



Cross-cultural differences

Learning guide

Cross cultural differences

Introduction

The topic of cross-cultural differences is one of the most important in business today. On a company level, it is important due to increased globalisation and, on the individual manager's level, it is important to understand differences in cultures as more and more teams become international teams. This learning guide focuses on managing cultural differences from the individual manager's perspective, it does not cover globalisation.

To become a global manager, having an understanding of cross cultural differences is necessary but this alone will not make an effective global manager. A lot of other skills and competences are needed in addition to this basic understanding.

The reason why there is so much emphasis on cross cultural differences is probably because it is one of the most difficult to deal with. If we think about communication, for example, to be fluent in another language does not always mean you are culturally fluent. In the USA and the UK the common language is English but there are often misunderstandings due to very different cultural backgrounds. To communicate effectively with someone from another culture, knowledge of that culture is the first and most basic level of understanding we need.

Reading books or attending seminars on the do's and don'ts of other countries before doing business in these countries may help alert us to the differences that exist but there is danger that some of these can encourage stereotypes which may hinder a deeper understanding.

Where to start?

If you prefer to learn by watching a video and want a general introduction to the vital skills of a global manager, look at the video *New Skills for Global Management*. Details of videos are listed on p3. If you want an idea about cross cultural differences and how they influence doing business in other countries the Fons Trompenaars video *Cross-Cultural Management* is recommended. Trompenaars has done extensive research on cultural differences and has identified seven dimensions on which cultures differ.

If you learn best by reading and only have an hour, begin by reading the overview of cultural differences in this learning guide. If you have a little longer pick one of the recommended articles. The two most interesting researchers on the differences between cultures are two Dutchmen, Fons Trompenaars and Geert Hofstede. The article by Trompenaars is a good introduction. If you are interested in international teams, the article by Charles C. Snow et al is a good overview. The article by Rhinesmith listed on p4 covers the area of global management skills.

If you have time for a more in-depth study of the subject of global management skills the two books that are easy to read and provide an overview of the competences and skills are those by Brake and Rhinesmith, details of which are on p5-8.

Resources

Videos

Building the Transnational Team (1993), Transnational Management Associates, 25 mins.

This video training package on intercultural skills for global managers shows how the role of the boss, the conducting of meetings, decision making and the motivation of employees are all important factors to consider when working with colleagues of different nationalities. Even more important is the ability to recognise strengths that different nationalities can bring to the transnational team.

Cross-Cultural Management (1993), BBC for Business, 64 mins.

This video, presented by Fons Trompenaars, is a comprehensive guide to understanding cultural differences, essential for success in the multicultural business world. The video looks at three key factors affecting relationships: people, time and environment, and offers practical insights into the origins of cultural differences, human resource management in different cultures, decision making and negotiating practices. One of the overall aims of the programme is to enable the viewer to acquire better insight into their own cultural make-up as well as those of others.

It's a Jungle Out There (1995), Open University Worldwide Ltd, 29 mins.

This video follows eight managers from Europe and the US as they travel to Botswana to undertake a range of projects on behalf of a charity as part of an 'active learning' programme. Made in co-operation with Ashridge, this programme explores the challenges of working in a multicultural team in a foreign environment. The video 'International Management: the Survival Guide' is the second of this pair and features the same team of managers.

Management in Chinese Cultures (1998), Open University Worldwide Ltd, 30 mins.

Chinese culture - either in the form of a large overseas Chinese population or a shared Confucian heritage - is present in many of the Pacific Rim nations. It differs quite markedly from Western norms and values. In Chinese cultures, Western stresses on individualism, delegation and empowerment are replaced by an emphasis on community and the family, a lean hands-on management style and a Confucian deference to authority. Through interviews with innovators, entrepreneurs and managers in both China and Hong Kong, this video asks a number of questions about the effects these cultural differences have on the way business is done in this recovering region. How are creativity and innovation affected? What implications are there for Western ideas about organisations and management?

New Skills for Global Management with Stephen Rhinesmith (1993), Multimedia Inc, video 35 mins, audio 35 mins.

