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THE INTERNATIONAL MANAGEMENT PROCESS

An Overview

“**W**hy do some international managers succeed while nearly half their counterparts fail? The answer is culture shock—the failure to adjust to people with different motivations, behaviors, and ways of making decisions.”¹ In other words, too many companies assume that they can do things abroad the same way they do them at home.² For example, Wal-Mart, the international giant retailer, recently (August 2006) announced that it would pull out of Germany after more than a decade of trying in vain to succeed there. Wal-Mart discovered that its formula doesn’t fit every culture.³

Learning Objectives of the Chapter

Since the environment differs across countries, the managerial approach that works in one country does not necessarily work in another. This suggests that to manage effectively across cultures, managers require skills beyond those required to manage in the home country. For example, managers would know that in the United States it is the individual who counts. In Japan, it is the group—things get done not by nonconforming lone rangers but by group consensus. The consensus is possible only through cultivation of relationships. Relationships help define the essence of Japanese society, including the conduct of business. Thus, to be effective in managing international business enterprises, managers must develop cross-cultural competence.⁴ After studying this chapter, you should be able to describe the following:

1. Culture
2. The impact of culture on international planning, international organization, international staffing, international coordinating, and international controlling
3. The impact of religion on international management

4. Other factors that affect the management process
5. Global management, as a future perspective
6. Cross-cultural convergence and the impact of information technologies on cultural change
7. The skills international/global managers require

The International Management Process

The international management process is heavily affected by the culture (as well as other factors) of the country where enterprises pursue their goals and objectives. (For a description of how culture affects the international management process in Asia, read Practical Perspective 1.1.)

PRACTICAL PERSPECTIVE 1-1

Managing Cultural Diversity in Asia

Cultural elements can affect business behavior in Asia in several ways. Western companies may find that differences occur in areas such as commitment to the organization, work ethic, the drive to achieve and succeed, acceptance of responsibility; the relationship with seniors, the way in which subordinates are motivated, or handling discipline and control. The Confucian cultures hold a secret to success. [The author cites Gordon Redding, a professor at Hong Kong University.]

From the huge monolithic networks of Japan (*keiretsu*) and Korea (*chaebol*) to the small family-owned businesses of overseas Chinese that dominate Taiwan, Hong Kong, and Southeast Asia, "patterns replicate like successful recipes," he [Professor Redding] said. The common denominator is paternalism. It is difficult to generalize, but it has been argued that the hierarchical, vertical, familial, highly status-differentiated structures that permeate Asia show marked contrast to the more egalitarian, horizontal institutions of the West.

Social relationships tend to be more authoritarian, paternalistic, and personal in Asia, nurturing autocratic or unilateral decision-making processes and interpersonal relationships that are based on collectivism and group welfare. Corresponding parameters in the West include more consultative decision making but an emphasis on individualism, self-interest, and impersonal or aggressive relations. Words such as loyalty, trust, and cooperation enjoy high rating in motivating and controlling Asian employees, whereas competency and individual performance are strong motivators in the West.

Western multinationals planning to gear up their businesses in Asia may have to adapt their corporate cultures to embrace elements more familiar to Asian businesses. This could include profit sharing, a highly disciplined structure, a more humanistic corporate culture, increased non-individualistic reward, a greater sense of corporate pride, or a stronger cementing in of workers by use of fringe benefits.

SOURCE: Excerpted from Lyn Tattum, "Managing Cultural Diversity in Asia," *Chemical Week* (February 3, 1993), p. 14. Reprinted with permission.

Culture

Culture comprises an entire set of social norms and responses that condition people's behavior; it is acquired and inculcated, a set of rules and behavior patterns that an individual learns but does not inherit at birth.⁵ It enables people to make sense of their world, and it is foreign only to those outside. Knowledge of the concept of culture is imperative for understanding human behavior throughout the world, including in one's own country. Fundamentally, groups of individuals develop a social environment as an adaptation to their physical environment, and they pass down their customs, practices, and traditions from generation to generation.⁶

For a brief account of how cultures differ across countries, see Practical Perspective 1.2. For an illustration of how culture affects international business practices, read Practical Perspective 1.3.

PRACTICAL PERSPECTIVE 1-2

Different Cultures, Different Meanings

Never touch the head of a Thai or pass an object over it, as the head is considered sacred in Thailand. Likewise, never point the bottoms of the feet in the direction of another person in Thailand or cross your legs while sitting, especially in the presence of an older person. Avoid using triangular shapes in Hong Kong, Korea, or Taiwan, as a triangle is considered a negative shape in those countries. Remember that the number 7 is considered bad luck in Kenya, good luck in Czechoslovakia [now Czech Republic and Slovakia Republic], and has magical connotations in Benin. Red is a positive color in Denmark but represents witchcraft and death in many African countries. A nod means "no" in Bulgaria, and shaking the head side-to-side means "yes."

SOURCE: Excerpted from M. Katharine Glover, "Do's and Taboos: Cultural Aspects of International Business," *Business America* (August 13, 1990), p. 2. Reprinted with permission.

PRACTICAL PERSPECTIVE 1-3

Culture in the Arab World

Most managers in the U.S. and other Western countries say that culture consists of beliefs, values, ways of thinking, and language. But most Arab managers—like their Japanese counterparts—think of culture as history, tradition, and a way of life. Clearly, culture is a behavioral norm that a group of people have agreed upon in order to survive. These norms vary by time and place and are constantly adapted to the changing environment.

Within each culture, there are many subcultures of which we are simultaneously members. An Egyptian-born executive of a Cairo computer company belongs to the subcultures of Egypt, his company, his sales department, product group, family, and so forth. Every sort of normal, day-to-day business activity is affected by these cultural identities—including personal introductions, meetings, presentations, training, motivation, and written communication.

One way of looking at culture is to consider what values are most important: competition, formality, group harmony, risk-taking, or authority. Among Americans, emphasis is usually placed on independence, competition, and individual success. In the Arab world, however, primacy is given to family security, compromise, and personal reputation. Let's consider a few situations in which dramatic differences in behavior can generate conflict, or at least misunderstanding:

An American attending a business conference is likely to introduce himself to an Arab businessman then quickly walk off to talk to other Arab executives, declining invitations to have some coffee during the break. The American doesn't have enough time for more than a brief chat with anyone; his objective is to make as many contacts as possible. The Arab businessmen are put off by this behavior because Arabs place a high value on building personal relationships; they want to get to know someone fairly well before discussing business matters. . . . Like the Japanese, Arabs hold a much longer-term view of time; they don't shun spending months or years building personal relationships and trust. . . .

Friction is likely to occur when there is disagreement in the workplace since Arabs take a very different view of how to manage conflict than do Americans. If an American worker disagrees with his [her] manager, he [or she] is most likely to discuss the matter directly with the manager. This is because Americans value social equality and believe that frank discussion can solve many difficult problems. In the Arab countries, however, an employee who has a disagreement with his or her immediate supervisor (American or otherwise) may well decide to appeal to a higher authority—the manager's boss. If the immediate supervisor is American, this surprise can generate even greater ill will.

Even the "simple" subject of physical distance can create misunderstandings. An Arab executive may well stand closer to you than would an American or Japanese. While this is a way of expressing personal warmth and hospitality most Westerners—and Japanese—will retreat, because they feel their comfort zone of personal space has been invaded.

SOURCE: Excerpted from Farid Elashmawi, "Managing Culture in the Arab World," *Trade & Culture* (September–October, 1994), pp. 48–49. Farid Elashmawi, Ph.D., a native of Cairo, Egypt, is the president of Tech-Trans/Global Success, a consultancy that specializes in issues of global cultural diversity. Copyright © 1994, Trade and Culture Inc. Reprinted with permission. All rights reserved.

Practice and Value Aspects of Culture

Corporate Culture. Some cross-cultural researchers have broken down the meaning of corporate culture into symbols, heroes, and rituals, which they defined as organizational practices, also often referred to as corporate culture, and into values, such as good/evil, beautiful/ugly, normal/abnormal, and rational/irrational. As you will learn in this book, what is good and evil, beautiful and ugly, normal and abnormal, and rational or irrational varies from culture to culture—for example, bribery is unethical in the United States but quite acceptable in many parts of the world.

Values. These researchers contend that corporate cultures "reflect nationality, demographics of employees and managers, industry, and market; they are related to organization structure and control systems; but all of these leave room for unique and idiosyncratic elements."⁷ Among national cultures, comparing "otherwise similar people," these researchers found "considerable differences in values." Among corporate cultures (practices), the opposite was the case; they found "considerable differences in practices for people who held about the same values."⁸

Therefore, according to these researchers, the value aspects of corporate culture are attributed to nationality, but the practice aspects (symbols, heroes, and rituals) are attributed to the corporation, and the corporation changes practices in response to environmental demands. Since the environment changes at different times for different organizations, the practice aspects will differ from corporation to corporation, even

when the values remain relatively similar. This means that individuals in the same national culture may possess broad behavioral similarities but different organizational practices depending on the organization they work for.⁹

As a case illustration, from 1975 to 1980, this writer worked for a South Florida Native American Indian tribe, whose reservation is located in the Everglades, about 40 miles west of downtown Miami. Until the 1960s, the tribe lived by its traditional way, a culture and values that are the complete opposite of U.S./Western culture and values. Historically, to survive, tribal members hunted and fished in the Everglades. But the huge influx of the northern Westerners to South Florida (poachers, hunters, and the draining of everglades water to build houses for the northerners) depleted their means of surviving.

