

Cambridge Handbook of Culture, Organizations, and Work

It is now widely recognised that countries around the world are becoming increasingly interconnected, and that both public and private organizations are of necessity becoming increasingly global. As political, legal, and economic barriers recede in this new environment, cultural barriers emerge as a principal challenge to organizational survival and success. It is not yet clear whether these new global realities will cause cultures to converge, harmonize, and seek common ground or to retrench, resist, and accentuate their differences. In either case, it is of paramount importance for both managers and organizational scholars to understand the cultural crosscurrents underlying these changes. With contributions from an international team of scholars, the *Cambridge Handbook of Culture, Organizations, and Work* reviews, analyzes, and integrates available theory and research to give the best information possible concerning the role of culture and cultural differences in organizational dynamics.

RABI S. BHAGAT is Professor of Organizational Behavior and International Management at the Fogelman College of Business at the University of Memphis. He is a fellow of SIOP, APA, APS, and the International Academy for Intercultural Research. He has edited handbooks in the area of cross-cultural training and has published widely in the area of cross-cultural organizational behavior and international management.

RICHARD M. STEERS is Professor Emeritus of Organization and Management in the Lundquist College of Business, University of Oregon. He is a past president and fellow of the Academy of Management, as well as a fellow of the American Psychological Society and the Society of Industrial and Organizational Psychology. Professor Steers has published widely in the areas of work motivation and cross-cultural influences on management.

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Edited by

RABI S. BHAGAT

University of Memphis

RICHARD M. STEERS

University of Oregon



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This book is dedicated
with sincere appreciation to
HARRY C. TRIANDIS
and
LYMAN W. PORTER,
true scholars and pioneers
in the study of work and
organizations across cultures

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Contributors

Soon Ang, National Technical University,
Singapore

Rabi S. Bhagat, University of Memphis, USA

Dharm P. S. Bhawuk, University of Hawaii at
Manoa, USA

Nancy R. Buchan, University of South Carolina,
USA

Ronald J. Burke, York University, Canada

Nathalie Castaño, Wayne State University, USA

Deanne N. Den Hartog, University of Amsterdam,
The Netherlands

Marcus W. Dickson, Wayne State University,
USA

Gili S. Drori, Stanford University, USA

Miriam Erez, Technion, Israel

Ronald Fischer, Victoria University Wellington,
New Zealand

Michele J. Gelfand, University of Maryland, USA

Cristina B. Gibson, University of California at
Irvine, USA

Lynn Imai, University of Maryland, USA

Mansour Javidan, Thunderbird School of Global
Management, USA

John R. Kimberly, University of Pennsylvania,
USA

Bradley L. Kirkman, Texas A&M University,
USA

Ben C. H. Kuo, University of Windsor, Canada

Sang Myung Lee, Hanyang University, South
Korea

Kwok Leung, City University of Hong Kong,
China

Martha L. Maznevski, IMD, Switzerland

Annette S. McDevitt, University of Memphis,
USA

Ian McDevitt, University of Memphis, USA

Mark E. Mendenhall, University of Tennessee at
Chattanooga, USA

Luciara Nardon, Carleton University, Canada

Joyce S. Osland, San Jose State University, USA

Colleen Beecken Rye, University of Pennsylvania,
USA

Carlos Sanchez-Runde, IESE Business School,
Spain

Günter K. Stahl, INSEAD, France and
Singapore

Taryn L. Stanko, University of Oregon, USA

Richard M. Steers, University of Oregon, USA

Pamela K. Steverson, University of Memphis,
USA

Sully Taylor, Portland State University, USA

Fons J. R. van de Vijver, University of Tilburg,
The Netherlands, and North-West University,
South Africa

Preface

As noted organizational scholar Robert J. House recently observed:

ample evidence shows that the cultures of the world are getting more and more interconnected and that the business world is becoming increasingly global. As economic borders come down, cultural barriers will most likely go up and present new challenges and opportunities for business. When cultures come in contact, they may converge in some aspects, but their idiosyncrasies will likely amplify.¹

In this new and more turbulent global environment, a critical question is whether these new global realities will cause various dissimilar cultures of the world to converge, harmonize, and seek common ground or to retrench, resist, and accentuate their differences. In either case, it is important for organizational scholars and managers of multinational and global organizations to understand the intricacies of the cultural undercurrents that are responsible for these changes. To accomplish this, we are in need of the best information possible concerning the role of culture and cultural variations in various macro and micro processes in organizational contexts.