This is an effective tool for helping managers understand the implications and complexities of managing in an organisation that is going global. The video consists of four modules: managing competitiveness, managing complexity, managing multicultural teams and managing adaptability.

Journal articles

Buggy, Cheryl (1999) *Empathy is the key to cultural communication*, Professional Manager, Vol 8(1), January, p14-16.

Crainer, Stuart (1995), *Closer encounters with global teams*, Management Training, Vol 4(2) May, p26-31.

Distefano, J and Maznevski, M (2000), *Creating Value with Diverse Teams in Global Management*, Organizational Dynamics, Vol 29(1), p53-63.

Goffee, Rob and Jones, Gareth (1995), *Developing managers for Europe: A re-examination of cross-cultural differences*, European Management Journal, Vol 13 (3), September, p245-250.

Marmer, Solomon, Charlene (1995), *Global teams: The ultimate collaboration*, Personnel Journal, Vol 74 (9), p49-58.

Marx, Dr Elisabeth (1999) *Understanding business cultures*, Business Voice, November, p46-52.

Rhinesmith, SH (1995), *Open the door to a global mindset*, Training & Development USA, Vol. 49(5), May, p35-43.

Smart, Elizabeth (2001) *Different strokes*, Business Traveller, March, p51-52.

Trompenaars, Fons (1999) *First-class accommodation*, People Management, Vol 5(8), April, p30-37.

Trompenaars, Fons (1996), *Resolving international conflict: Culture and business strategy*, Business Strategy Review, Vol 7(3), p51-68.

Information files

There are information files containing a number of newspaper and journal articles on the following areas:-

- cultural differences
- language skills.

Books

** Books marked with asterisks are available for sale from the LRC Bookshop.
Mail order service available, Tel: +44 (0)1442 841159. Fax: +44 (0)1442 841211.
Email celia.tucker@ashridge.org.uk

Brake, Terence (1997), *The Global Leader*, Irwin.

Ashridge shelf reference: JMV (BRA).

This book takes you beyond the theory of globalisation and into the nuts and bolts of creating a successful global enterprise with your richest resource, people.

Hill, Richard (1998), *EuroManagers & Martians*, Europublications, Second Edition.

Ashridge shelf reference: JMV (HIL).

In this book Hill emphasises the importance of how cultures influence the way people behave in business.

Hill, Richard (2002), *We Europeans*, Europublications, 2nd edition.

Ashridge shelf reference: JMV (HIL)**.

The message in this book is simple, before making judgements about other peoples' way of thinking and living, try to understand why they are the way they are. Learn to listen, travel, mingle, talk, live and work with other Europeans.

Hodge, S (2000), *Global Smarts*, John Wiley and Sons.

Not available for loan.

In today's intensely competitive climate of merger-mania, more than 70% of conglomerates will fail within the first three years. Most of these are victims of culture clash. Written by the President of an international consultancy specialising in cross-cultural business relations, this book presents effective strategies for dealing with the most problematic issues in this area - language barriers, culture shock, international negotiation and establishing cross-cultural trust.

Hofstede, Geert (1993), *Cultures and Organisations: Software of the Mind*, Harper-Collins.

Ashridge shelf reference: AGB (HOF)**

Hofstede reveals the circumstances in which organisational cultures can be managed effectively and outlines ways of learning intercultural communication, which are essential to success in the 1990s and beyond.

Leaptrott, Nan (1996), *Rules of the Game: Global Business Protocol*, International Thompson Publishing.

Ashridge shelf reference: JMV (LEA).

Leaptrott goes beyond the do's and don'ts of international business customs to the rationale and reasoning behind these actions. He examines the fundamental motivating factors for each culture and the rules for behaviour that stem from them.

Marx, Elisabeth (2001), *Breaking Through Culture Shock*, Nicholas Brealey Publishing.

