



# 1

## Why Study Managing Across Cultures?

### LEARNING OUTCOMES

This chapter is designed to help the reader:

- 1 Recognize the need to study the subject of managing across cultures;
- 2 Understand the aims and objectives of this book;
- 3 Understand how the book is structured;
- 4 Use the book effectively.

### Why study the subject of managing across cultures?

Managing across cultures is not a new phenomenon, but it is more important now than ever before. For centuries, travellers, traders, explorers, conquerors, colonizers, knowledge seekers (students and scholars), job seekers and asylum seekers, and employees and/or managers of international organizations have travelled across borders and have had to come to terms with the demands of living in different societies and experiencing new cultures. They had to manage themselves and manage others, when necessary, in tougher and more hostile living environments than those of today. Many empires were built in part on their efficient management of resources across cultures. One of the main reasons for their demise was conflict resulting from misunderstanding or not respecting cross-cultural differences.

However, until the later part of the second half of the twentieth century there were few studies, textbooks or courses on the subject of managing across cultures, and it was given very little attention by economists, political analysts and international business scholars. It was not until the 1980s that cross-cultural



management became a common subject of academic research and study – and then most of the literature was on the management of expatriates and the problems of staffing US multinational companies in foreign countries (Evans et al., 1989; Bartlett and Ghoshal, 1989; Adler, 2002; Dowling, Schuler and Welch, 1994; Dowling, Festing and Engle, 2008).

Now, however, managing across cultures is a well-established subject that is taught in universities and practised by managers. It has become one of the main challenges in understanding contemporary management practices and organization theories. The reason why such challenges are important is that management in general and human resource management in particular have become more complex and more problematic than in any time before. A number of textbooks (for example, Dowling and Schuler, 1999; Brewster and Harris, 1999; Deresky, 2003; Briscoe and Schuler, 2004; Harzing and Van Ruysseveldt, 2004; Moran et al., 2007) have documented with the use of examples the reasons for the need to learn how to manage across cultures by practitioners and decision-makers involved in cross-cultural management.

They include the following:

- 1 There has been strong evidence to suggest that understanding the behaviours, attitudes, values, beliefs, arts and artefacts of the host country nationals is a key success factor for organizations operating in different countries. Managers working in different cultures have to explore and identify what is hidden in the behaviours and actions of people from different cultural backgrounds and value-orientations. This is summarized by an HR manager of British Petroleum (BP) in Azerbaijan when he said: 'to understand each other better we need to be more aware of the peculiarities and the hidden aspects of the national culture because the key to our success is that understanding'.
- 2 The composition of international organizations' workforce is becoming more diverse than ever not just in terms of their employees but management as well. For example, Ford has more than half of its employees outside the USA and Philips has more than three-quarters of its employees outside the Netherlands.
- 3 More and more companies are dependent on managers from different cultures and nationalities operating in different countries and holding high managerial positions that would previously have been held by home country nationals.
- 4 The free movement of labour between countries, such as within the European Union (EU), and the international movement of people with skills from mainly less developed to more developed countries have made it possible to access a wider pool of labour but at a cost. The cost may be high or low depending on the way people are employed and the extent to which international managers are aware of and able to implement the different national policies, rules and regulations in relation to emigrant workers, skilled workers, and expatriate workers.
- 5 The recruitment and retention of a highly qualified and competent workforce has become crucial for both indigenous and international companies. The main factor for achieving competitive advantage in the global market economy is to see people as equal and valuable assets that can be utilized effectively at the national and international levels.

- 6 Many companies are merging or forming strategic alliances with companies from other countries, involving negotiations and partnerships, and then having to work with managers and workers from different cultures and backgrounds.
- 7 Managing across cultures is not confined to what multinational companies (MNCs) or profitable organizations do. It affects every organization that operates internationally, regardless of its size, nature or location. Therefore the need to study the subject of managing across cultures is not just for those who want to work for multinational companies but for everyone who may become involved in managing resources in different countries and societies.

**ACTIVITY 1**

- 1 List what you consider to be the three best reasons for you to study this subject.
- 2 How might an understanding of this subject either (a) contribute to your career development or (b) enhance the performance of the organization (if any) you work for?

**This book: rationale, aims and structure**

**Rationale**

This book provides a detailed and comprehensive treatment of the concepts, policies and practices of managing resources – especially human resources – in various socio-economic, political and cultural contexts. It provides the reader with an understanding of the theory and practice of different national approaches to management, moving from conceptual analysis to the discussion of policies and practices. The book seeks to develop a broad understanding of the determining characteristics of national management approaches and to enable the reader to distinguish between different approaches to management and to learn from examples of 'good and bad' practice of management in different national cultural settings. While recognizing the importance of cultural influences on management theories and practices and at the same time accepting the argument that many societies are becoming similar rather than different in their management objectives, this book defines the process of managing across cultures simply as the management of local employees globally and international employees locally. In doing so it helps to establish the ways by which national cultural differences influence employment policies and practices of different countries and the ways by which national and international organizations have responded to them in a world that is determined by a globalizing power of business on the one hand and a localizing power of culture and politics on the other.