The principal objective of this handbook is to aid in this endeavor by reviewing, analyzing, and integrating available theory and research in the field of organizational studies as they are influenced by cultural differences. More specifically, this handbook focuses on explicating the interactive relationships between culture, work, and organizations, as well as the implications of these findings for future research and theory development.

Organizational studies as the systematic investigation of the ways by which people organize themselves to achieve common objectives is a relatively young endeavor. As such, available information

and tenable theories have evolved only during the past several decades. Still, as the accumulation of intellectual wealth began to mushroom in the 1960s and beyond, serious efforts were required to summarize what had been learned and identify new areas in need of further exploration. One way this academic record has been documented is through the publication of integrated handbooks.

In 1965, James G. March published his now classic *Handbook of Organizations* (Rand McNally, 1965). This handbook aimed to bring together in one volume cutting-edge research and emerging theories focusing on organizations and organizational behavior. A little over a decade later, this was followed by the *Handbook of Industrial and Organizational Psychology*, edited by Marvin Dunnette (Rand McNally, 1976). This volume was – and remains today – a definitive contribution to the field of industrial-organizational psychology. It is rich in theory and research, comprehensive in scope, rigorous in method, well organized, and clearly written. It continues to be widely read, widely cited, and a “must read” for scholars in the field.

These two works were then joined by other equally important handbooks, all aimed at the summary and integration of existing theory and research on the topic. Robert Dubin’s *Handbook of Work, Organization, and Society* (Rand McNally, 1976) focused on theory and research on work, occupations, and organizations from a largely sociological perspective, and reflected the national differences in organizations around the world. Shortly thereafter, William Starbuck and Paul Nyström published their

¹ R. J. House. 2004. “Introduction”, in R. House, P. Hanges, M. Javidan, P. Dorfman, and V. Gupta, *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies*. Thousand Oaks, CA: Sage, p. 1.

two-volume *Handbook of Organization Design* (Oxford University Press, 1981), focusing largely on the theory and research in the development of organization (or macro organizational) theory.

In 1994, Marvin Dunnette teamed up with Leaetta M. Hough to edit a major revision of his earlier handbook. The new multi-volume *Handbook of Industrial and Organizational Psychology* (Consulting Psychologists Press, 1994) emerged once again as a leader in theory and research and, indeed, Volume 4, edited in collaboration with Harry Triandis, marked the first significant volume devoted exclusively to theory and research on cross-cultural psychology. More recently, in 2002, Martin J. Gannon and Karen L. Newman added to this reservoir of ideas and information with their *Handbook of Cross-Cultural Management*, focusing on the role of culture in management and organized behavior.

Finally, Peter Smith, Mark Peterson, and David Thomas updated the field still further with the publication of their *Handbook of Cross-Cultural Management Research* (Sage, 2008). This handbook provides a systematic examination of management research from thirteen countries on the relationships between employees and employers, organization structure and process, and the management of multinational firms, using a standardized model based on cultural values, cognitions, and social structures that was developed by the editors.

Taken together, the tradition of editing periodic handbooks that summarize, integrate, and hopefully synthesize available theory and research has proven to be a valuable tool for pushing the frontiers of our knowledge. It is our belief that such attention should now be focused on the complex and rather intractable topic of cross-cultural organizational studies. This field has often been characterized by a lack of rigor both in theory development and in empirical research. It has also been characterized by extensive fragmentation and a lack of cohesiveness of results. In our view, there have been too many armchair opinions and too little solid research. Much of this is understandable due to both the difficulty and the distances involved in cross-cultural research. However, it is also our view that sufficient high-quality research

on the impact of national cultural differences on organizations and organized behavior now exists that the time has come to attempt an updated integration and synthesis of the field.