Ashridge shelf reference: JMV (MAR)**

This book offers positive and practical advice for breaking through culture shock and shows that all of us can be internationally effective if we develop our ability to adapt. Based on extensive research, the book focuses on a brand new model - the culture shock triangle which shows you how to behave differently, think differently and balance your emotions. Using this model and numerous case studies, the author shows how you can ride out the waves of euphoria and the sloughs of depression, emerging contented and truly cross-culturally effective with the right balance between retaining a sense of your own identity and achieving international identity.

Mead, Richard (1998), *International Management: Cross Cultural Dimensions*, Blackwell, second edition.

Ashridge shelf reference: JMV (MEA).

International Management provides a comprehensive introduction to cross-cultural management, demonstrating how cultural factors influence behaviour in the boardroom and the workplace, and examines the skills needed to manage across national borders.

Morrison, Terri et al (1995), *Kiss, Bow or Shake Hands: How to Do it in Sixty Countries*, Adams Media Corporation.

Ashridge shelf reference: JMV (MOR)**.

As the title suggests, this book aims to raise multicultural awareness.

Rhinesmith, Stephen H. (1996) *A Manager's Guide to Globalization*, Irwin.

Ashridge shelf reference: JMN (RHI).

The author offers insights into understanding and developing new skills for management success in an increasingly challenging international market.

Rosen, Robert, et al (2000) *Global Literacies*, Simon & Schuster.

Ashridge shelf reference: AKC (ROS).

Throughout the world, business executives ask themselves the same questions: how can I thrive in a new global marketplace?, and how can I apply my own experiences, personal, professional and cultural, in working with customers, suppliers, and competitors? This book explores such key issues.

Trompenaars, Fons & Hampden-Turner, Charles (1997), *Riding the Waves of Culture: Understanding Cultural Diversity in Business*, Nicholas Brealey.

Publishing. Second Edition.

Ashridge shelf reference: AGB (TRO)**

In this new edition of this definitive text, the authors reveal seven key dimensions of business behaviour and show how these combine to create four basic 'types' of corporate culture:

The Family (Japan, Spain, Belgium), The Eiffel Tower (large French and German companies), The Guided Missile (US and UK) and The Incubator (start-up companies in Silicon Valley).

Overview

Introduction

Given the internationalisation of business, and the globalisation of markets, competition and organisations, the understanding of differences in national cultures is becoming more and more important.

Mistakes that arise as a result of differences in culture lead to a lot of difficulties. For example, not being able to retain and motivate employees, marketing and advertising blunders, mergers that do not really come together, etc.

Some of these mistakes are caused by the 'illusion' that cultures are co-merging. Looking at the success of some global companies like Coca Cola, McDonalds etc, people are under the impression that the world is becoming more 'alike'. Although that is partly true, we have to consider the meaning of these global messages in the local context, eg, McDonalds means something completely different in the US than it means in Russia. In the US a meal at McDonalds is seen as a quick and cheap snack whereas Russians would regard eating in a McDonalds as an expensive luxury.

There might be a convergence on a superficial level but the underlying differences get even more accentuated. This leads to 'cultural schizophrenia': on the one hand the need for global identity and on the other hand the need to keep your own local identity. What is happening in Europe is a good example of this. On the one hand there are greater moves towards unification, and on the other hand within some countries there are areas seeking autonomy, (eg the north/south divide in Italy).

Working effectively across cultures

Working effectively across cultures involves three areas as follows:

- awareness
- understanding
- respect.

Awareness

Being aware of your own culture and the fact that there are differences in the other cultures is the first requirement.

Given the fact that we are so entrenched with our own culture and we take a lot of things for granted, we only become aware of our culture by being confronted with it when we go and visit, live or do business with another culture.

Understanding

The next step is trying to understand what are the differences within our cultures. Why *does* McDonalds mean something else in the US or Russia?

It is in this area that the most research has been done and models have been developed to help us.

The fundamental requirement for a successful international manager is to identify and understand his or her own cultural values.

The issue is not how to become an American, German or Japanese but to find out what part of American, German or Japanese is in you.

Respect

The acceptance that one culture is not better than the other is crucial. Unconsciously we have a preference for our culture, and the further roles and

behaviour are away from our own culture, the more suspicious we get and the more difficulty we have in accepting the differences.

