western (i.e. American) culture to other cultures, begging the question of its ethicality but not taking this up. Boyacigiller and Adler (1991) did a fairly good job at the time of explaining why American international managers might assume a universality for management policies and practice. This work hinted at a global power dynamic at work, but again did not take this up.

Since this fledgling subdiscipline saw the light of day in the 1980s and 1990s, much of the work – perhaps influenced by the more positivistic tendencies in the parallel subdiscipline of cross-cultural psychology – built on numerous

comparative cross-national studies that provided some basic descriptions, but explained practically nothing. Particularly since the turn of the new millennium some journal editors have taken a more critical line on these comparative studies, and asked for some kind of explanation: Why compare country X with country Y? How can you explain differences between country X and country Y? Certainly much of the justification for differences came with a reference to Hofstede's (1980a/2003) work. Within cross-cultural management itself, Hofstede's work began to come under criticism. But this did not by and large break out of the (positivist) paradigm. It was premised on details of method, samples, constructs and level of analysis. Hence bigger and better (and more modern) Hofstedian-type studies were developed and delivered. Now researchers could refer for example to the GLOBE studies (e.g. House *et al.*, 2004). These studies, still including Hofstede's, were also being used to explain why there might be differences in ethicality among different countries. The growing number of comparative studies focusing on ethics, the present author's work included, would provide cultural antecedent (independent variable) explanation of differences in ethicality, between, say, American and German managers in terms of Hofstede's *Power Distance*, *Uncertainty Avoidance*, *individualism–collectivism* and/or *masculinity–femininity*. This turned out to all be slightly banal and rather tautological, particularly as ethics is part of the value structure of a society, rather than a result of it. *Power Distance*, for example, can only act as a descriptor for a societal/cultural context; it cannot provide an explanation for why large inequalities are regarded as ethical in one society and not in another.

To a large extent cross-cultural management, in its positivistic interpretation, appears to have run its course. Although the focus on societal values, or work values, provides a direct link to ethics, this connection has not really been made by the main advocates of these types of large-scale studies (Hofstede, 1980a/2003; Schwartz, 1994, 1999; Trompenaars, particularly Smith, Dugan and Trompenaars, 1996; GLOBE, e.g. House *et al.*, 2004). It is likely that this connection has not been made as ethics takes social and behavioural scientists into the realm of 'what ought to be', rather than 'what is'. This is not a place where positivism wants to be. Hofstede's (1980a/2003) work, and subsequent similar studies, tells us that if we go to work in another country, its *Power Distance* may be higher than that in our home country. Therefore it is likely to have steeper organizational hierarchies, workers are likely to be told what to do, and there will be little democracy in the workplace. This may be a useful description, and may help a manager understand what to expect. Yet it does not tell us what to do. It does not enter into any debate

about the desirability of accepting inequality and autocracy, or whether to try to change it. This is the realm of ethics. Some would also argue that it is the realm of politics. Others would argue that this is what social sciences is particularly good at, rather than trying to construct universal predictive science in an attempt to emulate the natural sciences.

Yet for many social and behavioural scholars, and for cross-cultural management scholars in particular, this would represent a huge leap in the dark. It would involve understanding phenomena, and academic subject areas, far beyond their normal remit. It would involve understanding inter-socio/cultural interaction at numerous levels, and particularly at the geopolitical level. It would involve having at least a limited grasp of history, politics, sociology and economics, and to approach these and their immediate subject matter in a critical and challenging manner. It would involve a radical reinterpretation of what they are doing and what they are trying to achieve in their work: what the contribution is and why this is important.

It is perhaps best at this point to start at the beginning: to explain where this has come from, and where it might lead.

Ethics is normally considered a subdivision of philosophy, yet I am not a philosopher. My undergraduate training was in social anthropology, with a little bit of political science thrown in. With a Masters in education in between, my PhD was then in organizational psychology. This whole process took me some twenty years, with ten years in between each degree. Apart from jobs in the UK civil service, in teaching and in a large international bank, and finally into higher education, these years were formative in developing me into a teacher and researcher in organizational behaviour, developing a specialism in cross-cultural management (as I could not see any other way of doing organizational behaviour in a globalized world), and then focusing specifically on the so-called 'developing' regions, in particular sub-Saharan Africa (because no one else seemed to be doing it, and it seemed important to me).

