Leading Internationally

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www.ralphlewis.co.uk

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Why ?

There are two key reasons why everyone should be aware of inter cultural differences, even if they do not work abroad. The first is that customers or clients and suppliers come from abroad and products and services have to be tailored for their views. Secondly, by understanding other cultures, our own assumptions about our way of working can be understood more clearly and hence we can be more effective within it.

'Culture' can be seen as the patterns of values and assumptions that drive our behaviours. If age is respected then politeness and a willingness to defer to those older will be the behaviours. Etiquette derives from this but is not always easy to deduce - what is right for one society - bringing gifts to a meal for example - will be seen as an insult to another. Likewise in business, what makes a good manager or supervisor in one will not be right in the other.

Also, within all societies will be a wide range of personalities and assumptions. At heart, individuals have to be treated as individuals whilst recognising the framework of culture from which they operate. The USA has the most profit-orientated approach to organisation of any society, seeing organisations as means to make money. But whilst the USA does have the highest percentage of people who believe this it is only 40%- leaving 60% who have different views (in the UK only 33% believe that organisations only exist for profit). To treat all USA citizens as if they were profit-oriented would be a great mistake (apart from the fact that there is an enormous diversity of cultures in the USA and other countries). **Culture is not a simple set of rules !**

The Voyage of Discovery

Governments and national identity are becoming less important. Their impact decreases as multinational corporations and instant world-wide communications ignores borders. International business is in an arena where the rules are being made up as we go along. It is at the edge of uncertainty and complexity and may become chaotic. Therefore understanding international issues and patterns of behaviour can be seen as a voyage of discovery. The key questions for all participants are:

- **What are the most important influences on behaviour and business?**
- **How do you succeed cross-culturally - Key competencies? (Who in your organisation is successful internationally?)**
- **What are the emerging international organisational structures ?**

Dimensions of Culture

Power Distance

Low	High
• Aim for equality in relations & interdependence	• Disciples - respect in relationships
• Decentralisation	• Centralisation
• Narrow salary range top to bottom	• Large salary range
• Consultation	• Autocratic / expertise
• Democracy	• Top-down governing
• No status/privileges	• Status & privileges

Individual - Community

Individual	Community
• "I"	• "We"
• Identity from self	• Identity from others
• Individual rewards on performance	• Team Performance
• Speak one's mind - honesty	• Harmony
• Mobility	• Loyalty to team

Masculinity - Femininity

Masculinity	Femininity
• Mass production	• Personal service
• Efficiency	• Quality
• Task - material success	• People, relationships
• Achievement - competition	• Caring, co-operation
• Distinctive sexual roles	• Blending of sexual roles
• Live to work	• Work to live

Uncertainty Avoidance (Low Risk Taking)

Weak	Strong
• Innovation	• Precision
• Minimise rules - freedom	• Rules- procedures
• Diversity	• Conformity
• Lenient upbringing of children	• Strict upbringing
• Teachers can be wrong	• Teachers always right

Universalism	Particularism
▪ Universal rules apply	▪ Unique situations (relationships)
▪ One truth, right	▪ Situational reality
▪ Objectivity	▪ Subjectivity

Neutral Relationships	Affective Relationships
▪ Not expressing emotions	▪ Expressing emotions

Specific Relationships	Diffuse Relationships
▪ Open public, closed private	▪ More closed public but then more open in private once through
▪ More direct extrovert	▪ Appears indirect, introvert

Separate work from private	Work & private life linked

Achievement	Ascriptive
■ Power based on performance	■ Power based on gender, status etc.

Attitudes towards time are also important -past, present or future orientation for example. Likewise mono chronic (one thing at a time) or poly chronic (doing lots of things at once).