For example, imagine a scenario as follows: an international team from a telecommunications company contains some Swedish employees and some Indonesians. The team discusses how to approach competitor analysis. The Swedes in the group want to do it in a very formal (Swedish) way. The Indonesian member of the team, on the other hand, puts forward the suggestion that to obtain all the information he needs about the competitor he would simply approach one of their sales team and offer to let him have a free mobile phone in exchange for the information.

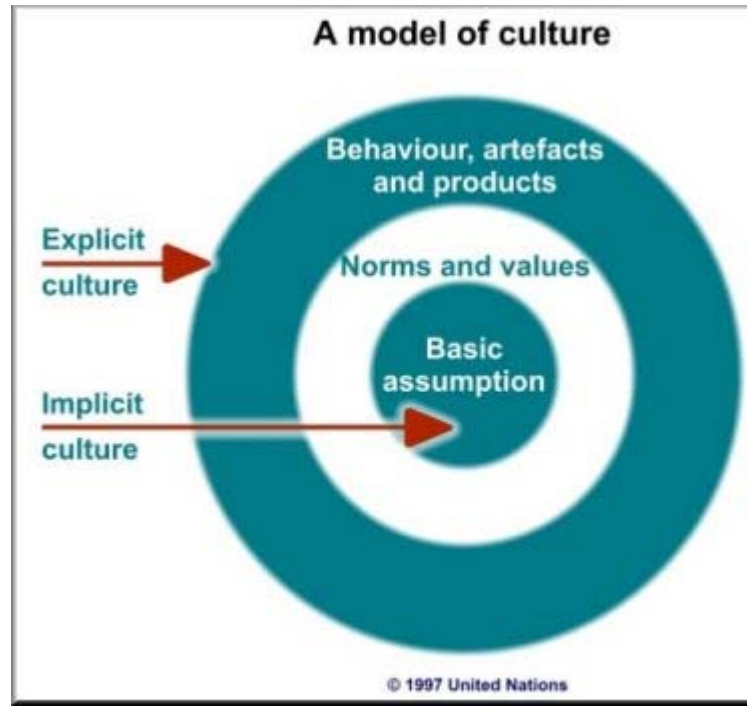
Now you may look at this incident as the Indonesian trying to 'bribe' the competitor. That is how it would be looked at in a lot of European countries. Accepting and respecting that this is the way things are done in Indonesia will help you work more effectively across cultures.

What is culture?

If you look for one definition of culture you might look forever. There are as many definitions of culture as there are authors writing about it.

A very useful and comprehensive model is offered by Fons Trompenaars (1993). See Fig 1 overleaf.

Fig. 1.



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He calls it the basic 'ONION' model. There are several layers in culture: the explicit culture, the lone assumptions, the things we take for granted in our culture and that help us to give meaning to the things around us. The norms and values are about what should be done (norms) or what is good or bad (values). The explicit culture are the things we see of our own or another culture.

Cross cultural differences exist on the three levels but the most important are the differences in basic assumptions. They explain why for instance that one thing in one culture does not mean the same thing in another culture.

Example

When McDonalds started in Japan, they had a problem with their clown, Ronald McDonald. First of all they had to change his name to Donald McDonald because the Japanese have difficulties in pronouncing the 'R'. The other problem was that the white face of Ronald McDonald does not have a specific meaning in

the West but in Japan it is very closely linked to 'death'. So having a clown with a connotation to death inviting people to come in is not particularly appetising!

The basic assumptions are taken for granted, people do not talk about them and feel rather uncomfortable talking about them.

Most research done on cultural differences tries to bring out some of these assumptions. The two most important authors are Hofstede and Trompenaars. They try to compare national cultures by dimensions based on these assumptions. We will discuss some of these dimensions later but first we will look at stereotyping.

Stereotyping

When visiting or working with different cultures it is human nature to notice the differences rather than the similarities. This is reflected in that fact that you find very few books that cover cross cultural similarities!