The tribal leaders employed this writer and several other Westerners to help them modernize the tribe to an extent that they could develop programs that would help them survive. The head of the tribe made it clear that the tribal members despise the Western values and ways and would rather die than be like the Westerners. This meant changing their practices while maintaining their traditional values, which are about 10,000 years old—a monumental challenge, indeed, because many of the practices we wanted to change were totally unacceptable by their traditional values. And the Medicine Man, the tribe's religious leader and the keeper of the Tribe's traditional medicines, made the decisions as to which Western-like positions a tribal member could practice or could not practice.

The change efforts were hindered by the existence of three tribal groups: the left, the middle, and the right. The left pushed for the change, and the right strongly opposed it. Furthermore, there were various clans within the tribe. Tribal members claimed that their way was egalitarian, but the ruling clan was in power and its members were given the better jobs, and the members of the less powerful clans were given the less important jobs. We developed numerous income-generating programs so that they could earn money to buy the things they needed to survive. We tried farming programs, but their culture didn't permit it; we tried oil exploration on the reservation, but none turned up. Ultimately, a tourist trade; relatively inexpensive alcohol and cigarette shops, because Tribes are exempt from taxes on such items; and gambling casinos, because Tribes are not subject to U.S. gambling laws, turned out to be the most lucrative sources of income for them—at the same time, under treaty stipulations, the U.S. government still has certain heavy financial treaty obligations to them.

A visit by the writer to the reservation in 2004 was a culture shock to him. Much modernization was there; numerous of their practices had changed dramatically, but it also became clear to him that their values had not changed at all, and neither had many of the practices as many were being carried out by non-Indians for the tribe—just as the writer had done nearly 30 years earlier.¹⁰

How Culture Is Learned

According to the well-known anthropologist Edward T. Hall, culture is learned through formal, informal, and technical means.

Formal Learning

In formal learning, “formal activities are taught by precept and admonition. The adult mentor molds the young according to patterns he [or she] himself [herself] has never questioned.”¹¹

Informal Learning

In informal learning, “the principal agent is a model used for imitations. Whole clusters of related activities are learned at a time, in many cases without the knowledge that they are being learned at all or that there are patterns or rules governing them.”¹²

Technical Learning

Technical learning, in its pure form, “is close to being a one-way street. It is usually transmitted in explicit terms from the teacher to the student, either orally or in writing.”¹³

Sources of Cultural Learning

Sources of cultural learning include the family, educational institutions, and religion.¹⁴

The Family

The most fundamental unit to the development of culture is the family.¹⁵ The construction of family households varies across cultures. For example, in the United States, the nuclear family has been a fairly independent unit. However, in many cultures, such as that of Italy, the family unit is made up of the mother, father, children, grandparents, aunts, and uncles.

Educational Institutions

Another fundamental source of cultural development is educational institutions, which differ from society to society. Some societies, such as Germany, heavily emphasize organized, structured forms of learning that stress logic, while others, including Great Britain and the United States, take a more abstract, conceptual approach.¹⁶

Religion

Different societies develop different religions, which are the major causes of cultural differences in many societies. Basically, religious systems “provide a means of motivation and meaning beyond the material aspects of life.”¹⁷ For example, the United States, to a great extent, reflects the Protestant work ethic. Protestantism, as does Catholicism, derives from Christianity. On the other hand, many Asian cultures, such as Japan and China, are heavily influenced by Buddhism and the practical aspects of Confucianism. (It should be noted that, as will be discussed below, Confucianism is not a religion; it is a practical philosophy.) There are many religions throughout the world, including Christianity, Islam, Hinduism, and Buddhism.

Christianity. Most Christians live in Europe and the Americas, but Christianity is growing rapidly in Africa. The founder of Christianity, which emerged from Judaism, is Jesus Christ. Like Judaism, Christianity is a monotheistic (belief in one god) religion. The two major Christian organizations are the Roman Catholic Church and the Eastern Orthodox Church. The Roman Catholic Church is dominant in Southern Europe and Latin America, and the Eastern Orthodox Church is dominant in numerous countries, including Greece and Russia.

The Reformation in the 16th century led to a split in the Catholic Church and to the formation of Protestantism by Martin Luther. Subsequently, numerous denominations, including Baptist, Methodist, and Calvinist, emerged under the umbrella of

Protestantism. The famous German sociologist, Max Weber, once noted that, in Western Europe, “business leaders and owners of capital, as well as the higher grades of skilled labor, and even more the higher technically trained personnel of modern enterprises, are overwhelmingly Protestant.”¹⁸

Islam. Islam, which dates back to about 600 AD, was started by the prophet Muhammad. Those who adhere to Islam are referred to as Muslims. It is the major religion of many African and Middle Eastern countries and in some parts of China, Malaysia, as well as some other Far East countries. Islam has some roots in both Judaism and Christianity and accepts Jesus Christ as one of God’s prophets. However, Islam, also a monotheistic religion, is based on the belief that the supreme deity is Allah and the chief prophet and founder is Mohammed. The major principles of Islam (similar to Judaism and Christianity) are to honor and respect one’s parents, respect the rights of others, not commit adultery, be just and equitable with others, have a pure heart and mind, safeguard the possessions of orphans, and be humble and unpretentious.¹⁹ Religion is paramount in all aspects of Muslims’ lives—for example, Muslim ritual necessitates prayer five times a day, and women dress in a certain way and must be subordinate to men.

Hinduism. Hinduism is dominant in the Indian subcontinent, where it began about 4,000 years ago. Hindus adhere to the belief that there exists a moral force in society that requires the acceptance of certain responsibilities, referred to as dharma. They believe in reincarnation and karma—the spiritual progression of each individual’s soul. One’s karma is affected by the way one lives, and it determines the challenges the individual will be confronted with in his or her next life. Hindus believe that by making their soul more perfect in each new life, they can eventually attain nirvana—a state of total spiritual perfection, which makes reincarnation no longer necessary. They also believe that nirvana is attained through a lifestyle of material and physical self-denial—by devoting one’s life to spiritual, rather than material, attainment.

Buddhism. Buddhism also has its roots in India. It was founded in about 600 BCE by Siddhartha Gautama. Gautama, who later became known as Buddha (“the awakened one”), was an Indian prince who renounced his wealth to pursue an austere lifestyle and spiritual perfection. He believed that he had achieved nirvana but decided to stay on earth to teach his followers. According to Buddhism, misery and suffering derives from people’s desires for pleasure. These desires can be repressed by following the Noble Eightfold Path: right views, right intention, right speech, right action, right livelihood, right effort, right awareness, and right concentration. Hinduism supports the caste system; Buddhism does not. And Buddhism does not advocate the type of extreme ascetic behavior that is encouraged by Hinduism. Most of the world’s followers of Buddhism reside in Central and Southeast Asia, China, Korea, and Japan.

The Effects of Religion on International Management. It is apparent that religion is closely associated with the development of cultural values and that it affects people’s day-to-day activities, such as a business’s opening and closing times, employees’ days off, ceremonies, work habits, and foods. For example, most businesses in Christian-dominated societies close on Christmas Day and often during the week before Christmas Day because of festivities; output slows down enormously. Muslim ritual

requires prayer five times a day; work is often interrupted. For instance, Muslim workers at Whirlpool Corporation's Nashville, Tennessee, plant demand time off from the assembly line for daily prayers.²⁰ Managers of international corporations must therefore be sensitive to employees' religious needs, and corporate policies must be flexible and accommodating to the varying needs existing around the globe—otherwise, there may be high employee absenteeism and many disappearances from work to satisfy these needs.

Religion also affects international management with respect to employee motivation. For example, the principles of Hinduism and Buddhism do not focus on the practice of working to accumulate wealth; Hindus value spiritual achievements more than they value material achievements.