In editing this volume, our principal objective has been to bring together in one place both the knowledge base that currently exists as well as some thoughtful ideas concerning the next steps that could be taken in order to continue the development of this field. Our goal in this new handbook is certainly not to replace earlier handbooks; that would be an impossible task. Rather, our intention is to update and expand on what has been learned previously, specifically as it relates to cross-cultural and cross-national influences on organization and management. In doing so, our aim has also been to apply this same level of rigor and inquisitiveness and the same level of theory development to the study of how cultural differences affect – and are affected by – organizations and work behavior. This volume also aims to integrate various bodies of literature in a fashion that makes important ideas readily accessible to scholars.

An important goal of this handbook is to publish major contributions on the various topical domains of research dealing with cultural variations in both the macro and micro areas of organizational behavior and theory. At the macro level of analysis, we know that organizations around the world are influenced by the dominant cultural values that are salient in their societal contexts. Topics that relate to the role of cultural variations to various organizational processes include cultural variations in organizational structure and design in various countries of the world as well as in cross-border mergers and acquisitions. Other topics included here focus on cultural influences on organizational processes, cultural variations in the creation, diffusion, absorption and transfer of knowledge, and cultural variations in organizational innovation. Likewise, on a more micro level, while there have been considerable single-country or two-country studies of such topics as leadership, work motivation, work teams, negotiation, conflict resolution, and stress, it is difficult to find efforts to collectively view these individual empirical results in ways that have meaning for both researchers and managers. Finally, issues relating to the

improvement of cross-cultural research methods and future directions for future research and theory development represent an integral part of any discussion of culture, work, and organizations.

Taken together, this handbook aims to collect, organize, and integrate knowledge in the area of cultural variations in macro and micro aspects of organizational behavior, as well as provide important insights into the nature of work in various societies around the world. To accomplish this goal, we invited noted scholars from twelve different countries to contribute chapters based on their particular areas of research expertise. We believe we have brought together people doing cutting-edge research and theory development for this endeavor. Individually and collectively, they have made a signal contribution to this project. Even so, no single volume and no set of authors can incorporate everything relating to the topic under study. In our efforts to organize this handbook, and in view of space limitations, we had to make some strategic choices concerning what could be included and what could not. In this effort, the editors accept full responsibility for the results.

This handbook is divided into four parts, each representing a significant element in understanding how – and why – national cultures and cultural differences influence individual and organizational action. Part I: Cultural Foundations is designed to provide theoretical foundations for conceptualizing the role of cultural variations in work organizations. Three chapters are included. The first, by Luciana Nardon and Richard M. Steers, examines various models of national cultures. On both conceptual and empirical levels, serious research on cultural differences in organizations has been simultaneously facilitated and inhibited by the existence of multiple and often conflicting models of national culture. This lack of convergence across these models has created a culture theory jungle – a situation in which researchers must choose between competing, if sometimes overlapping, models to further their research goals and then defend such choices against a growing body of critics. Based on a review of the more commonly used models of national culture, Nardon and Steers's chapter suggests that a clear need exists to seek convergence across the various models where it exists in order

to facilitate meaningful cross-cultural research. The authors seek this by identifying five relative common themes, or core cultural dimensions, that pervade the various extant models. Based on these core dimensions, culture ratings for country clusters are offered based on multiple evaluative strategies. Finally, new directions for future research are discussed.

Chapter 2, by Kwok Leung and Soon Ang, focuses on the evolution of the field of international business as it is influenced by cultural differences. The role of national culture in international business has received considerable attention partly because of the seminal work of Hofstede on cultural dimensions. In this research tradition, national culture is typically defined by subjective constructs, such as values and beliefs. However, the cultural perspective also encompasses the ecology of a culture and other objective elements, such as physical infrastructure and formal institutions. In a different line of research guided by institutional theory, cultural differences in the choices and behaviors of firms are explained by differences in institutional variables across societies. Leung and Ang provide a review of the constructs of national culture and institution and argue that the cultural perspective can broaden the scope of the institutional approach and highlight the importance of ecology in global management research. Likewise, the institutional perspective is able to spell out the specific nature of the influence of social institutions, which has rarely been studied under the cultural perspective. The authors' integrative review suggests that cultural change is best understood by a joint consideration of subjective culture and social institutions. A synthesis of the cultural and institutional perspectives can also shed new light on firm and individual behaviors in emerging economies.