However, by focusing on the differences, what people often do is exaggerate them and fall into the trap of stereotyping. Very often we talk about the typical Italian or German or ...

There is a danger in doing this. It describes only the extremes and does not give the nuances which you might find looking at the total culture. Within a culture there are a wide range of values and assumptions. It is a normal distribution around the average (see Fig 2 overleaf) but when we stereotype we go to the extreme. (See Fig 3 overleaf).

An example to clarify this: one of Trompenaars' dimensions looks at whether or not people are allowed to show emotions at work. The countries where it is not allowed are called NEUTRAL and the ones where it is allowed are called AFFECTIVE.

Countries more on the neutral side are Japan, Sweden, UK, US, Austria etc; and those countries on the affective side Italy, France etc.

Fig. 2.

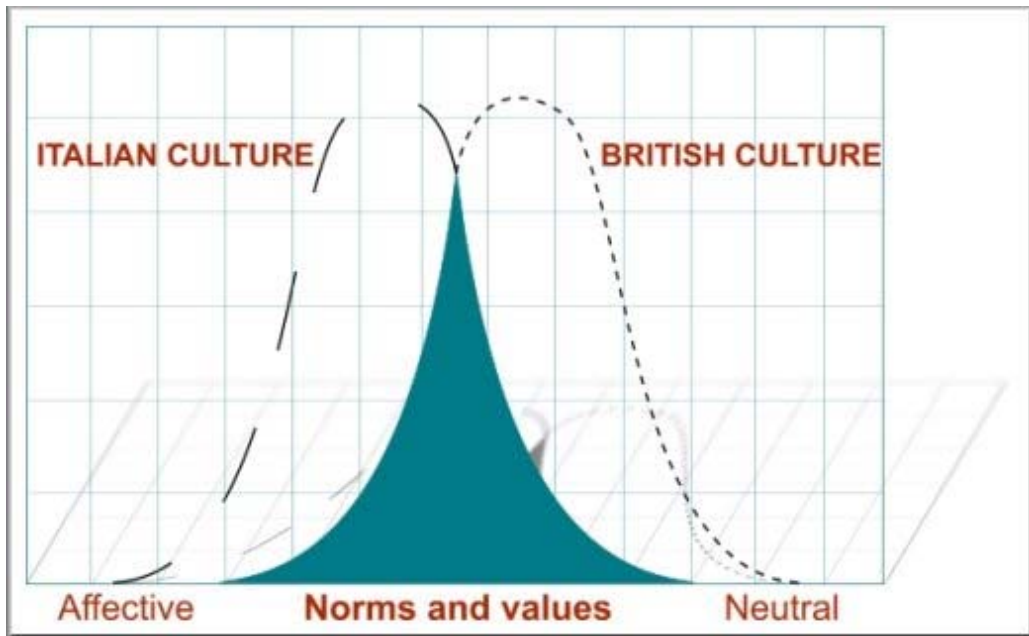


Fig 3.