The Impact of Culture on International Planning

Planning entails defining the organization's mission and establishing goals and objectives, and an overall strategy to achieve them. It means being more proactive than reactive. Instead of just responding to a situation, planning allows an organization to create and influence its environment, to exert some degree of control over its destiny. International planning is affected by the various ideas on which normative cultural concepts are based, including the master-of-destiny versus the fatalistic viewpoint and the never-ending quest for improvement viewpoint.²¹

The master-of-destiny viewpoint is prominent in numerous cultures, including those of the United States, Britain, and Australia. Individuals holding this viewpoint believe that they can substantially influence the future, that they can control their destiny, and that through work they can make things happen. Planning in such cultures is feasible because individuals are willing to work to achieve objectives.²²

In contrast, in many societies, including numerous Middle Eastern cultures, and those of the Muslim faith in Malaysia and Indonesia, the fatalistic viewpoint, or "determinism,"²³ is part of the cultural fabric. Individuals influenced by this viewpoint believe that they cannot control their destiny, that God has predetermined their existence and willed what they are to do during their lives. International managers are therefore likely to encounter more difficulty in obtaining a commitment to their plans in fatalistic cultures than they would in master-of-destiny cultures.

Furthermore, some societies, such as those of Native Americans, are dominated by antiplanning beliefs. Antiplanners believe that "any attempt to lay out specific and 'rational' plans is either foolish or dangerous or downright evil. The correct approach is to live in them [existing systems], react in terms of one's experience, and not to try to change them by means of some grandiose scheme or mathematical model."²⁴ Implementing managerial plans in these cultures is therefore difficult.

The international planning function is also affected by the concept of never-ending quest for improvement. Managers in some cultures, such as the United States, adhere to this view, which is a belief that change is normal and necessary and that no aspects of an enterprise are above improvement. Organizations' current practices, therefore, are constantly evaluated in the hope that improvements can be made. In contrast, in many other cultures, managers' power arises not from change but from the maintenance of stability in the status quo. These managers will interpret a suggestion for improvement as a threat and an implication that they have failed.²⁵ Planned change may be difficult to implement in these cultures as well.

The Impact of Culture on International Organizing

Organizing involves designing an organizational structure that best enables the enterprise to attain its goals and objectives. This includes determining what tasks need to be done and by whom, how tasks should be grouped, who is responsible for what, and how authority should be delegated. Organizing across countries is affected by the cultural views held by the society, such as the cultural viewpoint of the independent enterprise as an instrument of social action.

The concept of independent enterprise as an instrument of social action is widely accepted in some cultures such as the United States. Here, a corporation is viewed as an entity that has rules and a continuous existence, a separate and important social institution that must be protected and developed. As a result, individuals develop strong feelings of obligation to serve the company, and the enterprise can take priority over their personal preferences and social obligations, including family, friends, and other activities. Managers in the United States, for example, assume that each member of the organization will make a primary effort to carry out assigned tasks in the interests of the firm, that he or she will be loyal and conform to the enterprise's managerial systems. In contrast, individuals in many cultures, including some South American cultures, consider personal relationships more important than the enterprise.²⁶ The organizing approach applied in the two cultures would thus be different—for example, there is likely to be less delegation of authority in the personal relationships culture than in the independent enterprise culture.

The Impact of Culture on International Staffing

Staffing means finding, training, and developing the people needed to accomplish the organization's tasks. It is obvious from the previous discussion that the cultural views held by a society have an enormous impact on international staffing strategies and policies. One cultural viewpoint is the concept of personnel selection based on merit.

That personnel selection is based on merit is a managerial view dominant in some cultures, including that of the United States. Managers holding this view select or promote the best-qualified people for jobs and keep them as long as their performance standards meet the firm's expectations. In contrast, in many cultures, including some South American cultures, friends and family are considered more important than the enterprise's vitality; organizations expand to accommodate the maximum number of friends and relatives. For example, a Mexican's first priority is often his family, and since employers view it as an obligation that they take care of the people who work for them, nepotism is a natural part of the working world in Mexico. In Venezuela, most companies are family owned, and decisions are made to please family members more than to increase productivity.²⁷ Individuals who are not members of the family or in the circle of friends may therefore be less motivated to work hard or may work harder to make themselves indispensable, and family members may not work as hard since their jobs are guaranteed.²⁸

The staffing function is also affected by individuals' views of wealth. In most cultures, such as Australia, wealth is generally considered desirable, and the prospect of tangible gains serves as a substantial motivator. However, the practice in some cultures, such as Mexico and Malaysia, is to work only until one earns a desired amount of money and then not return to work until the money has been spent.²⁹ Offering rewards in these cultures will thus not obtain high commitment to organizational goals.

The Impact of Culture on International Coordinating

Coordinating refers to the function of directing the people in the organization. It includes inspiring, appealing to individual motivations, communicating, and resolving conflicts. In their leading roles, some managers make all the decisions, and some managers allow their subordinates to make decisions. Culture also affects this managerial function. For example, the cultural viewpoint of wide sharing in decision making has an impact on the coordination of organizations across cultures.

In some cultures, such as the United States, managers adhere to the viewpoint of wide sharing in decision making. They believe that personnel in an organization need the responsibility of making decisions for ongoing development, and they give employees the opportunity to grow and to prove their ability, decentralizing decision making as they grow. On the other hand, managers in many cultures, such as France, believe that only a few people in the organization have the right to make decisions, and they offer no such opportunities; they centralize decision making.³⁰

Culture also impairs international communication. As was suggested earlier, societies possess unique social norms and responses that condition their members' behavior. The behavior includes the tendency to block out practices that are not congruent with one's own cultural beliefs. Therefore, many groups reject prospective change, and dissimilar groups tend to misjudge one another. When an individual from one group interacts with an individual from another group, there is the tendency to make certain assumptions about the precepts, judgments, and thought processes of the other person. When these assumptions are inaccurate, misunderstanding and miscommunication occur.³¹

This means that international managers must be aware of countries' local practices with respect to leadership style and communication approaches and adapt accordingly to them. For example, an international manager from a culture in which employee participation or consultation in decision making is the norm would not do well applying the same practice in cultures in which employees expect authoritarian leadership, and vice versa. And an international manager who is frank in communicating with people because it is a valued practice in his or her culture (e.g., the United States) would not be respected by people in a culture in which frankness is unacceptable and face-saving is valued (e.g., Japan). Also, in some cultures, including the United States, an individual feels uneasy when the person with whom he or she is communicating becomes silent (pauses to think). Americans find silence clumsy and like to plug any conversational pauses, and they measure people who respond directly as being trustworthy. On the other hand, the Japanese distrust a person who responds directly; they value a person who pauses (becomes silent) to give careful thought to a question before responding.³²

The Impact of Culture on International Controlling

Controlling is the act of evaluating performance; it is monitoring the results of the goals and objectives previously established and implemented, including measuring individual and organizational performance and taking corrective action when required. Establishing controlling mechanisms across countries is also affected by the cultural views held by the society's members, such as making decisions based on objective analysis.

A belief in making decisions based on objective analysis is widely held by managers in numerous cultures, including U.S. culture. Managers who practice this belief make decisions based on accurate and relevant information, and they are prompt in reporting accurate data to all levels in the organization. On the other hand, in many cultures, managers do not place much value on factual and rational support for decisions, and the reporting of details is unimportant. These decision makers do not seek out facts; they often rely on emotional and mystical considerations rather than on objective analysis; when they are asked to explain the rationale for their decisions, they will interpret the question as a lack of respect or confidence in their judgment.³³ The international manager has to address this problem when establishing controls.

Hofstede's Cultural Dimensions Model

Currently, one of the most popular theories addressing the impact of culture on the management process was that developed by Geert Hofstede, a researcher from the Netherlands.³⁴ He proposed a paradigm to study the impact of national culture on individual behavior and examined the values and beliefs of 116,000 IBM employees based in 40 nations throughout the world. He subsequently conducted the study in 10 other countries, raising the total number of respondents to about 145,000. Hofstede developed a typology consisting of four national cultural dimensions by which a society can be classified: power distance, uncertainty avoidance, individualism, and masculinity. The characteristics of these cultural dimensions are depicted in Tables 1.1, 1.2, 1.3, and 1.4. Professor Hofstede's framework was published in 1980, but since then an abundance of studies using his framework have been published.³⁵

The Confucian Dynamism Dimension

Subsequent to his study that identified the cultural dimensions of power distance, individualism, masculinity, and uncertainty avoidance, Hofstede, in collaboration with Michael Bond, a professor and researcher at the Chinese University of Hong Kong, identified an additional cultural dimension by which nations can be classified, the *Confucian Dynamism*. This fifth dimension was identified through a questionnaire (named the Chinese Value Survey) developed on the basis of traditional Confucian values that are believed to influence East Asian countries (including the People's Republic of China, South Korea, Japan, Hong Kong [now part of China], and Singapore).³⁶

This survey included 22 countries. Eighteen of these countries and two regions were included in Hofstede's earlier study. The scores for Confucian Dynamism for the 18 countries and two regions are listed in the last column of Tables 1.5 and 1.6. As shown in Table 1.5, Hong Kong, with an index score of 96, ranked Number 1 on the Confucian Dynamism dimension, and Pakistan, with an index score of 0, ranked Number 20. As Table 1.5 also depicts, East Asian countries measure high on the Confucian Dynamism dimension, while non-East Asian countries, with the exception of Brazil, tend to measure low.