Chapter 3, by Cristina B. Gibson, Martha Maznevski, and Bradley Kirkman, asks a simple but important question: When does culture matter? Can we simply assume, for example, that whenever members of different national cultures interact, the national cultural differences will drive behavior? Gibson *et al.* question this assumption and attempt to place more precise boundaries around the influence of national culture. They first identify mechanisms through which national culture affects four

types of individual-level work outcomes. They then propose moderators of these effects at three levels of analysis, which serve to codify the extent of cultural variations, as well highlight circumstances in which cultural variation is most salient. This framework is illustrated with sample propositions. Implications for theory, research, and practice are discussed.

In Part II: Culture and Organization Theory, attention shifts to an examination of several of the major macro variables that differentiate organizations in one culture from another. In Chapter 4, Richard M. Steers, Luciara Nardon, and Carlos Sanchez-Runde examine the relationship between strategic choice, organization structure, and organizational decision-making as these processes are influenced or constrained by cultural differences. Despite the existence of extensive research on the impact of national culture on managerial behavior, surprisingly little attention has been given to the way in which national culture shapes the structures of organizations. Even though few organizational scholars today disagree that culture directly and independently influences individual behavior, values, norms, and attitudes, we know little about how such forces influence organizing efforts that include hierarchical structure, organizational boundaries, and division of labor.

In Chapter 5, Günter K. Stahl and Mansour Javidan observe that cross-border mergers and acquisitions (M&As) continue to be a popular strategy for achieving growth and diversification. In their chapter, they provide an overview of extant theories and research findings on the role of culture in cross-border M&As. The authors examine several possible explanations for the inconsistent findings that have emerged from previous research on the performance impact of cultural differences in M&As and discuss some of the conceptual and methodological ambiguities inherent in the cultural distance paradigm, which continues to dominate this field. They then introduce an alternative cultural framework, based on the conceptual foundations and empirical findings of the GLOBE research program, and provide an in-depth look at how cultural differences at the national level can affect the integration process and, ultimately,

the post-merger financial performance. Stahl and Javidan conclude with a discussion of remaining questions and future research directions.

Chapter 6, by Miriam Erez and Gili Drori, offers an integrative (micro and macro) perspective to understanding the nature of the work environment in multinational organizations. Linking between institutional theory and behavioral theory, the authors explore the impact of world culture on the structures and operations of multinational organizations and on the identity of their employees. They link between the characteristics of world culture (macro), the nature of the transnational work environment, and the behavior of employees (micro) to develop a theoretical model that captures the nested nature of the cultures of globalization. They further examine the interplay between the macro and micro levels of analyses on the study of global work and global culture by considering both top-down and bottom-up processes.

In Chapter 7, Rabi Bhagat, Annette McDevitt and Ian McDevitt examine the cultural variations in the cross-border transfer of organizational knowledge. Research on organizational knowledge is highly inter-disciplinary in character. Important contributions have been made by economists, political theorists, and information scientists. However, there is a critical need to understand the role of culture-specific influences in the way knowledge gets created, diffused, absorbed and transferred. They provide a list of important facilitators and constraints in the creation, diffusion, absorption, and transfer of organizational knowledge. This chapter should stimulate future theory and research in this growing area of inquiry.

This is followed in Chapter 8 with a discussion of a new way of thinking about the relationship between culture and innovation. This chapter, by John R. Kimberly and Colleen Beecken Rye, uses data on the adoption and implementation of Patient Classification Systems (PCSs), an innovation in hospital management information systems in the United States, France, Italy, Germany, and Japan to show that when innovations are diffused and implemented across regional and national borders, the components of PCSs can change in response to the interests and agendas of key stakeholders in

relevant health systems. The authors refer to this phenomenon as the morphology of innovation, and discuss both the theoretical and empirical implications of moving away from focusing principally on organizations as the context for innovation and images of innovations as discrete, fixed, and culture-free.