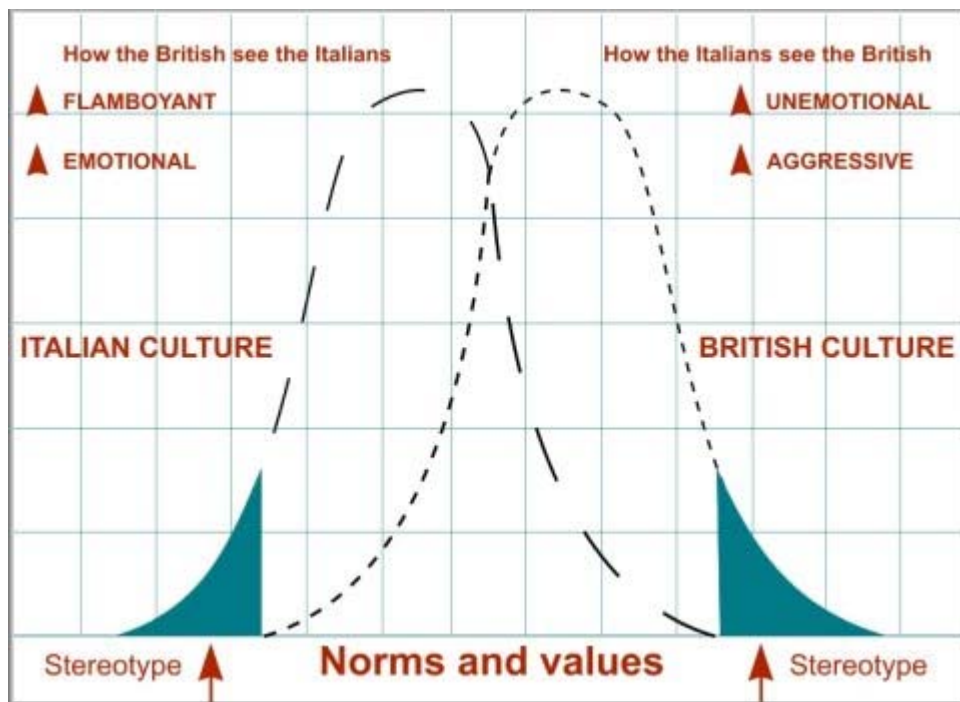


Fig 2.&3 © Adapted from Trompenaars, Fons (1993), *Riding the Waves of Culture*, Nicholas Brealey Publishing. Reprinted with permission.

When we look at the extremes we stereotype: on this dimension the extreme British employee with their very reserved 'stiff upper lip' manner would tell us that 'although it was an interesting experience, he is quite upset'. At the other extreme the Italian employee would be shouting, gesticulating and showing every feeling he has about the situation!

But the next British or Italian person you meet might be different and more affective (for the British) more rational (for the Italian) than you expect. Knowing this is the first step. Stereotyping is OK as long as you know that you are stereotyping.

As said earlier the bigger the differences, the more suspicious people get.

In a project team with a mixture of Swedish and Italians, we can see that the Swedes (more neutral) may have a lot of difficulties dealing with the Italians (more affective) who, in the eyes of the Swedes, were constantly fighting and being rude with each other. This would make the Swedes even more quiet and less likely to share the information necessary to finish this project effectively.

Classification of cultures

The two most important references on this topic are Dutch: Geert Hofstede and Fons Trompenaars. For more detailed explanations, refer to their books.

As an example we will describe two of the dimensions discovered by Trompenaars. One which is important for the global - local dilemma for companies (universalism versus particularism) and the other which is more important for day to day contact with people from different cultures (diverse versus specific).

- **Universalism vs particularism**

This dimension tells us how cultures deal with the conflict between societies and personal obligations.

Universalistic societies (USA, Australia, Sweden, Switzerland, the Netherlands, Germany etc.) tend to feel that general rules and obligations are a strong source of reference.

Particularistic societies (Russia, Venezuela, China, Japan and many Latin cultures) find particular circumstances and relationships much more important than rules.

In Fig 4 below you'll get an overview on how this affects some business areas.

Fig 4

<i>Universalism</i>	<i>Particularism</i>
Focus is more on rules than on relationships	Focus is more on relationships than on rules
Legal contracts are readily drawn up	Legal contracts are readily modified
A trustworthy person is the one who honours their 'word' or contract	A trustworthy person is the one who honours changing circumstances
There is only one truth or reality, that which has been agreed to	There are several perspectives on reality relative to each participant
A deal is a deal	Relationships evolve

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Most of the problems arise when a universalistic part of the organisation (eg the HQ in the UK) tries to impose rules on a more particularistic part of the organisation (eg the French affiliate).

A good example often found is the UK's desire to have minutes of every meeting where the action points were agreed. This looks very 'bizarre' to the French affiliate where things are agreed in the meeting by word of mouth and that is enough.

On a more organisational business level is the fact that for example, McDonalds, looks and smells the same all over the world (very universalistic). However, they often learn that sometimes they have to become a little more particularistic and adapt some of their systems to the local countries, eg, in Spain 'French fries' are not popular so instead they have 'patatas'.