TABLE 1.1 The Power Distance Dimension

Small Power Distance	Large Power Distance
Inequality in society should be minimized.	There should be an order of inequality in this world in which everybody has a rightful place; high and low are protected by this order.
All people should be independent.	A few people should be independent; most should be dependent.
Hierarchy means inequality of the roles, established for convenience.	Hierarchy means existential inequality.
Superiors consider subordinates to be "people like me."	Superiors consider subordinates to be a different kind of people.
Superiors are accessible.	Superiors are accessible.
The use of power should be legitimate and is subject to the judgment as to whether it is good or evil.	Power is a basic fact of society that antedates good or evil. Its legitimacy is irrelevant.
All should have equal rights.	Power holders are entitled to privileges.
Those in power should try to look less powerful than they are.	Those in power should try to look as powerful as possible.
The system is to blame.	The underdog is to blame.
The way to change a social system is to distribute power.	The way to change a social system is to dethrone those in power.
People at various power levels feel less threatened and more prepared to trust.	Other people are a potential threat to one's power and can rarely be trusted.
Latent harmony exists between the powerful and the powerless.	Latent conflict exists between the powerful and the powerless.
Cooperation among the powerless can be based on solidarity.	Cooperation among the powerless is difficult to attain because of their low-faith-in-people norm.

SOURCE: Geert Hofstede, "Motivation, Leadership, and Organization: Do American Theories Apply Abroad?" *Organizational Dynamics* (Summer 1980), p. 46. Copyright © Geert Hofstede. Reprinted with permission.

Confucianism. Confucianism is not a religion but a system of practical ethics; it is based on a set of pragmatic rules for daily life derived from experience. The key tenet of Confucian teachings is that unequal relationships between people create stability in society. The five basic relationships are ruler-subject, father-son, older brother-younger brother, husband-wife, and older friend-younger friend. The junior owes the senior respect, and the senior owes the junior protection and consideration.

The prototype for all social institutions is the family. A person is mainly a member of a family, as opposed to being just an individual. Harmony in the family must be preserved, and harmony is the maintenance of one's face—that is, one's dignity, self-respect, and prestige; and treating others as one would like to be treated oneself is virtuous behavior.

TABLE 1.2 The Uncertainty Avoidance Dimension

Weak Uncertainty Avoidance	Strong Uncertainty Avoidance
The uncertainty inherent in life is more easily accepted and each day is taken as it comes.	The uncertainty inherent in life is felt as a continuous threat that must be fought.
Ease and lower stress are experienced.	Higher anxiety and stress are experienced.
Time is free.	Time is money.
Hard work, as such, is not a virtue.	There is an inner urge to work hard.
Aggressive behavior is frowned upon.	Aggressive behavior of self and others is accepted.
Less showing of emotions is preferred.	More showing of emotions is preferred.
Conflict and competition can be contained on the level of fair play and can be used constructively.	Conflict and competition can unleash aggression and should therefore be avoided.
More acceptance of dissent is entailed.	A strong need for consensus is involved.
Deviation is not considered threatening; greater tolerance is shown.	Deviant persons and ideas are dangerous; intolerance holds sway.
The ambience is one of less nationalism.	Nationalism is pervasive.
More positive feelings toward younger people are seen.	Younger people are suspect.
There is more willingness to take risks in life.	There is great concern with security in life.
The accent is on relativism, empiricism.	The search is for ultimate, absolute truths and values.
There should be as few rules as possible.	There is a need for written rules and regulations.
If rules cannot be kept, we should change them.	If rules cannot be kept, we are sinners and should repent.
Belief is placed in generalists and common sense.	Belief is placed in experts and their knowledge.
The authorities are there to serve the citizens.	Ordinary citizens are incompetent compared with the authorities.

SOURCE: Geert Hofstede, "Motivation, Leadership, and Organization: Do American Theories Apply Abroad?" *Organizational Dynamics* (Summer 1980), p. 47. Copyright © Geert Hofstede. Reprinted with permission.

Virtue with respect to one's tasks consists of attempting to obtain skills and education, working hard, not spending more than necessary, being patient, and persevering.

It should be noted that individuals may have inner thoughts that differ from the group's norms and values; however, individuals may not act on those thoughts because group harmony and not shaming the group are of paramount importance.³⁷ (For an illustration of how Confucianism affects international management, refer again to

Text Continued on Page 19

TABLE 1.3 The Individualism Dimension

Collectivist	Individualist
In society, people are born into extended families or clans who protect them in exchange for loyalty.	In society, everybody is supposed to take care of himself/herself and his/her immediate family.
"We" consciousness holds sway.	"I" consciousness holds sway.
Identity is based on the social system.	Identity is based in the individual.
There is emotional dependence of the individual on organizations or institutions.	There is emotional independence of the individual from organizations or institutions.
The involvement with organizations is moral.	The involvement with organizations is calculative.
The emphasis is on belonging to organizations; membership is ideal.	The emphasis is on individual initiative and achievement; leadership is ideal.
Private life is invaded by organizations and clans to which one belongs; opinions are predetermined.	Everybody has the right to a private life and opinion.
Expertise, order, duty, and security are provided by the organization clan.	Autonomy, variety, pleasure, and individual financial security are sought in the system.
Friendships are predetermined by stable social relationships, but there is need for prestige within these relationships.	The need is for specific friendships.
Belief is placed in group decisions.	Belief is placed in individual decisions.
Value standards differ for in-groups and out-groups (particularism).	Value standards should apply to all (universalism).

SOURCE: Geert Hofstede, "Motivation, Leadership, and Organization: Do American Theories Apply Abroad?" *Organizational Dynamics* (Summer 1980), p. 48. Copyright © Geert Hofstede. Reprinted with permission.

TABLE 1.4 The Masculine Dimension

Feminine	Masculine
Men needn't be assertive but can also assume nurturing roles.	Men should be assertive. Women should be nurturing.
Sex roles in society are more fluid.	Sex roles in society are clearly differential.
There should be equality between the sexes.	Men should dominate in society.
Quality of life is important.	Performance is what counts.
You work in order to live.	You live in order to work.
People and environment are important.	Money and things are important.
Interdependence is the ideal.	Independence is the ideal.
One sympathizes with the unfortunate.	One admires the successful achiever.
Small and slow are beautiful.	Big and fast are beautiful.
Unisex and androgyny are ideal.	Ostentatious manliness ("machismo") is appreciated.

SOURCE: Geert Hofstede, "Motivation, Leadership, and Organization: Do American Theories Apply Abroad?" *Organizational Dynamics* (Summer 1980), p. 49. Copyright © Geert Hofstede. Reprinted with permission.

TABLE 1.5**Scores on Five Dimensions for 50 Countries and Three Regions in IBM's International Employee Attitude Survey**

Country	Power Distance		Individualism		Masculinity		Uncertainty Avoidance		Confucian Dynamism	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Argentina	49	35–36	46	22–23	56	20–21	86	10–15		
Australia	36	41	90	2	61	16	51	37	31	11–12
Austria	11	53	55	18	79	2	10	24–25		
Belgium	65	20	75	8	54	22	94	5–6		
Brazil	69	14	38	26–27	49	27	76	21–22	65	5
Canada	39	39	80	4–5	52	24	48	41–42	23	17
Chile	63	24–25	23	38	28	46	86	10–15		
Colombia	67	17	13	49	64	11–12	80	20		
Costa Rica	35	42–44	15	46	21	48–49	86	10–15		
Denmark	18	51	74	9	16	50	23	51		
Ecuador	78	8–9	8	52	63	13–14	67	28		
Finland	33	46	63	17	26	47	59	31–32		
France	68	15–16	71	10–11	43	35–36	86	10–15		
Germany	35	42–44	67	15	66	9–10	65	29	31	11–12
Great Britain	35	42–44	89	3	66	9–10	35	47–48	25	15–16
Greece	60	27–28	35	30	57	18–19	112	1		
Guatemala	95	2–3	6	53	37	43	101	3		
Hong Kong	68	15–16	24	37	57	18–19	29	49–50	96	1
Indonesia	78	8–9	14	47–48	46	30–31	48	41–42		
India	77	10–11	48	21	56	20–21	40	45	61	6
Iran	58	19–20	41	24	43	35–36	59	31–32		
Ireland	28	49	70	12	68	7–8	35	47–48		
Israel	13	52	54	19	47	29	81	19		
Italy	50	34	76	7	70	4–5	75	23		
Jamaica	45	37	39	25	68	7–8	13	52		
Japan	54	33	46	22–23	95	1	92	7	80	3
South Korea	60	27–28	18	43	39	41	85	16–17	75	4
Malaysia	104	1	26	36	50	25–26	36	46		
Mexico	81	5–6	30	32	69	6	82	18		

TABLE 1.5 (Continued)