In Part III: Culture and Organizational Behavior, attention is directed towards developing a better understanding of individual and group behavior in work organizations across cultures. This section begins in Chapter 9, by Marcus W. Dickson, Deanne N. Den Hartog, and Nathalie Castaño, who examine reasons why cross-cultural research is difficult to do well, and why this is particularly the case with leadership research. The authors define terms and then focus on the tension researchers face between seeking leadership universals and leadership cultural contingencies. This includes a discussion of the major cultural dimensions (as well as research on dimension-based culture clusters) as they relate to leadership, while raising questions about the adequacy of the dimension approach for understanding leadership across national boundaries. They conclude with a section on implications for leaders, including topics such as reward systems and expatriate selection/preparation.

In Chapter 10, Joyce Osland, Sully Taylor, and Mark Mendenhall focus on global leadership and its development. Despite some commonalities with traditional leadership, they articulate how global leadership differs in degree and kind due to its global context. Cultural variations, complexity (multiplicity, interdependence, ambiguity), and flux are contextual determinants of global leadership. The chapter's major contribution resides in going beyond the common "competency delineation" approach that is so prevalent in the literature, to present an integrated framework illustrating how the contextual variables of global complexity lead to global leadership. Global leadership is then portrayed as different forms of sense-making, which in turn requires the enacting of particular competencies; the final component of the framework is the ideal sequence of development training to learn these competencies. The authors then

review the limited empirical research in relation to this framework and identify progress, challenges, and needs for future research. Two other frameworks are also discussed: the Pyramid Model that organizes global leadership competencies and a model that integrates the focus, training methods, and HR support related to global leadership development.

Chapter 11, by Taryn L. Stanko and Cristina B. Gibson, reviews articles published between 2000 and 2006 focusing on virtual, distributed, or dispersed work. Their review focuses on four key areas of virtual work: (1) conceptualizations and operationalizations of virtuality, in particular, exploring culture as a defining characteristic; (2) research designs utilized (i.e., experimental, field surveys, case studies); (3) the role of virtuality in the models investigated (i.e., whether it is considered an independent variable, moderator or dependent variable); and (4) outcomes of virtuality (dependent variables investigated). In each of these areas, the authors first summarize the state of the art and the limitations of the current research, and then develop recommendations for future research, essentially laying out a plan for where we can go from here. In this regard, they emphasize the most promising directions for future research concerning cultural variations in virtual work.

Following this, in Chapter 12, Carlos Sanchez-Runde, Sang Myung Lee, and Richard M. Steers examine work motivation theory and practice as it relates – and, in some cases, does not relate – to cultural differences. Despite a long tradition of theory building and empirical research focusing on work motivation and job performance, few rigorous studies have been conducted over the years that look beyond the borders of a small number of highly industrialized nations. It has often been assumed – incorrectly, the authors assert – that western theories of work motivation most likely apply with equal vigor to highly divergent cultures around the world. With this in mind, this chapter reviews what is known – and what remains to be learned – about personal work values, motivation, job attitudes, and performance in divergent global settings. The concept of cultural drivers is used as a framework for understanding how cultural

differences can influence action. Implications for research and management are then discussed.

Following this, Lynn Imai and Michele Gelfand focus in Chapter 13 on interdisciplinary perspectives on culture, conflict, and negotiation. In doing so, they draw from a variety of disciplines, each with their unique approach to culture and conflict, including legal anthropology, comparative law, communication, experimental economics, cognitive anthropology, language and disputing, international relations, and primatology. For each field, they identify the major research questions asked, the unit of analysis, the way in which culture is conceptualized, the dominant methodology used, as well as the comparative versus intercultural nature of research. They then review key representative work from each discipline, and discuss the implications of each field for the study of culture and conflict in organizational behavior. By looking outward to representative works on culture and conflict from a variety of disciplines, Imai and Gelfand aim to better understand our own implicit assumptions in organizational behavior as well as to invite new perspectives and interdisciplinary collaborations.

In Chapter 14, Nancy R. Buchan argues that significant potential lies in clarifying the complex influence of culture in the trust process. By drawing on literature from multiple academic fields, a dynamic model is presented that meticulously breaks down the trust development process and demonstrates that trust development is dynamic and fluid, changing in nature from context to context, and is influenced by a multiplicity of economic, sociological, psychological, legal, political, business-related factors in the cultural environment of the trust relationship. The model demonstrates that the bulk of current trust research suggests a trajectory for trust development particular to western-based cultures. Based on research from less-developed and/or non-western environments, this chapter reveals that culture is intrinsically intertwined in trust relationships, that the nature of trust manifested is likely culturally determined, and that different trajectories for trust development exist depending on the cultural environment studied.