The rationale for its content and structure has been influenced by the growing interest in comparative research. The understanding of how management is practised in particular contexts can provide the opportunity to establish differences and similarities between particular countries and societies, and to assess the reasons for their occurrences. In order to understand the insights of managing across cultures it is important to have the knowledge and skills of managing in different national contexts in which the behaviour of organizations and people is determined to a great extent by cultural and economic factors. This is the main reason for this book's policy of bringing together in clusters countries that are similar in terms of historical heritage, cultural background, economic development, and political and legislative system. This textbook allows the reader to gain knowledge of different national contexts, make comparisons between them, and learn the knowledge and skills of managing in different national contexts.

### Aims

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The aims of this book are as follows.

- 1 To present a conceptual and theoretical analysis of managing across cultures by explaining the various definitions of key concepts and providing a critical review of relevant theories and models of culture and management.
- 2 To discuss the different national cultural values and norms, and their implications for management, in order to develop a theoretical framework for understanding the subject.
- 3 To provide description, analysis and discussion of employment policies and human resource management practices in different national and cultural contexts. In this respect, a country-by-country or cluster of countries study is provided for comparative purposes and to improve our understanding of the factors that influence labour market trends, and organization and employment policies and practices in different countries.

### Structure

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To meet the aims above, this book is divided into six parts comprising nineteen chapters. Part I provides a conceptual and theoretical analysis of the subject of managing across cultures. Parts II to V provide a description and analysis of management practices and policies in clusters of countries, covering most of the globe, organized according to their socio-economic, historical, cultural and political similarities. Each part consists of three to five chapters each providing discussion and critical analysis of the main aspects of cross-cultural management

in general and the policies and practices of human resource management in particular. The structure of these chapters is designed to facilitate comparison between countries. Each chapter covers the socio-economic and political context of the countries studied, their labour market trends, their management and organization characteristics, and their human resource management policies and practices, focusing on recruitment and selection, training and development, rewards and remuneration, and employee relations. Part VI concludes the book with a discussion of the main emerging issues and future directions in the subject of managing across cultures.

Each of the Chapters in Parts II–V (i.e. the geographically based chapters) is based on a common structure. Each of these chapters (namely Chapters 4–18) contains:

- 1 An introduction.
- 2 An overview of economic, political and cultural contexts.
- 3 A survey of labour market trends. The particular themes covered vary between territories. Typical themes include: employment and unemployment rates; the supply of labour (including such topics as female participation, age structure and migration); the nature of employment (including, for example, flexible working practices); and types of employer.
- 4 An outline of management policies and practices and organizational structures and behaviour.
- 5 A description of human resource management. Typical themes include:
  - a Recruitment and selection.
  - b Training and development.
  - c Rewards and remuneration.
  - d Employee relations.
- 6 A summary of the chapter.
- 7 A list of references.

Chapters also contain activities and mini case studies, as well as revision questions at the end.

Each chapter is designed as an essay in its own right and so may be read independently of other chapters. However, the common structure facilitates comparison between chapters. Some of the activities are designed to support comparative study.

## How to use the book

This book is designed both for class use and individual study. The book as a whole can be used on a 12-week semester/term of 24 hours of lectures and

six hours of tutorials. There are 6 parts and each part can be taught over two weeks of four hours of lectures and one hour of tutorials. The case study at the end of each part (Parts I–V) can be used for tutorial discussion, allowing for a revision session at the end of Part VI. It will be possible to use it also over a 10-week semester/term by reducing parts I and VI to one week each (with two hours of lectures and one hour of tutorials). More information about how to use the activities, mini-case studies and the end-of-part case studies is given in the accompanying tutor's manual or can be found on the book's website.

### Learning outcomes

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To help you focus your learning, each chapter begins with a specification of desired learning outcomes. In Parts I and VI, learning outcomes are unique to each chapter. In Parts II–V (i.e. Chapters 4–18) the learning outcomes are common to each chapter. These are shown in Box 1.1.

#### BOX 1.1

##### Learning outcomes for Chapters 4–18

The chapter is designed to help you understand, for the nation or region in question:

- 1 the (a) economic, (b) political and (c) cultural contexts in which managers work;
- 2 the main trends in the labour market;
- 3 the typical features of (a) management policies and practices and (b) organizational structure and behaviour;
- 4 the main policies and practices of human resource management with regard to: (a) recruitment and research; (b) training and development; (c) rewards and remuneration; and (d) employee relations.

### Chapter review

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Each chapter finishes with some revision questions, which are unique to each chapter. In addition, for Parts II–V (i.e. Chapters 4–18), Box 1.2 provides a common task to bear in mind with each chapter. The task is designed to help you (a) review the chapter in question and (b) make connections and comparisons between chapters in order to deepen your learning from them.

## BOX 1.2

**Review task for Chapters 4–18**

Imagine you are the HR director of an MNC from one of the following countries: (a) America; (b) China; (c) Germany; (d) Japan; or (e) a country of your choice. Please select and specify one of these. (Obviously, the country you select should not be the one covered in the chapter in question.)

Your company is considering investing in the country or region covered in this chapter. Write a concise report to your company's board, explaining your views on the following questions:

- a Which are the most significant features of the prospective host country or region?
- b How similar is the prospective host country or region to the one from which your company originates?
- c How welcoming and conducive do you think the prospective host country or region would be to investment from your company?
- d If your company were to proceed in investing in the host country or region, which aspects of that country or region would expatriates from your company require briefing on most?

In your report, aim to cover the following topics:

- e The context (economic, political, and/or cultural).
- f Labour market trends.
- g Management policy and practice and organizational types and behaviour.
- h HR management.

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