Country	Power Distance		Individualism		Masculinity		Uncertainty Avoidance		Confucian Dynamism	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Netherlands	38	40	80	4–5	14	51	53	35	44	9
Norway	31	47–48	69	13	8	52	50	38		
New Zealand	22	50	79	6	58	17	49	39–40	30	13
Pakistan	55	32	14	47–48	50	25–26	70	24–25	0	20
Panama	95	2–3	11	51	44	34	86	10–15		
Peru	64	21–23	16	45	42	37–38	87	9		
Philippines	94	4	32	31	64	11–12	44	44	19	18
Portugal	63	24–25	27	33–35	31	45	104	2		
South Africa	49	35–36	65	16	63	13–14	49	39–40		
Salvador	66	18–19	19	42	40	40	94	5–6		
Singapore	74	13	20	39–41	48	28	8	53	48	8
Spain	57	31	51	20	42	37–38	86	10–15		
Sweden	31	47–48	71	10–11	5	53	29	49–50	33	10
Switzerland	34	45	68	14	70	4–5	58	33		
Taiwan	58	29–30	17	44	45	32–33	69	26	87	2
Thailand	64	21–23	20	39–41	34	44	64	30	56	7
Turkey	66	18–19	37	28	45	32–33	85	16–17		
Uruguay	61	26	36	29	38	42	100	4		
United States	40	38	91	1	62	15	46	43	29	14
Venezuela	81	5–6	12	50	73	3	76	21–22		
Yugoslavia	76	12	27	33–35	21	48–49	88	8		
Regions										
East Africa	64	21–23	27	33–35	41	39	52	36	25	15–16
West Africa	77	10–11	20	39–41	46	30–31	54	34	16	19
Arab countries	80	7	38	26–27	53	23	68	27		

SOURCE: Geert Hofstede and Michael H. Bond, "The Confucius Connection: From Cultural Roots to Economic Growth," *Organizational Dynamics* (Spring 1988), pp. 12–13. Copyright © Geert Hofstede. Reprinted with permission.

NOTE: The distance between the lowest- and the highest-scoring country is about 100 points. Rank numbers: 1 = *highest*, 53 = *lowest* (for Confucian Dynamism: 20 = *lowest*).

TABLE 1.6 Cultural Profile of 50 Countries

Country	PD	IN	MA	UA	CF
Argentina	LG*	LO	ST	ST	—
Australia	SM	HI	ST	WK*	LO
Austria	SM	HI	ST	ST	—
Belgium	LG	HI	ST*	ST	—
Brazil	LG	LO	ST*	ST	HI
Canada	SM	HI	ST*	WK	LO
Chile	LG	LO	WK	ST	—
Colombia	LG	LO	ST	ST	—
Costa Rica	SM	LO	WK	ST	—
Denmark	SM	HI	WK	WK	—
Ecuador	LG	LO	ST	ST	—
Finland	SM	HI	WK	ST*	—
France	LG	HI	WK*	ST	—
Germany	SM	HI	ST	ST	LO
Great Britain	SM	HI	ST	WK	LO
Greece	LG	LO	ST	ST	—
Guatemala	LG	LO	WK*	ST	—
Hong Kong	LG	LO	ST	WK	HI
Indonesia	LG	LO	WK*	WK	—
India	LG	LO	ST	WK	HI
Iran	LG	LO	WK*	ST*	—
Ireland	SM	HI	ST	WK	—
Israel	SM	HI	ST*	ST	—
Italy	LG*	HI	WK*	ST	—
Jamaica	LG*	LO	ST	WK	—
Japan	LG	LO	ST	ST	HI
South Korea	LG	LO	WK*	ST	HI
Malaysia	LG	LO	ST*	WK	—
Mexico	LG	LO	ST	ST	—
Netherlands	SM*	HI	WK	WK*	HI*

TABLE 1.6 (Continued)

Country	PD	IN	MA	UA	CF
Norway	SM	HI	WK	WK	—
New Zealand	SM	HI	ST	WK	LO
Pakistan	LG	LO	ST*	ST	LO
Panama	LG	LO	WK*	ST	—
Peru	LG	LO	WK*	ST	—
Philippines	LG	LO	WK	WK	LO
Portugal	LG	LO	WK*	ST	—
South Africa	LG*	HI	ST	WK	—
Salvador	LG	LO	WK*	ST	—
Singapore	LG	LO	WK*	WK	HI
Spain	LG	HI	WK*	ST	—
Sweden	SM	HI	WK	WK	LO
Switzerland	SM	HI	ST	ST*	—
Taiwan	LG	LO	WK*	ST	HI
Thailand	LG	LO	WK	ST*	HI
Turkey	LG	LO	WK*	ST	—
Uruguay	LG	LO	WK*	ST	—
United States	SM*	HI	ST	WK	LO
Venezuela	LG	LO	ST	ST	—
Yugoslavia	LG	LO	WK	ST	—

SOURCE: The PD, IN, MA, and UA dimensions are adapted from Geert Hofstede, "The Cultural Relativity of the Quality of Life Concept," *Academy of Management Review*, 9, no. 3 (1984), pp. 391–393. The CF dimension is adapted from Geert Hofstede and Michael H. Bond, "The Confucius Connection: From Cultural Roots to Economic Growth," *Organizational Dynamics* (Spring 1988), pp. 12–13. This study categorized only 18 countries.

NOTE: PD = power distance; IN = individualism; MA = masculinity; UA = uncertainty avoidance; CF = Confucianism; LG = large; SM = small; HI = high; LO = low; ST = strong; WK = weak. * = But near the line that divides the two extremes.

Practical Perspective 1.1. Practical Perspective 1.4 illustrates the self versus group orientation. It should be pointed out that in the not distant future, estimated by 2020, Confucian values will bring China's economy on a par with the U.S. economy, and it will perhaps even surpass it.

Table 1.5 shows the index and the ranking for the 50 countries and the three regions, as well as the Confucian Dynamism. Table 1.6 lists the 50 countries included in Hofstede's study and their cultural classifications as well as the Confucian measure for 18 of the 50 countries.

PRACTICAL PERSPECTIVE 1-4

The Self Versus The Group

Upon leaving the United States for several months of study at a Japanese university, Leo got a crash course in culture shock. Activities that the undergraduate had enjoyed in his native land, such as playing a match of volleyball with friends, suddenly felt strange and unnatural. Casual volleyball games back at home featured a relaxed, cheerful atmosphere and good-humored competitiveness. In Japan, players adopted a grim, no-nonsense manner suited to the application of *ganbaru*, a dogged determination to persevere and keep trying until the end of a task.

Leo's Japanese volleyball experience was, to use a culinary analogy, like biting into a cheeseburger and getting a mouthful of sushi. Something about Japanese life changed the flavor of even the most innocuous items on his menu of customary pursuits. Leo quickly learned to put on a Japanese-style "game face" when he played volleyball, but he did not feel like himself.

Culture clashes such as this accentuate the fact that largely unspoken, collective assumptions about appropriate social behavior vary greatly from one country or geographic region to another, says Japanese psychologist Shinobu Kitayama of Kyoto University. Moreover, the goals, values, ideas, and behaviors that a person learns and uses as a member of a cultural group have far-reaching effects on mental life, Kitayama argues.

The cherished Western concept of a sovereign self provides a case in point. Consider Leo, whose passport to Japan probably should have been stamped with this brief warning: Bearer comes from a culture that treats individuals as independent operators, each of whom must emphasize personal strengths and pump up self-esteem to succeed in life. In contrast, Japanese culture views individuals as part of an interconnected social web, Kitayama contends. A sense of self develops as a person discerns the expectations of others concerning right and wrong behavior in particular situations. Self-improvement requires an unflinching commitment to confronting one's shortcomings and mistakes; their correction fosters harmony in one's family, at work, and in other pivotal social groups. This cultural perspective appears in various forms throughout East Asia. Its adherents tend to write off the European-American pursuit of self-esteem as an immature disregard for the relationships that nurture self-identity, Kitayama says.

SOURCE: Excerpted from Bruce Bower, "My Culture, My Self," *Science News*, 152 (October 18, 1997), p. 248. Reprinted with permission from Science News, the weekly newsmagazine of science. Copyright © 1997 by Science Service Inc.