I started to focus on Africa about thirteen years ago when the Paris Chamber of Commerce and the French Foreign Ministry funded me to teach on a multicultural management development programme in Johannesburg, and then an administrative cooperative programme with universities in Cape Town in 1996. The following years took me also to Zimbabwe, Botswana, Kenya, Cameroon and more recently Ghana. These years had a profound effect on my scholarly work. I no longer believed it was possible to isolate theories and empirical work in the behavioural sciences from wider geopolitical influences. In Africa you notice power imbalances. You notice

the impact of history. You feel the lasting effects of France in Cameroon, of the British in Kenya. Returning home to the UK and travelling on the London Underground and looking around at the diverse people, you know that Britain has had an empire, and that what Niall Ferguson has said in his book *Empire* that ‘the world we know today is in large measure the product of Britain’s age of Empire’ (2003: xxvii), has a large element of truth.

I remember sitting in a house in Valencia where my family was staying for a couple of weeks in the early 1990s. I was reading Brady’s excellent book *Ethical Management: Rules and Results*. Bullfighting came onto the television. My host asked if I would be interested in going to a bullfight. Valencia boasts a magnificent bullring. He explained that it was not something he would normally go to, but he would take me if I were interested. I declined. I am not sure if I would have been so quick to decline if he had been, like many Spaniards, an avid supporter of bullfighting. Perhaps I would have gone out of curiosity. After all, I was in Spain doing what Spanish people do (when in Rome do as the Romans do). Or, perhaps I would have taken the position that many English people would take, and judge bullfighting as being distasteful and perhaps cruel (and maybe not too dissimilar to foxhunting in the UK). Yet does this mean that Spanish people are bad?

When this argument is transposed to female circumcision, or the veiling of women, or within a work situation, child labour, does this mean that these societies are reprehensible or inherently bad? Does it mean that they are in some ways more primitive than Western societies? Then how do we judge alleged torture of terrorist suspects by the American military in Guantanamo Bay? Are the Americans justified in breaching articles of the Declaration of Human Rights that they were instrumental in introducing after World War II? Although some of these issues may be somewhat removed from the immediate concerns of international management, similar issues arise.

Two main issues arise: what do we make of ethical standards that are different to our own, and how do we understand them? And, armed with this knowledge, how do we understand how to manage cross-culturally across different value and ethical systems? Can we judge people as unethical because they take clients to bullfights, or segregate women from men in the workplace, employ children in factory work? What do we do about it? Is this a moralistic judgement or a cultural one? Perhaps the two are intertwined.

Brady’s book provides an interesting framework contrasting a *rules* and *results* approach to judging the ethicality of decisions. There may be predefined rules that guide our view of whether a decision is ethical. There may be

perceived outcomes: what are the costs or the benefits to us and others if we make a certain decision?

International management ethics is not simply about comparing the ethical values of one society with another. I cannot think of a less meaningful activity. It is about understanding the choices managers have when making decisions that affect people's lives. The fact that managers now need to do this internationally may be considered an added complication and a source of inconvenience. One of the main issues in cross-cultural management is that of ethnocentricity. If we have a choice in determining whose values are best, we will opt for our own. Many cross-national studies on ethics have been about who is ethical and who is not. Yet universal standards of ethical behaviour are always difficult to establish from some supposed position of neutrality.

I agree with Bent Flyvbjerg (2001) in his book *Making Social Science Matter* in assuming that in social sciences there cannot be a view from nowhere. It always has to be from somewhere. When looking internationally, particularly towards non-Western 'cultures', postcolonial theory tells us how distorting that view from 'nowhere' can be. African societies have for many centuries been overtly patronized. Yet the same is true today, even if we are only looking a short distance from Western to Eastern Europe. Systems of international aid perpetuate this negative regard for others, which is also reflected back on the diaspora in the so-called 'developed' countries, in both perceptions of the other, and self-perceptions. This has grown more ominous in the first decade of the twenty-first century, in America and Britain's 'war on terror' with an increased overt suspicion towards Muslims.