In Chapter 15, Rabi Bhagat, Pamela Steverson, and Ben Kuo examine the role of cultural differences in work stress and coping in the era of

globalization. They provide a model that explicitly incorporates the role of cultural differences in work stress and coping. Coping with work stress is often influenced by culture-specific influences and their chapter should facilitate further inquiry into the role of cultural differences on various types of work stress including stresses associated with acculturation.

Next, in Chapter 16, Ronald J. Burke reviews the literature addressing cultural values and women's education, work, and career experiences. Women in management research specifically, while still relatively limited, is increasingly being carried out in a greater number of countries and across countries. The proportion of women in the labor force continues to increase, but these participation rates are uneven. Few women, however, achieve senior executive leadership positions in any country. "Think manager – think male" appears to be widespread. Culture is a major factor, those societies valuing traditional roles for women have fewer women in professional and managerial jobs. National policies and legislation as well as cultural and religious values are important here as well. Two large-scale research projects, Hofstede's and GLOBE, indicate the effects of cultural values in explaining women's work experiences. Hofstede has shown that cultures high on masculinity had a lower percentage of women in managerial and professional jobs, greater gender segregation in higher education, and greater work centrality at the expense of family. The GLOBE study reported more women in higher education and in the workforce, higher levels of male-female equality, women's economic activity and a higher GNP in societies scoring higher on gender egalitarianism. Promising future research directions are then offered.

Rounding out this section of the handbook is Chapter 17, by Dharm P.S. Bhawuk, focusing on intercultural training. A review of the literature on intercultural training shows that this field of research has been theory driven from its early days owing to its founders like Edward Hall, Harry Triandis, Richard Brislin, Dan Landis, and Bill Gudykunst, who were motivated to pursue theory driven research. Three major reviews of the field of intercultural training in the past seven years have helped present a historical overview of the field and

also present a synthesis of its theories and methods. This paper builds on these earlier reviews by synthesizing various theoretical ideas to propose an approach to intercultural training that is grounded in theory and can be utilized by business and government or non-government organizations. It also presents a synthesis of learning models that have hitherto been scattered across the literature, which will help young scholars better to focus their research agenda. It is hoped that the chapter will also guide practitioners to systematically develop intercultural training programs that are informed by theory.

This volume concludes with Part IV: Future Directions in Theory and Research, which includes two summary chapters on future research directions, theory development, and research methodology. Chapter 18, by Fons J.R. van Vijver and Ronald Fischer, examines ways of improving methodological robustness in cross-cultural organizational research. More specifically, this chapter deals with two kinds of methodological issues. The first involves bias and equivalence. Tools are described to address the question of whether an instrument measures the same construct in different cultures. Examples are exploratory and confirmatory factor analyses and the numerous techniques that can be employed to identify differential item functioning. The second issue involves the multilevel design of cross-cultural organizational studies. Multilevel analyses address important questions in cross-cultural organizational research, such as determining the most appropriate level of analysis (e.g., individual, group, organization, industry, national culture, etc.), similarity or dissimilarity of meaning at all levels, and the linkage of constructs across levels. The authors argue that a further integration of theory and methods and a more refined use of methodological tools in cross-cultural research will help to increase the replicability of cross-cultural research findings, bolster conclusions against alternative interpretations, and increase validity of organizational theory in a cross-cultural framework.

Finally, Chapter 19, co-editor Rabi Bhagat examines the accomplishments and challenges in cross-cultural organizational research. In his analysis, he discusses various reasons why cross-

cultural researchers should take pride in the work that has been accomplished in recent years. Important avenues of research are discussed as the global economies expand and move into different parts of the world. It is argued, based on this review, that little doubt exists that research on the interaction among culture, work, and organizations will continue and grow in importance in the twenty-first century.

In closing, we recognize a significant debt of gratitude to the many people who supported this venture from the beginning. No project of this magnitude could be accomplished without a true partnership between editors, contributing authors, publisher, colleagues, and family members. In this regard, we were very fortunate to have had such a partnership.

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*Rabi S. Bhagat
Richard M. Steers*