High- and Low-Context Cultures

Some cultures are high context and some are low context. When conducting business, people in high-context cultures, including the Chinese, Korean, Japanese, Vietnamese, Saudi Arabian, Syrian, Greek, Egyptian, Italian, French, Lebanese, and Spanish cultures, (1) establish social trust first, (2) value personal relations and goodwill, (3) make agreements on the basis of general trust, and (4) like to conduct slow and ritualistic negotiations.³⁸ People in these cultures prefer that messages not be structured directly, that they do not get right to the point and state conclusions or bottom lines first. Instead, they prefer that a message be indirect, building up to the point and stating conclusions or bottom lines last.³⁹

On the other hand, individuals in low-context cultures, including the Australian, English, North American, Scandinavian, Swiss, and German cultures, (1) get down to business first; (2) value expertise and performance; (3) like agreement by specific, legalistic contract; and (4) like to conduct negotiations as efficiently as possible.⁴⁰ Individuals in these cultures prefer that messages be structured directly, that they get immediately to the point and state conclusions or bottom lines first.⁴¹

The African Thought System (*Ubuntu*)⁴²

Just as there is no totally homogeneous thought in other regions of the world, such as Europe and South America, there is no totally homogeneous thought in Africa. There is in fact a diverse sociocultural, linguistic, and historical composition among the African nations. However, as is the case in the other regions throughout the globe, there is an underlying pan-African character that results from a unique geographical, historical, cultural, and political experience. Therefore, Africans can be identified by certain common characteristics in their daily lives. Just as there is an Asian thought system—Confucianism, for example, there is an African thought system—*Ubuntu*. One important characteristic of *Ubuntu* is a high degree of harmony—unity of the whole rather than its distinct parts is emphasized. Thus, similar to Confucianism, the individual is strongly connected to the group. Hence, *Ubuntu*, too, emphasizes suppression of self-interest for the sake of the group's needs. Table 1.7 presents a comparison of African and Western systems. Therefore, in general, managing people in organizations in Africa is likely to require a substantially different managerial approach from the one used in many of the organizations in the United States, Sweden, and Denmark, for example. This means that, in many organizational situations in Africa, a reward system emphasizing group achievement is often more effective than a reward system emphasizing individual achievement.

TABLE 1.7 A Comparison of African and Western Systems

Element	African	Western
Other people	Treat others as human beings; your child is my child is the community's child. Strangers are regarded as part of extended family.	Relations are instrumental, contractual. Strangers are kept at a distance. Children are taught "Don't talk to strangers."
Focus of benefits	Center of focus is the collective community or society at large. Individual drives are subjugated to the collective.	Individual is the center of focus.
Decision making	Decisions arrived at by consensus. The process is circular. Vision tends to be polyocular. Dissenters compensated for at some future time.	Usually by majority. The process is linear. Unity of vision is typical. Monocular.
Time	Not a finite commodity, it is the healer. Allow enough time of it for important issues before arriving at a decision.	Time is money. It is a strategic commodity to be used frugally.
Age	An ongoing process of maturing and acquiring wisdom. Gray hairs are respected.	Age beyond a certain point becomes a negative. Senior citizens regarded as "dead wood."
Familial ties	Extended family ties are central. Family connectedness is important.	Nuclear.
Dispute resolution	Aims to restore harmony rather than justice. Good of the collective is preeminent.	Justice takes precedence over harmony. Individual rights are preeminent.

SOURCE: M. P. Mangaliso, N. A. Mangaliso, and J. H. Bruton, "Management in Africa, or Africa in Management? The African Philosophical Thought in Organizational Discourse." Paper presented at the International Management Division, Academy of Management Meetings, San Diego, CA (August 6, 1998), p. 27. Reprinted with permission. Permission conveyed through Copyright Clearance Center, Inc.

It should be emphasized again that Africa is not a country; it is a continent that consists of many tribal systems. The countries' borders in Africa, as was the case in the United States and in Middle East, were created by the European colonists, such as Portugal, Spain, and England.⁴³ Actually, Africa consists of 54 countries, 4 racial groups, and more than 2,000 ethnic communities.⁴⁴ Different tribes may have some differences in their cultural values and different practices. Nevertheless, the concept of *Ubuntu*, as are all the other cultural concepts discussed in this chapter, is a broad stereotype that serves well as a starting point for studying and learning about a country's culture.

And it should be further emphasized that communication between nations, and in the age of superhighways of information flowing across nations, is now extensive; cultural convergence has taken place—thus, while there are many cultural differences among nations, there are also many similarities in organizational practices, especially in large MNCs.⁴⁵ That is why international decisions must not be made solely on the basis of national stereotypes, even though they tend to be applicable, but on the basis of individual situations. For example, not every American is individualistic, and not every German is strong on uncertainty avoidance.

Impact of the Above Cultural Dimensions on Management⁴⁶

These cultural dimensions have an impact on international management in many ways (as will be demonstrated throughout the book). For example, people in large-power-distance cultures prefer stronger leadership than do people in small-power-distance cultures, and people in strong uncertainty avoidance cultures take fewer risks than individuals in weak uncertainty avoidance cultures. This would affect international coordinating and planning functions. For instance, the current buzzword in management is empowerment—higher levels transferring responsibilities to lower levels. However, people in large-power-distance and strong uncertainty avoidance cultures may not be able to cope with the increased responsibility that empowerment brings. An example is Wal-Mart in Germany. Wal-Mart has traditionally been union-free, but in Germany, a strong uncertainty avoidance culture, Wal-Mart learned the hard way that there is a strong connection between the enterprise and the union (Wal-Mart is currently closing down its operations in Germany).⁴⁷ On the other hand, France's Carrefour, Wal-Mart's chief global competitor, is doing very well in China because it adapted to China's culture.⁴⁸ The international business adage is "Think global, act local."

Other Factors That Affect the Management Process

The above shows how the management process is affected across cultures. Table 1.8 provides a broad outline. However, besides culture, different societies also develop distinct economic and technological systems by which they produce and distribute goods and wealth; distinct political systems, such as tribal, democratic, or communistic systems; and distinct legal systems.⁴⁹ Societies also develop distinct written, verbal, and nonverbal means of communication and are at differing stages of economic development.

These factors affect international management in many ways. For example, differences in language make cross-country business negotiations difficult to conduct. And the stage of the country's economic development affects product/service strategies. For instance,

TABLE 1.8 Cultural Classifications and Some of Their Influences on Management

Cultural Classifications	Managerial Influences
Master of destiny	With the right rewards, there is likely to be high employee commitment to plans.
Fatalism	There is likely to be low commitment to plans; strong formal controls may be required; greater use of expatriates may be needed.
Quest for improvement	Planning and implementing change may be feasible.
Maintaining status quo	Planning and implementing change may not be feasible, and strong motivational incentives and control mechanisms may be required.
Enterprise is important	Managers may be able to delegate a high degree of authority to subordinates.
Relationships are important	Managers may be able to delegate only a low degree of authority to subordinates, and strong control mechanisms may be required; greater use of expatriates may be required.
Selection based on merit	Employees may be highly motivated to work.
Selection based on relationships	Employees in the outer circle may be less motivated to work, and so may family members and members of the inner circle; strong work incentives and controls may be needed; greater use of expatriates may be required.
Accumulation of wealth	A higher commitment to the organization's goals and objectives may be obtained.
"Just enough"	There may be a lower commitment to the organization's goals and objectives; strong controls may be needed; greater use of expatriates may be needed.
Sharing in decision making	Participative decision-making and leadership styles may work best, and substantial authority may have to be delegated to subordinates.
Few people make decisions	Authoritative decision-making and leadership styles may work best.
Decisions based on data	Looser control mechanisms can be applied.
Decisions based on emotions	Stronger control mechanisms may have to be applied; greater use of expatriates may be required.
High-context cultures	Business transactions and negotiations may have to be slow paced.
Low-context cultures	Business transactions and negotiations may have to be fast paced.
Large power distance	Authoritative decision-making and leadership styles may work best.
Small power distance	Participative/consultative decision-making and leadership styles may work best.
Collectivism	There is heavy reliance on informal controls; team approach is highly applicable.
Individualism	Heavy reliance on formal controls; team approach not very applicable.
Strong uncertainty avoidance	Mechanistic organization may work best.
Weak uncertainty avoidance	Organic organizational structures may work best.
Masculinity	Equal employment opportunity programs may be resisted by males.
Femininity	Equal employment opportunity programs may be resisted relatively less by males.
Confucianism	Organizations may rely more on informal than on formal controls; individuals prefer authoritative decision making and leadership.

SOURCE: Carl Rodrigues, "Cultural Classifications of Societies and How They Affect Cross-Cultural Management," *Cross-Cultural Management: An International Journal*, 5, no. 3 (1998), pp. 31-41.

economically poor countries usually cannot afford the expensive products manufactured in economically richer countries. The quality of the product may have to be reduced to make it affordable in poorer countries. Or the enterprise may have to move manufacturing to a country where labor is cheaper as a means of making the product affordable in poorer countries. These factors will be discussed more thoroughly in Chapter 3 and in subsequent chapters. Table 1.8 provides a broad overview of how culture affects the management process. Table 1.9 presents an overview of the book's content.