This book asks how we can understand management ethics internationally from a cross-cultural perspective that assumes that we can learn from others with different cultural spaces. What we mean by 'ethics' is best summed up by Singer (1993: v) in his Introduction to his edited book *A Companion to Ethics*.

Ethics deals with values, with good and bad, with right and wrong. We cannot avoid involvement with ethics, for what we do – and what we don't do – is always a possible subject of ethical evaluation. Anyone who thinks about *what he or she ought to do* is, consciously or unconsciously, involved in ethics.

In this quotation I, not the author, have emphasized 'what he or she ought to do'. So little social science is concerned with 'what ought to be'. It tends to be concerned with 'what is' (i.e. description) or perhaps 'what is going to be' (i.e. prediction), although it often does the latter badly. Here I return to

Flyvbjerg (2001). Much of the emphasis in his work on reforming the social sciences is concerned with the strength they have over the physical sciences in working with values and ‘what ought to be’.

In the subdisciplinary area of cross-cultural management, much of the work is concerned with value, but it does so at the level of description, i.e. ‘what is’. Hence Hofstede’s (1980a/2003) seminal work on value dimensions across nations, which did so much to encourage us to think critically about the transferability of management theory and practice from one nation to another, is after all about description. It does help us make predictions about what might happen if we transfer management practices from, say, the UK to France, or to Malaysia, but it does not tell us what we ought to do. It also does not tell us much about the dynamics of cross-cultural interaction, through such processes as globalization and the exercise of power. Here ‘what is’ (say, institutions imposed by a colonial power) may come into conflict with what ought to be (say, the social values of local communities).

As discussed above, where cross-cultural ethical studies are undertaken a comparison of ethical values across nations (i.e. description) is frequently drawn, but at worst it is undertaken from a stance of one ‘culture’ being less ethical than another ‘culture’. Even if positivistic social science of this sort professes to be neutral, it often ends up making implicit judgements that are not articulated and not explained. There is a compounding of the descriptive with the normative that actually hampers understanding. For example, there may be a judgement that managers from one nation who are seen to be more likely to pay bribes than managers from another, are perceived as less ethical. Even more controversial is an issue such as the veiling of women in the workplace in some Arab countries, or the segregation of the sexes, or even the lack of women in the workforce in Islamic countries. That this might be seen from the West as women being oppressed, may be part of a judgement that sees these practices as less ethical than those pertaining in the West.

How can these issues be researched by the Western researcher? How can they be managed by Western managers in Middle Eastern countries? Taking a view from somewhere, as advised by Flyvbjerg, does not mean degrading the cultural/religious values of others. I believe it means understanding the contribution of other value systems, cultures and civilizations.

This text is arranged thematically, rather than being a compendium/geography of ethics by country or region. Part I focuses on the state of the art of cross-cultural and international comparative management ethics (Chapters 3 and 4), but from a critical stance (Chapter 2). Part II develops certain themes, within a structure that looks at the contributions made from

particular countries and regions, including geopolitical power dynamics and influences on our perception of culture; social and institutional influences on our regard for ethics; religion as an influence on management ethics; the problems of giving voice to indigenous views; and the ambivalence towards ‘the exotic’ and implications for international management ethics.

Although not attempting to be comprehensive, it is hoped that many of the issues discussed will shed light on some of the critical issues of theory and methodology discussed in Chapter 2 and developed a little more in Chapter 5 from the perspective of the role and contributions of the United States. This chapter in particular questions why culture appears to have been rendered invisible, and why even this may be a misperception in the context of American society. In this regard, American ‘culture’ is rarely scrutinized, even though so many cross-country comparisons include the United States where the culture is almost assumed. Chapter 6 views Europe as being more conscious of its cultural differences, yet sometimes ethics is rendered almost invisible. It looks at the dynamics and explanations of this, why this might be changing, and explores how ethical differences might be discussed through a concept of discourse ethics. Chapter 7 puts religion centre stage in the context of Islam and the Middle East, exploring Arab cultures in particular. It also looks at the contributions made by Islam to gender relations, and discusses the controversial nature of this in the West.