Country's Positions

Low Power Distance						High Power Distance
Ireland	UK Germany	USA	Italy	Japan	France	Brazil

Individualism							Community
USA	UK	Italy	France	Ireland	Germany	Japan	Brazil

Masculinity						Femininity
Japan	Italy	Ireland	Germany UK	USA	Brazil	France

Low Uncertainty Avoidance							High Uncertainty Avoidance
UK	Ireland	USA	Germany	Italy	Brazil	France	Japan

Neutral Relationships						Affective Relationships
Japan	UK	Germany	USA	France	Italy	Brazil

Achievement				Ascriptive	
USA	UK	Germany	France	Italy Brazil	Japan

Succeeding Cross-Culturally: Key Dimensions

One analysis on competencies expected from "Multi-country managers" (those who travel from country to country) suggests that there are a range of active or "doing" competencies which are underpinned with a less changing "philosophy of life". Multi-cultural managers are also great learners and focus on becoming more and more international.

Doing

The main competencies of international managers are around working and relating to other people. This is with all the problems of time, distance, cultural differences, languages and different types of organisation.

Champion of international strategy Working with others around the world to develop both international and local adaptations to the future development of the business. They will try to speed up business development by exploiting and adapting learning between different countries and markets. They will get support for international initiatives from the corporate centre and from top management. By maintaining global awareness, they understand world standards of competition and appreciate what it takes to beat it.

As ***cross-border coach and co-ordinator***, the international manager provides clear guidelines and challenging targets based on discussions with local managers. They set up and use early warning systems to monitor local performance but they understand the limitations of such systems and do not use them to replace face-to-face communication with their local teams. The international manager is prepared to travel widely to maintain contact.

The international manager gives and receives feedback in a manner that emphasises collaboration as equals, encouraging local managers to contribute and develop their own ideas, and helping local managers to extract the learning from their experiences. They not only talk to local top management but make special efforts to reach down into local organisations and to coach the local customer contact people. By generating a sense of dynamism and by stressing overarching goals they strive to build multinational teams that are able to overcome local pride and co-operate across borders. The international manager stays attuned to local sensibilities and is prepared to shield them when necessary, but is also able to maintain a sense of objectivity that allows him or her to keep the total picture in mind.

An open, collegiate coaching style is essential in managing a transnational matrix organisation where the international manager must rely on persuasion rather than formal authority. The manager depends on an ability to build a strong personal network inside and outside the company through which to get things done. The international manager must help local managers to understand that they are complementing each other and are not competing. The task is to turn local managers into internationally-thinking managers who will look outside their own subsidiaries and understand and acknowledge their interdependence. The international manager will manage conflict and try to achieve greater understanding between people from different cultures, seeking opportunities to rotate people between countries to develop both people and the organisation.

As ***inter cultural mediator and change agent,*** the international manager seeks to cultivate empathy and awareness of their own cultural underpinnings and its impact on their management style. They try to dig below surface explanations to find out what is really happening locally and are able to switch their frame of reference between different cultures.

They work with important stakeholders abroad including customers and alliance partners. They are particularly sensitive to cultural differences among customers and to the role that culture

plays in providing service. The international manager understands the need to learn from alliance partners and to safeguard their company's core technologies. The international manager will also have to address ethical dilemmas in different cultures.

To be able to manage change in different cultural contexts, the international manager must understand the pressures under which local management operates. They must signal the need for action and instil a sense of continuous crisis. They must face the dilemmas of balancing speed of action with sensitivity to local concerns. While they will collect all relevant opinions locally, they will be prepared to act decisively when necessary.

The international executive manages ***personal effectiveness for international business*** by managing their time, particularly with regard to decisions about the amount of time spent away from base on visits to operations abroad. Managers in the transnational matrix need in particular to balance the global and the local demands on their time. The job of the international manager is a demanding one that will often entail stress and will make impose costs on family life. Finding a satisfactory balance between work and family life is a major challenge for the international manager.

Being

The final and perhaps most important set of competencies are those to do with managers personal attributes such as curiosity to learn, a sense of humility, emotional resilience. These are not the sort of features which are developed easily or quickly. Indeed, it would be more accurate to suggest that they are developed over a lifetime of deep personal experience. Such attributes are part of a continuously growing philosophy of life which captures the essence of what it is to be an international manager. (from a report from Ashridge by Kevin Barham and Stefan Wills. (1998))

Organising Cross-Culturally

There are no laid down rules for structure. All organisations are possible - clear hierarchies in local areas and more likely matrix or cellular structures for international business.