TABLE 1.9 International Management

The Management Process	Varying Country Factors That Affect the Management Process
Planning (Chapters 4 and 5)	Culture (discussed throughout the book)
Product/service	
Price	Other factors
Promotion	Business practices (Chapter 10)
Distribution/entry mode	Negotiating styles (Chapter 10)
Organizing (Chapter 6)	Conflict resolution (Chapter 10)
Organizational structures	Business ethics (Chapter 2)
Centralization	Communication (Chapter 9)
Decentralization	
Staffing (Chapters 7 and 8)	Factors discussed in (Chapter 3)
Expatriate	Domestic environment
Host country	International environment
Training/development	Foreign environment
Compensation	Legal systems
Coordinating	Labor relations
Leadership/motivation style (Chapter 12)	Political systems
Decision-making style (Chapter 11)	Government policies
Communication (Chapter 9)	Competitive forces
Control (Chapter 13)	Economic forces
Formal/informal	Trade barriers
Loose/tight	Exchange rates

Global Management: A Future Perspective

New markets, rapid advances in communications, and new sources of brainpower and skilled labor are forcing businesses into their most fundamental reorganization since the multidivision (discussed in Chapter 6) corporation became standard in the 1950s. “We’re talking about a new order, a sea of change, that will go on for the rest of my career,” says Richard J. Callahan, CEO of U.S. West International. “It’s almost like Halley’s comet arriving unannounced.” Senior managers are struggling to adapt themselves and their organizations to the 21st-century business world that’s rapidly taking shape. Boundaries will be even less important than they are today.

The rate of technological progress will accelerate, with breakthroughs in biotechnology or digital electronics coming from unexpected places such as Israel, Malaysia, or China. At the same time, the huge demands of the new middle classes and their governments will revive supposedly mature businesses such as household appliances and power-plant construction. All this means that business opportunities will explode—but so will competition as technology and management know-how spread beyond brand-name companies to new players in Asia and Latin America. Thriving in this fast-paced environment requires a new kind of company and a new kind of CEO. Just as much of the world is embracing a liberalized economic model, so businesses of all stripes seem to be converging on a common management model to run their far-flung operations.

Although that model is still a work in progress, the outlines of what is likely to be the early-21st-century’s world standard are beginning to take shape—the notion of “globalization,” where countries throughout the globe are becoming economically interdependent, is constantly being mentioned in practical and academic writings. This model will rely on Western-style accounting and financial controls yet stress Japanese-style teamwork. It will value ethnic diversity, though less from high-mindedness than from pragmatism. It will be centrally directed by multicultural, or at least cosmopolitan, executives who will set the overall tone and strategy but give entrepreneurial local managers a long leash.⁵⁰

Cross-Cultural Conversion and Technological Advancements

Historically, the practices in cultures have transcended across nations, although in most cases with customization. For example, in the 1980s, cross-cultural theorists theorized that American and Japanese cultural organizational management practices would converge—the United States and the West would adopt many of the Japanese practices—such as organizations using groups more in decision making, and Japanese organizations would adopt many of the managerial practices of the United States and the West—for instance, becoming more individualistic and competitive. Japanese organizations, however, have not, it seems, adopted the U.S. “cutthroat” competitiveness; their competitiveness seems to involve managing better rather than indulging in cutthroat behavior, nor do they seem to be managing by individualism, and U.S. organizations have not so far been highly successful in managing by “use of

groups.” Nevertheless, large corporations the world over tend to have adopted many similar corporate practices, while small local businesses tend to maintain their unique corporate culture.

Technological advances, such as the Internet, satellite television, and video-conferencing, along with the globalization of business, are today spreading the practice of cultural traits across cultures at a very rapid rate. Historically, countries have attempted to slow cultural conversion or attempted to keep their culture intact by filtering out foreign ideas through walls, such as distance, national borders, and the likes of the Iron Curtain and the Berlin Wall. But advancements in information technologies have destroyed or are destroying these culture-preserving filters.⁵¹ As traits are absorbed by a culture, the practice aspects of the culture are likely to change more rapidly than ever before. For example, the notion of McDonald’s food restaurants in France was absurd not very long ago. Critics in some cultures—France, for instance—have accused U.S. companies of cultural imperialism (as an illustration, read Practical Perspective 1.5). This suggests that there may be a growing uniformity of practice aspects of culture throughout the globe. Uniformity, however, will evolve at a very slow pace. International managers may thus deal with the accusation of cultural imperialism by being more adaptable to the needs of cultures where they are conducting business.⁵²

PRACTICAL PERSPECTIVE 1-5

A Battle Against Globalization

Fist raised, mustache bristling, José Bové looked defiant as he handed himself in to French police in the southern town on Montpellier a few days ago. “My struggle remains the same,” this farmer declared to an appreciative crowd, “the battle against globalization and for the right of people to feed themselves as they choose.”

A Parisian-turned-sheep-farmer who moved to southwest France 20 years ago, Mr. Bové emerged this month as a sort of Subcomandante Marcos of the French countryside, the leader of a self-styled, anti-imperialist revolt over food. His crime, committed on August 12 [1999], was to lead the ransacking and demolition of a McDonald’s restaurant nearing completion in the southwestern town of Millau.

It was only the most conspicuous of a rash of recent protests against McDonald’s, targeted not so much for anything the company has done but as a symbol of the United States and of what Mr. Bové has called “the multinationals of foul food.” His efforts have struck a chord. French labor unions, ecologists, communists, and farmers have joined to demand his immediate release, burying other differences in a shared politico-gastronomic outcry.

An army, Napoleon noted, marches on its stomach, and the European forces gathering this summer in protest against what is seen as American-led globalization have abruptly focused on food. Where it was once the deployment of American nuclear missiles that caused alarm, it is now McDonald’s, Coca-Cola, genetically modified American corn, and American beef fattened with growth hormones that have Europeans up in arms.

“Behind all this lies a rejection of cultural and culinary dispossession,” said Alain Duhamel, a French political analyst. “There is a certain allergy in Europe to the extent of American power accumulated since the cold war’s end, and the most virulent expression of that allergy today seems to be food.”

SOURCE: Excerpted from Roger Cohen, “Fearful Over the Future, Europe Seizes on Food,” *The New York Times* (August 29, 1999), Section 4, p. 1. Copyright © 1999 by The New York Times Company. Reprinted by permission.

Of course, these advancements are also revolutionizing international management. The Internet and electronic commerce are reshaping how business thinks about managing its employees. Distance—geographic, political, and cultural—has been a factor that shaped how companies organized and managed their global operations. The Internet's compression of time and distance has forced multinational organizations to rethink these patterns. For example, employees located throughout the globe can now work in teams.

Characteristics of the Global Manager

Globalization trends mean that more and more business firms must now develop managers with global management and multicultural capabilities. (Refer to Practical Perspective 1.6.) The managerial skills that are effective in managing enterprises at home will not be effective in managing enterprises across the globe. What type of skills do global managers need? According to Ed Dunn, the corporate vice president of Whirlpool Corporation, "The top twenty-first-century manager should have multi-environment, multi-country, multifunctional, multi-company, and multi-industry experience."⁵³

PRACTICAL PERSPECTIVE 1-6

The Multicultural Manager

You cannot motivate anyone, especially someone of another culture, until you have been accepted by that person. A multilingual salesperson can explain the advantages of a product in other languages, but a multicultural salesperson can motivate foreigners to buy it. That's a critical difference.

A buyer will not like a foreigner who is arrogant about his own culture. He will find reasons not to buy from such monocultural salesperson. The trouble is most people are arrogantly monocultural without being aware of it. Even those who have become aware of it cannot hide it. Foreigners sense this at once and set up their own cultural barrier, effectively blocking any attempt by the monocultural person to motivate them.

Ironically, that multicultural requirement has been neglected too often in hiring managers for international positions. Worse, it has mostly been neglected when sending fast-track managers on international assignments, pointing to almost certain failure. And it is affecting every industry. Even if you do not work for a multinational company, you may be in touch with foreign customers, distributors, suppliers, licensors or licensees. Do you have the right employee forging these relations?

For more than 20 years, I [Gunnar Beeth] have run a PanEuropean executive-search firm from Brussels. When clients ask us to find the right person for a sales or management position, they usually ask for the same qualities as for a domestic position but in addition require the new manager to speak English, German, and French. After discussion, we usually specify something like:

The new manager must be able to motivate throughout Europe, which requires an ability to be accepted throughout Europe. Thus, the new manager should be multicultural.

SOURCE: Excerpted from Gunnar Beeth, "Multicultural Managers Wanted," *Management Review* (May 1997), pp. 17, 19. Copyright © 1997, American Management Association International. Reprinted by permission of American Management Association International, New York. All rights reserved.

