Working across Cultures

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Culture and management

- Every culture has a **logic of its own**.
- Its unique way of getting things done.
- Knowing this is the key to success.
What culture is not

Culture is not primarily about food, language, dress, customs, holidays.
What culture is

Culture is about **how we think**.

It determines our deepest assumptions, most of which we not even aware.

* Like an iceberg, culture lies mostly beneath the surface.*
Culture vs. personality

- Every culture contains the **full range** of human personalities.
- Culture is about the framework into which these personalities fit, **not** about “national character.”
- However, different personalities succeed in different cultures.
Cultural globalization?

- World economy is now **multi-polar**.
  - Successful nations exploit their unique cultural traits.
  - Less pressure to Westernize.
  - Result: **Cultural deglobalization**.
- Communication technology supports this trend.
Caveats

There are 5000+ cultures in the world.
  
  This talk must vastly oversimplify.

No judgments.
  
  I don’t know which cultures are “better.”
  
  Aim is to understand them.
Two types of cultures

- Cultures are very different.
- But they can be classified roughly as:

  - rule-based
  - relationship-based
**Relationship-based** = life is organized primarily around **personal relationships**.

- Africa, Asia, Middle East, South America
Rule-based = life is organized primarily by rules.

- Australia, Europe, North America
Meetings
- Personal connections vs. strictly business

Deals
- Personal trust vs. contracts & law
- Trust the person vs. trust the system.

Traffic behavior
- Negotiation vs. regulation.

Traffic in China
Dealing with **stress**

- Family & friends vs. technology & engineering.

Filipino family
Concept of authority.

- Relationship-based – authority rests in the person.
- Rule-based – authority derives from rules.

Custodian of the Two Holy Mosques
King Abdullah bin Abdul Aziz Al-Saud
No culture is purely rule-based or relationship-based.

- It wouldn’t work.
  - You can’t build a brick house purely out of brick.
  - Or a wood house purely out of wood.
- Nonetheless, one system tends to dominate.
Many cultural traits **correlate** with the rule-based, relationship-based distinction.

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<th>Relationship-based</th>
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Power distance

Power distance is the degree to which less powerful people accept their subordinate position.
Relationship-based countries tend to be **high** power distance.

- Behavior is regulated by people with authority.
- Rules are legitimated and enforced by authority figures.

Deng Xiaoping
De facto leader of China
1978-1992
Rule-based countries tend to be **low** power distance.

- People respect the **rules** more than superiors.
- **Example:** Sweden.

Karl XVI Gustaf
Swedish King since 1973
High power distance:

- Children obey and respect parents, teachers.
- Employees are reluctant to challenge the boss or discuss problems.
  - Guangzhou executives
  - Filipino maids
High power distance:
- Good boss is authoritarian but takes care of subordinates.
- Makes decisions on a case-by-case basis.
- Possibly large differences in salary/skills.

Dalit (untouchable) India
Low power distance:

- Children are allowed to contradict their parents.
- Two-way discussion in classroom.
- Discipline may be a problem; parents side with child rather than teacher.
- No corporal punishment.
Low power distance:

- Consultative management.
- Employees bring concerns and grievances to the boss.
- Good boss **inspires** workers and treats them **equally**.
- Go by the rules rather than case by case.
- Labor unions.
- Smaller salary differences; workers may resent executive perks.
  - Scandinavian vs. U.S. offices.
  - Power distance higher in U.S. business
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Shame and guilt

**Shame** and **guilt** are mechanisms for enforcing behavior norms.
**Relationship-based** cultures enforce behavior norms by **shame**.

- Loss of face.
- Humiliation.
- Punishment on the spot.
- No guilt.

- Shohei Nazawa and Yamaichi Securities
- Akio Toyoda in Congressional testimony.
Key point for shame-based cultures:

- People expect **direct and constant supervision**.
  - Department store clerk.
  - Guangzhou office.
- Failure to supervise **gives permission** to break the “rules.”
  - Exam cheating.
  - Company rules.
Asian countries

- **Manage face** correctly.
  - Don’t cause employees to lose face by public embarrassment.
  - Unless they have already lost face by incompetence or malfeasance.