The global dynamics of a post-colonial world are a recurrent theme of this book. In fact, in many respects the assumption of an inheritance of a colonial world is taken as a starting point, from which the dynamics of ‘neo-colonialism’ are developed, particularly in Chapter 5. A premise is that the type of relationships and consciousness of one’s identity that these dynamics have created make it particularly difficult to do cross-cultural research, and for managers to manage across cultures. It is also premised on the scientific understanding that our studies should focus not on a so-called ‘culture’ as a fixed and concrete entity, but on the interfaces between different cultural spaces, and outcomes in terms of a hybrid Third Space in a constant power dynamic.

Chapter 8 focuses on Africa as a ‘developing’ region, and looks also at the dynamics of the South finding its voice, and speaking back. The difficulty of doing cross-cultural management research is again highlighted through postcolonial theory and the contradictions of the West’s perception of ‘the other’ in terms of both its negativity and view of ‘the exotic’. In Chapter 9 the recent concern with *guanxi*, or the use of social networks and connections in business relations in China, is an example of this, where some commentators



are virtually heralding this as the latest management tool in the hands of management consultants, while some see this as ethically unacceptable and damaging to the social and economic fabric of China.

In doing cross-cultural research, or managing a business in China or in India, and trying to understand different concepts of management and business ethics, it is not irrelevant that both these countries boast civilizations going back many, many millennia. This is examined in order to throw light on the issue of *guanxi*, as well as what the inheritance of ancient civilizations might mean for modern corporations. Again, in this regard, an understanding of geopolitical dynamics, how these are changing, the new roles of China and India in the world, and South–South relations are all important for both international managers and indeed for cross-cultural management scholars.

In the concluding Chapter 10, the main issue is bringing this all together. Attempts have been made to provide models or formulae for managing ethically across cultures. These often try to provide a careful balance between approaches such as teleological and deontological ones (Hosmer, 1987) or some kind of decision algorithm (Donaldson, 1989). Particularly to be grappled with is the balance between universalism and relativism. Throughout this book, the implicit question that is constantly asked is: what can we learn, as international managers, or international scholars, from others' cultural spaces? This may be different to assuming a universal ethics, but it is not a relativist stance. At a general level much can be gained from the discourse ethics discussed in Chapter 6: that by engaging in a conversation about how 'the other' sees the world, trying not only to understand this, but to learn from this, and then arriving at a working compromise may be the way forward. Whether or not this is possible, particularly in light of the discussion in the ensuing chapters on the representation of others' cultural spaces, may still be open to question. Yet the first stage is understanding the geopolitical dynamics that have led to assumptions about universality, as well as the different manifestations of cultural and ethical systems that have arisen through these international dynamics.



# Part I

## **Understanding values and management ethics across cultural space**

## 2 Understanding culture and cultural interfaces

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This book is based on a premise that the concept of ethics, or what constitutes ‘ethicality’ differs across the globe. What is regarded as ethical in one society may not be so regarded in another. This is not a straightforward assumption as it is also possible to assume that there is a universal ethic. For example, it is reasonable to suppose that all societies and cultures have a value which condemns murder and causing unnecessary suffering to other people. It may also be reasonable to suppose that a belief in universal human rights is indeed universal (from the UN’s Universal Declaration of Human Rights, 1948, and subsequent United Nations declarations), and that this is a useful guide in differentiating what is acceptable and what is not acceptable in a society other than our own. Why this may not be a reasonable assumption is discussed later in Chapter 5.

An assumption of a universality of ethics, as well as an assumption of cultural variation in what constitutes ethicality, does not necessarily provide a contradiction. But it does cause problems for managers operating across different countries.

The current chapter is concerned with *why* concepts of ethicality differ across the globe: from country to country. A simple cross-cultural approach that explains variation in terms of ‘culture’ is not sufficient. Explaining variation by reference to Hofstede’s (1980a/2003) value dimensions, for example, although useful, does not fully answer the question of why there is variation. The current chapter addresses this crucial question: *why does ethicality, or the meaning of what is ethical or not, differ among countries and regions?* Chapter 3 looks at *how* ethicality differs among nations, particularly exploring the link between culture, values and ethics. Chapter 4 focuses on the issue of cultural difference and the universality of ethics, albeit within a more traditional, positivistic cross-cultural management framework. To illustrate some of the issues and concerns of this chapter, we first turn to the case of the American legislation on paying bribes overseas.