Cecil G. Howard, a consultant and professor of management at Howard University, Washington, D.C., has proposed that the 21st-century global managers will possess multidimensional skills and knowledge. He grouped the skills and knowledge into two categories: core skills and augmented skills. These are depicted in Table 1.10. According to Howard, the core skills are a must for the expatriate manager (discussed in Chapter 7) to succeed in the foreign assignment, but the augmented skills help facilitate managing in a foreign country.⁵⁴

TABLE 1.10 Characteristics of the 21st-Century Expatriate Manager

Core Skills	Managerial Implications
Multidimensional perspective	Extensive multi-product, multi-industry, multifunctional, multi-company, multi-country, and multi-environment experience.
Proficiency in line	Track record in successfully operating a strategic management business unit(s) and/or a series of major overseas projects.
Prudent decision making skills	Competence and proven track record in making the right strategic decisions
Resourcefulness	Skillful in getting himself or herself known and accepted in the host country's political hierarchy.
Cultural sensitivity	Quick and easy adaptability into the foreign culture. An individual with as much cultural mix, diversity, and experience as possible.
Ability as a team builder	Effective people skills in dealing with a variety of cultures, races, nationalities, genders, religions. Also, sensitive to cultural differences.
Physical fitness and mental maturity	Endurance for the rigorous demands of an overseas assignment.
Augmented Skills	Managerial Implications
Computer literacy	Comfortable exchanging strategic information electronically.
Prudent negotiating skills	Proven track record in conducting successful strategic business negotiations in multicultural environment.
Ability as a change agent	Proven track record in successfully initiating and implementing strategic organizational changes.
Visionary skills	Quick to recognize and respond to strategic business opportunities and potential political and economic upheavals in the host country.
Effective delegating skills	Proven track record in participative management style and ability to delegate.

SOURCE: Cecil G. Howard, "Profile of the 21st-Century Expatriate Manager," *HR Magazine* (June 1992), p. 96. Reprinted with the permission of *HR Magazine*; published by the Society for Human Resource Management, Alexandria, VA. All rights reserved.

Summary

A major thrust of this chapter has been to point out that the managerial approach that works in one country may be ineffective in another. This is because the managerial process is affected by unique national factors, including culture and religion. Some cultures view change positively; others

view it negatively. Organizations are viewed in some cultures as entities to be protected and developed; but in many cultures, they are viewed simply as a place to socialize. In some cultures, employees are selected and promoted on the basis of merit; but in others, promotion is on the basis of friendship

and family affiliations. Managers in some cultures make decisions in a participative manner, but in many cultures decisions are made authoritatively. Organizational controls in some cultures are based on objective data and information; in others they are based on subjective means. People in some cultures, such as weak uncertainty avoidance cultures, take higher risks than people in other cultures, such as strong uncertainty avoidance cultures.

Another major thrust has been to point out that because business opportunities in foreign nations are increasing rapidly and because enterprises from foreign countries are increasingly presenting threats to many businesses, more and more domestic firms will enter the international business arena. This suggests that in the future more and more managers with the ability to manage multinational, multicultural environments will be required.

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KEY TERMS AND CONCEPTS

- | | |
|---|---|
| 1. The international management process | sharing of decision making; the concepts of decisions based on objective analysis |
| 2. Culture, practice, values, organizational culture, corporate culture | 6. Antiplanning |
| 3. Formal, informal, and technical cultural learning | 7. The cultural dimensions of power distance; uncertainty avoidance; individualism; masculinity; and Confucian dynamism |
| 4. Religion | 8. <i>Ubuntu</i> |
| 5. Master of destiny; fatalistic; never-ending quest for improvement; independent enterprise as an instrument of social action; personal selection based on merit; wide | 9. Cultural imperialism |
| | 10. The global manager |

DISCUSSION QUESTIONS

1. Differentiate between management and international management.
2. What is culture? How is it learned? What are the sources of learning it?
3. Discuss how the following cultural viewpoints affect international planning, international organization, international staffing, international coordinating, and international controlling: decisions based on objective analysis; independent enterprise as an instrument of social action; master of destiny, fatalistic, and never-ending quest for improvement viewpoints; personnel selection based on merit; and wide sharing of decision making.
4. How does religion affect international management?
5. How do the large power distance and strong uncertainty avoidance cultural dimensions affect international management?
6. What is Confucianism? What is the key tenet of Confucianism? What are the five basic relationships of Confucianism? In Confucianism, what does virtue mean?
7. What is *Ubuntu*? What is its key tenet?
8. Besides culture, what are some of the other factors that affect international management?
9. What are some of the characteristics of the effective global manager?
10. Why is it important to train global managers?

11. How are technological advancements affecting international management?
12. Why is it important to study international management?

EXERCISES

1. You are the personnel director of a U.S. international corporation and are interviewing an American executive for an assignment in the firm's subsidiary in Japan. You notice that the executive is quite frank and direct in communication. What will you advise the executive to do?
2. You are the cross-cultural trainer for a U.S. global corporation. You are preparing a group of American executives for assignment in China. What will you point out to these executives?
3. You are the cross-cultural trainer for a Chinese global corporation. You are preparing a group of Chinese executives for assignment in the United States. What will you point out to these executives?
4. You are the cross-cultural trainer for a Japanese global corporation. You are preparing a group of Japanese executives for assignment in Germany. What will you point out to these executives?
5. You are the cross-cultural trainer for a U.S. global corporation. You are preparing a group of American executives for assignment in a South American country. What will you point out to these executives?

ASSIGNMENT

Go to the library. Peruse business periodicals such as *The Wall Street Journal*, *Business Week*, and *Fortune*. Select an article that discusses an international management topic, and prepare a short summary to be shared with your peers.

CASE 1-1

Globalizing Yourself

Kelly O'Dea used to think of himself as a Lone Ranger, living and working in countries where only a select breed of American businesspeople had gone before. As president of worldwide client services for Ogilvy & Mather Advertising, O'Dea commuted between London and New York. He was outside the United States about 70 percent of the time; for the past 15 years he had handled assignments in dozens of countries on five continents.

On a layover in the Bangkok airport, O'Dea realized that the Lone Ranger wasn't alone. He struck up a conversation with the woman sitting next to him, an investment banker who was also making the 25-hour flight from Sydney to London. As the two of them talked about their companies' urgent emphasis on global operations, two others chimed in with similar stories. The four of them soon realized that they represented a completely new kind of business leader: one who is multicultural and multiskilled, who doesn't regard an overseas assignment as either exotic or traumatic. It occurred to O'Dea that people, just like brands must be "globalized" if they're to compete successfully in rapidly changing international markets.

"International work experience is no longer just an option—it's mandatory for anyone in business," said O'Dea . . . "So it's no longer adequate to think about only your domestic market. You need to have a firm understanding of how business gets done in different countries." Before you rush off for parts unknown, a few words of caution: an overseas assignment helps only if you do it right.

Questions

1. Discuss what O'Dea means by "an overseas assignment helps only if you do it right."
2. Describe some of the key determinants of the effective international manager.

SOURCE: Excerpted from Eric Matson, "How to Globalize Yourself." Reprinted from the April–May 1997 issue of *Fast Company Magazine*. All rights reserved.

CASE 1-2

Managing in the Constantly Changing Global Environment

How do we manage in this constantly changing global and regional environment? Change is certainly not new. But I [Paul Allaire, Chairman and CEO of Xerox Corporation] think there are two aspects of change that are different and worth focusing on. First is the speed of change. It is clearly faster and, in my view, it is accelerating. And that acceleration is going to continue. The second difference is that change is much less predictable. And in addition to global and regional issues, there

(Continued)

are a number of other changes that complicate our jobs of managing global enterprises in this environment. I'll just mention a couple of those.

The first is that our traditional sources of competitive advantage are now short-lived. Capital is becoming a global commodity moving very easily across borders. Technology also is being very quickly dispersed. And in almost all of the markets in which we operate, we're also finding very fine skills that previously existed only in the developed countries, generally our home markets. . . .

So, the question is: How do we manage in this new environment? Rather than trying to give you a prescription, let me briefly tell you about some principles that Xerox has used to change our corporation in order to manage in this new environment that we foresee. . . .

The first principle in which I believe very strongly is that the old command-and-control system of management will no longer work. It is too slow and cumbersome, our environment is too complex, and our customers are too demanding. As we move away from this command-and-control approach, we must focus on speed. Our organizations must have the capability of making decisions much more quickly, and, more importantly, implementing those decisions much more quickly. So what we are trying to do is to maintain the advantages of a large global enterprise and still have the speed of a small local company.

Another key principle around which we've organized is empowerment: pushing responsibility and accountability down to the people who really have the knowledge—first, to do what is right for the customer and second, to bring capabilities to the customer in a value-added manner. This includes allowing the individuals down in the organizations to define the management process that they will use to best achieve that.

Questions

1. CEO Allaire's ideas certainly have substance. However, there are bound to be cultural barriers. Discuss some of the barriers culture may present.
2. What are the technological changes that have taken place in the past few decades that have helped improve international organizations' capability of making decisions more quickly than was the case prior to these changes?
3. How is the implementation of empowerment programs hindered by culture? Give some examples.

SOURCE: Excerpted from "Decentralization for Competitive Advantage," *Across the Board*, 31 (January 1994), pp. 24–25. Copyright © 1994, Conference Board Inc., New York. All rights reserved. Used by permission of publisher.

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