Middle Eastern countries

- Be authoritarian but **just**.
  - Listen to employee petitions and take them seriously.

Latin American countries

- Respect **honor**.
  - Arabic origins of *machismo*.
Guilt is more important in rule-based cultures.

- Guilt encourages obedience to rules without supervision.
- But it may be a poor motivator and carry high psychological cost.
  - *Ein gutes Gewissen ist an sanftes Ruhekissen.*
- Guilt is reinforced by fear of punishment.
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Context

- In **low-context cultures**, information and behavior norms are spelled out.
  - Typical of rule-based cultures.
  - The rules are spelled out.
- In **high-context cultures**, these are implicit in the cultural context.
  - Norms are transmitted by the people around you.
  - Particularly authority figures.
In low-context cultures,

- There are many signs, timetables, maps.
- Contracts are written, long, and detailed.
  - Fixed once signed.
  - Disputes resolved by lawsuits.
- People expect the rules to be in writing.
  - Company policy, e.g. vacation
- People pay attention to written rules.
  - Example: restroom sign.
In **high-context** cultures,

- People already know what to do.
- **Contracts** are vague, verbal, or nonexistent.
  - Except in “low uncertainty tolerance” cultures, e.g. Latin America.
  - Agreements evolve with the situation.
  - Legal system weak.
  - Disputes resolved by negotiation.
- People **don’t pay attention to written rules**.
  - Expect personal correction, e.g. no smoking
  - But good for high-tech information transfer.
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Corruption as bribery
Time consciousness

- **Monochronic** cultures
  - People do one thing at a time.
  - Deadlines, schedules, queues important.

- **Polychronic** cultures
  - OK to do several things at once.
Monochronic culture *structures and organizes* time

- Sense of control, security.
- Ironically, deals with stress.

Time partitioned into **intervals**

- Each devoted to one task.
- Appointments and punctuality important.
- Orderly queues.
Monochronic time is a **measurable substance**
- Can be spent, saved, wasted.
- Time is money.
- Deadlines important.
- A handicap in cross-cultural negotiation.

**Arrangements made in advance**
- Travel arrangements, e.g. in Scandinavia

**Deadlines**
- People get nervous, speed up as deadline approaches.
Polychronic time is **elastic**.
- Punctuality unimportant.
- Important people keep others waiting, not vice-versa.

**OK to deal with several people at once**
- Your host may talk to others, take phone calls, etc.
- Clerk will serve several at once.
- Queue may be a mob.
Activity
- Activity makes times rather than filling it.
- Idleness stops time.
- Not a sign of laziness.

Arrangements made at last minute
- Travel arrangements, e.g. India

Deadlines
- Not inclined to speed up as deadline approaches.
- Relaxed about tight connections, etc.
Stress management

- Rule-based/monochronic cultures
  - People believe they have control over their lives.
  - When the going gets tough, the tough get going.
  - Rely on technological fix.
  - Control life by controlling the environment (engineering).
Relationship-based/polychronic cultures

- Life are governed by outside forces.
- When the going gets tough, rely on each other, higher power.
- In some cultures, control life by controlling one’s state of mind.
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Corruption is behavior that undermines a cultural system. So corrupting behavior is different across cultures.
In relationship-based cultures, **bribery** is common.

- Also kickbacks, facilitating payments.
- Short cut to relationship building.
- System is **slow but stable**.
  - e.g., Chinese economy
  - *Guānxi*. 
In rule-based cultures, cheating is common.

- Income tax evasion, business scandals, plagiarism.
- Relatively little supervision.
- System is efficient but unstable.
- Global financial freeze.
Ethical norms – and cultures – stem from different conceptions of **who we are.**

- **Rule-based:** autonomous, rational **individuals**
  - We are equal & so must respect rules rather than people.
  - Hence rule-based, focused on rationality.
  - Ethics based on **equality, fairness.**

- **Relationship-based:** part of a **larger unit.**
  - Extended family, community, ethnic group.
  - Must respect people with authority.
  - Ethics based on **care.**