Traditional approaches to strategic planning and organisation can be dangerous as people either assume the world is certain and become too rigid in planning or give up at the "total unpredictability". So how do you survive and prosper in a world in which the underpinnings of life have become entirely unfamiliar? The answer is: Begin an **organisational Voyage of Discovery**.
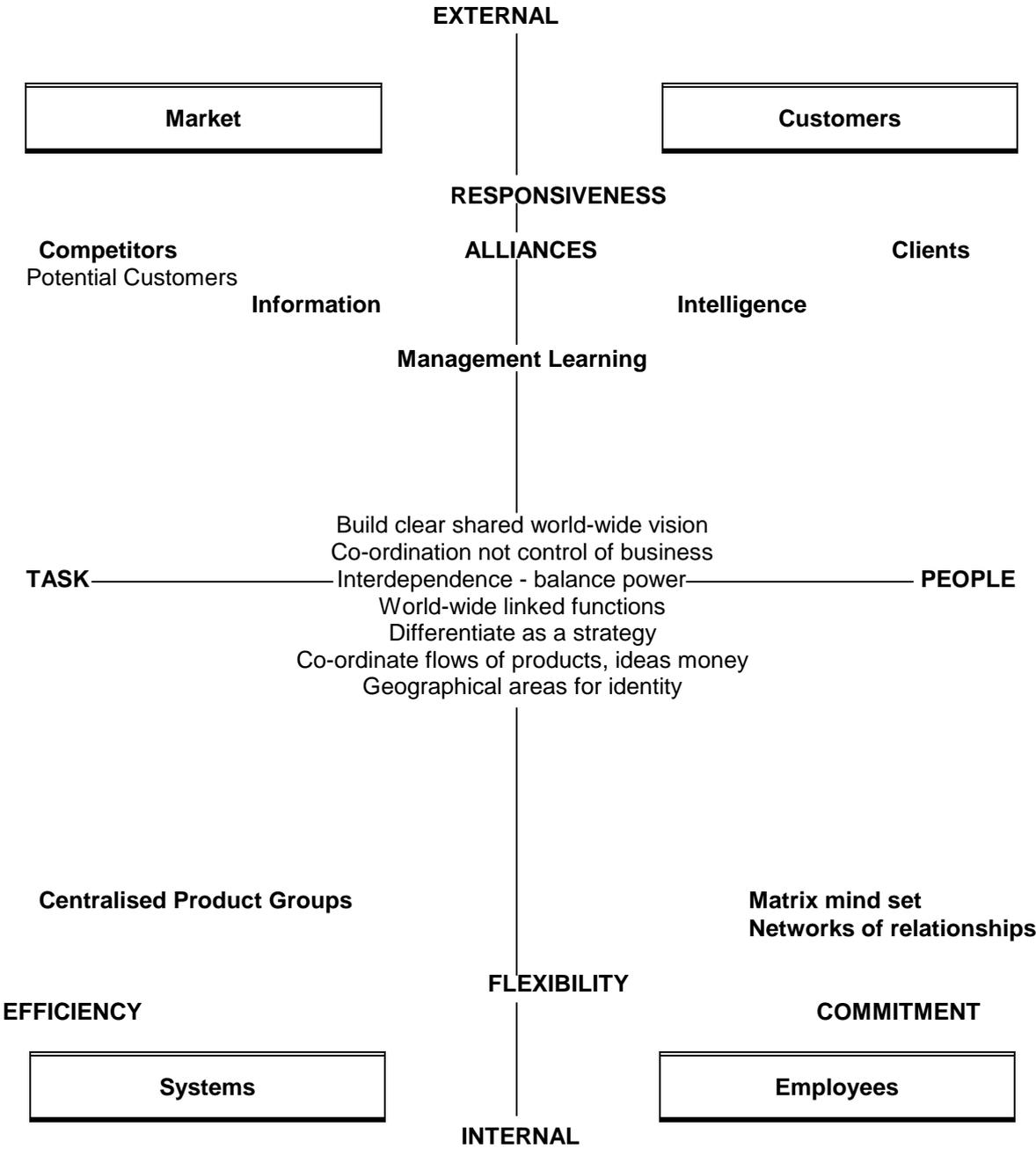
- Plan around the certainty of uncertainty
- Gather information constantly for immediate decision-making. (Trends and other factors can be used to reduce the level of uncertainty.). Use scenario planning
- Use peer-to-peer networking and virtual task-focusing teams
- Extend task-focusing virtual enterprising to include suppliers, partners and customers
- Track multiple task focusing teams within and between companies
- Develop clear visions to unite employees in the enterprise
- Develop a technical networking infrastructure that is easily reconfigurable
- Develop a data-integration strategy
- Use strategic alliances as pathways to the future.
- Have some experimental product or service development portfolio.
- Send "probes" into the future. The more volatile the market the more probes needed
- Assign a manager whose responsibility it is to constantly scan for opportunities to add, merge, diverge, split, and realign business.