Since one approach is not better than another we will have to find ways of reconciling the differences. If we go too far in the universalistic direction and apply rules and procedures everywhere, we might fall in the trap of rigidity and bureaucracy; if we go too far in a particularistic direction we might fall into chaos and lose our sense of central direction. So reconciling will be to find a balance between central guidelines and local adaptations.

◆ *Specific versus diffuse*

Another dimension in which cultures differ is the degree of involvement in a relationship. This is one of the most complex dimensions in working across cultures.

People from specific overt cultures (USA, Australia, the Netherlands etc) have a very small intimate or private code which is well protected from the larger public space. Their personalities are easily accessible but they get to know other people for limited or specific purposes only. They have a specific task relationship with a person and insulate this from other areas. (You are the boss at work but tomorrow when we play golf we are equals).

Diffuse cultures (Southern Europe and Oriental countries) have a larger private domain. It is so large that it needs protection. You will only be allowed to enter this domain when you have spent a long time building a personal relationship. Relationships are slow to develop but when you are in, you are in.

Fig 5 overleaf shows the business areas affected by this dimension.

Fig 5

<i>Specific</i>	<i>Diffuse</i>
More 'open' public space, more 'closed' private space	More "closed" public space, more "open" private space
Appears direct, open and extrovert 'To the point' and often appears abrasive	Appears indirect, closed and introvert Often evades issues and "beats around the bush"
Highly mobile Separates work and private life	Low mobility Work and private life are closely linked
Varies approach to fit circumstances, especially with the use of titles (for example Herr Doktor Hudson at work, is Hans in social environments or in certain business meetings)	Consistent in approach, especially with the use of titles (for example, Herr Doktor Hudson is Herr Doktor Hudson in any setting)

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Therefore doing business, negotiating etc with people from diffuse countries takes a long time. You have to invest in the relationship to gain the trust. Coming from a specific culture where you want to get down to business as soon as possible might lead to some problems.

Reconciling these two dimensions means realising that on the one hand business is business (specific) but that stable and deep relationships (diffuse) means strong affiliations.

These two dimensions are just examples that show how useful understanding these cultural differences is in doing business. On the other hand they also show how complex and difficult this is.

The difficulties in working with cross cultural differences are enhanced by the fact that, of course, as individuals we are also influenced by our own preferences,

our team culture, our functional culture and our corporate culture. So making exact links between an individual's behaviour and his national culture is rather difficult.

Cultural literacy

In the introduction, we mentioned the levels of awareness to respect. Wendy Hall (1995, *Managing Cultures: Making Strategic Relationships Work*, Wiley) identified some steps to become culturally literate for managers and companies.

She identified the following steps:

- our way is their way: ignorance of differences from our own culture
- their way is different - it is wrong: at this level there is awareness but a judgement is made
- our way is x, their way is y: this is an observation without judgement of other cultures
- both their way and our way have strengths and weaknesses
- cultural synergy: we can learn from them and they can learn from us
- cultural flexibility: we can bridge differences during our interactions by adjusting our behaviours: this has the disadvantage that if you adapt too much you lose your cultural identity
- cultural literacy: with this culture we bridge this way, with that culture we bridge in another way
- cultural mediation: this is really reconciling the differences.

Working cross culturally as a manager, in international teams or as a company in general, is not easy, it involves more time, more preparation but if managed and dealt with in a constructive way it is source of higher creativity, quality, learning and fun.

Development activities

- When going to work in another country or for a multi-national organisation try to read some works on the countries or talk to people who live there, natives and 'foreigners'
- Try to understand some of the differences by using some of the dimensions by reading the works of Trompenaars or Hofstede
- Keep a cross cultural journal where you record your observations in dealing with other cultures
- Think about and record critical incidents: short stories of encounters that demonstrate misunderstandings that typically occur when one individual is not aware of the other individual's cultural assumptions
- Talk with and spend some time with people from other cultures
- Do not assume that all people of a culture think in a particular way.

This learning guide was written by Jean Vanhoegaerden, client and programme director at Ashridge.