The main message seems to be to communicate, be prepared to let go of past ways of doing things and move to the unpredictable.

There is a need for different functions to adopt different structures and ways of working, also a focus on the need for a clear unifying vision. This is a function of leadership at all levels. These findings are summarised in the following diagram. The greatest employee commitment comes when the individual is clear about how they fit into the organisation's vision and how they add value to the organisation.

An example of an international organisation with an extremely complex structure is ABB. (See Appendix). It has a matrix structure with local - international dimension and provides one possible organisational structure.

Organising Internationally: Key Messages

EXTERNAL

| Market | | Customers |

RESPONSIVENESS

Competitors   **ALLIANCES**   **Clients**
Potential Customers

Information   **Intelligence**

Management Learning

Build clear shared world-wide vision
Co-ordination not control of business
TASK————————Interdependence - balance power————**PEOPLE**
World-wide linked functions
Differentiate as a strategy
Co-ordinate flows of products, ideas money
Geographical areas for identity

Centralised Product Groups   **Matrix mind set**
Networks of relationships

FLEXIBILITY

EFFICIENCY   **COMMITMENT**

| Systems | | Employees |

INTERNAL

Action Points

Create your own future through your own "Voyage of Discovery"

**Use the resources (your people and ideas) you already have to
build organisations and supply chains internationally
and across different cultures**

**Develop multicultural learning approaches through study tours,
working teams, sharing of expertise, projects etc..**

Allow for the difficulties of language issues

**Support individuals through the stresses of international work
by helping them to manage stress, get good work-home balance
and helping them develop as managers**

**Allow for the complexity of international organisations by networking
and the use of virtual teams**

**Focus on global v local dimensions and help resolve these
sometimes conflicting dilemmas**

Organisations and International Culture

Countries differ in their approaches to organisations. The United States, for example, has the highest percentage of people in any society who believe that organizations exist solely to enable a set of tasks to be carried out without reference to people aspects. (Trompenaars). Why do so many people ignore the people side of organisational life ? By looking at the key functions of organizations and linking them to intercultural differences and individual personality a partial answer may be found.

The Four Functions of Organizations

The simplest definition of an organisation is "a group of people with common goals". It does not matter whether the organization is industrial or social, very small or immensely large, simple or complex, this definition applies. There may be dispute (and often is) over what the common goals are, but essentially the definition implies that people are co-operating in some fashion to achieve something they have agreed on. By the nature of this process it follows that there are certain essential functions that need to be carried out if people are to work together. Talking to each other for example or carrying out specific tasks. Four key functions were defined by researchers into small group workings and they apply equally to larger groupings or organizations.   The functions that people, within an organization, have to carry out, are:

- Performing goal-oriented tasks
- Managing their interaction with the environment
- Keeping those within the organization satisfied so they perform and stay
- Dealing with those outside the organization

Any organization has to attain basic minimum standards in each of these areas. If it does not then it will fail as it will not be able to achieve the common goal. The four functions can be placed on a matrix with two axis. i.e. Task - People and External-Internal. See Figure 1.

External to Organisation

Market Environment	Customers
Resources	**Networks**
Deliverables	Society
	Service Added

Task | | **People**

Production	Employees
Quality	Quality of Life
Efficiency	**Communities**

Internal to Organisation

Figure 1: Organizational functions

If an organization does not communicate with those inside it or reward them appropriately they will leave as soon as they can and the organization will collapse. Likewise if those in the organization cannot perform key tasks to an accepted level in terms of quality or efficiency it will be overtaken by a competitor and will also fail. (This applies as much to non-profit institutions as well as commercial although it may take longer in the former case for the poor performance to become visible). On the two external functions the same applies. If a group of people cannot get resources from the market place or interact with their physical or economic environment adequately they will be unable to continue. If they break society's laws or treat clients badly again they will not be allowed to survive. The United States,

for example, has an admirable record in regulating this area with regard to consumer rights. All these aspects are more evident in an open society but even in a closed environment although people may be bound to continue working for a particular group they will leave psychologically and work will not be done effectively or with heart.

Marketing organizations for example have as their purpose to compete and grow - to gain market share. They are in the External-Task quadrant. Their underlying values are about being biggest and best. It is sometimes difficult to imagine where for example Pepsi-Cola would be without Coca-Cola to compete with or vica-versa. Their rationale lies in defeating competitors - the "enemy". When viewed in this way the constant mergers and takeovers that occur in business can be understood as a need for expansion, in spite of the commonly accepted findings that the majority of takeovers do not add business value to either organization.

Production led organizations (Internal-Task) have as their prime purpose manufacture of products or delivery of service in terms of quality and efficiency. Their values are competency and stability. The automobile industry for example has to focus on manufacture of cars or other means of transport efficiently with emphasis on task specialisation, economies of scale and effective use of assets. Of course marketing functions need to be carried out and products tailored to what clients want to buy but the prime purpose of the car industry is to make affordable quality cars. The Japanese car industry got all these areas right well before Western firms did.

Employee or Internal-People focused organizations are almost non-existent in the business world. These organizations exist for the benefit of their members. Examples of these in the non-business world are many such as the Scout Movement, Alcoholics Anonymous, sports clubs and possibly, political parties. The family is also one such example; its common goal is the support and nourishment of the members of the family or at least it should be. However pursuing this theme the family, as an organization, also needs to fulfil the other functions if it is to be viable. i.e. resources need to brought into the organization such as food, clothing etc., specific tasks such as cooking, washing, house maintenance need to be carried out, and the family needs to coexist with non-members such as neighbours.

The last area of organizational functioning is that of the service organization - the External-People quadrant. This has as its goal the delivery of a service to others - clients, customers, whatever. Key examples would be educational, health and religious organizations where the focus is, or at least should be, helping others. This is where institutions naturally fall. Institutions are set up by individuals or groups to help society by helping individuals in that society. Again to go back to the four functions institutions need to be cost-effective in the way they perform tasks, they need to gain resources to carry out services effectively, and they also need to value their members and reward them appropriately for helping to deliver the organization's service but all these aspects are secondary to the prime goal of service. Thus if we find a service organization competing against "rivals", or trying to raise money to enable it to be bigger than other institutions, or rewarding some of its members with inappropriately large salaries then it is quite legitimate to question these activities. If an organization does this it will have lost sight of its purpose. Equally inappropriate would be these organizations focusing on their survival when they are no longer needed by their clients.

Organizations in their Societies

Organizations obviously exist within a societal framework and the nature of the society that they are in will help to determine their operation. It is increasingly recognised that culture is a key filter in ways of perceiving the world, of regulating relationships between people and of problem-solving. What will be the most appropriate way of doing things in one society will be singularly inappropriate in another. There are few universal rules. Thus the functioning of institutions will also vary enormously. Much work has been done on the different ways of classifying these rules but one key dimension seems to be the "head-heart" dimension or "principles-relationships". As mentioned earlier the U S A is towards the head or task end of the continuum and it shares this orientation with much of the Anglo-Saxon world - Canada, Germany and the U K for example. Countries at the heart or people end would be much of Latin-America, Japan and France for example. The positioning of various societies can be shown (very approximately) on the same framework as used for classifying organizations. i.e.

External focus of groups within society

USA

Ireland

Italy

UK

Task ————————————————————— People

Germany   Brazil

France

Japan

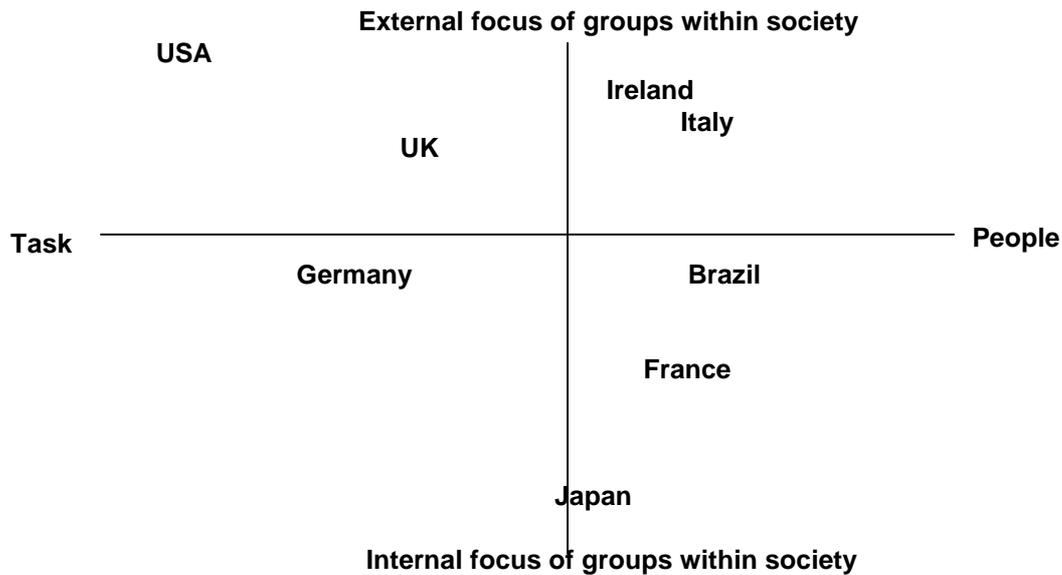**Internal focus of groups within society**

Figure 2: Societies and Culture

This distinction is of key importance to the way that people conduct themselves in everyday life. In a task oriented society the focus is on objectivity, equality and getting the task done.There often is less structure around people interactions and less status (which sometimes goes with less respect for leaders so less status can also be negative). The principles of law come first before loyalty to friends and family. This gives a society in which the focus is on what you do rather than who you are but the social support networks that exist in a people oriented society are often lacking. In a "heart" society respect for others, if they are in particular groupings and loyalty to those groupings, come first rather than emphasis on getting the task done. This can lead to inefficiency and favouring of one dominant group over the other but the advantages are a sense of community and belonging.

Trust is also a key dimension in analysing different societies. Francis Fukuyama has explored this aspect in depth, examining the economic implications of low and high trust societies. Paradoxically he sees countries such as the U S A being a high-trust society being based on principles rather than relationships whereas in countries such as France and China, where the focus is on inward looking family relationships, there is an unwillingness to trust those outside the family. Hence he suggests organisations in these societies will either be small family based entrepreneurial firms or large state run companies. In the U S A and Germany medium size and large private / public (non-state) organizations will thrive and grow. In his view trust needs to be enriched if economic life is to become meaningful for individuals.

So the "rules" prevailing within different societies will have a profound impact upon the way that relationships are governed and the way institutions function and provide service. The culture will further orientate organisations and individuals towards the head or heart poles and towards the way work is viewed