

Cross Cultural Management:

**Frameworks for
Understanding and Managing
Irish Russian Business**

Byrne Wallace, April 29

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**GETTING AMERICANS AND
JAPANESE TO WORK
TOGETHER IS LIKE MIXING
HAMBURGER WITH SUSHI.**

**-- Atsushi Kagayama
Vice president, Panasonic Corporation, Japan
President, American Kotobuki, USA**

Cross-Cultural Management

Cross Cultural Management seeks to

- **understand how national cultures affect management practices and**
- **identify the similarities and differences across cultures in various management practices and organizational contexts**

The World's Largest Economies 2005 and 2020 (Projected) Measured by GDP at Market Exchange Rates:

Table 1-3

The World's Largest Economies 2005 and 2020 (Projected) Measured by GDP at Market Exchange Rates

(in millions of dollars)

	2005		2020	
	GDP	Rank	GDP	Rank
United States	12,457	1	28,830	1
Japan	4,617	2	6,862	3
Germany	2,829	3	4,980	4
China	2,225	4	10,130	2
United Kingdom	2,213	5	4,203	5
France	2,132	6	3,536	6
Italy	1,720	7	2,543	10
Canada	1,122	8	2,206	11
Spain	1,119	9	2,146	12
South Korea	804	10	2,607	9
Brazil	787	11	1,600	13
India	759	12	3,228	7
Mexico	752	13	1,450	14
Russia	749	14	2,692	8

Source: Economist Intelligence Unit.

Globalization

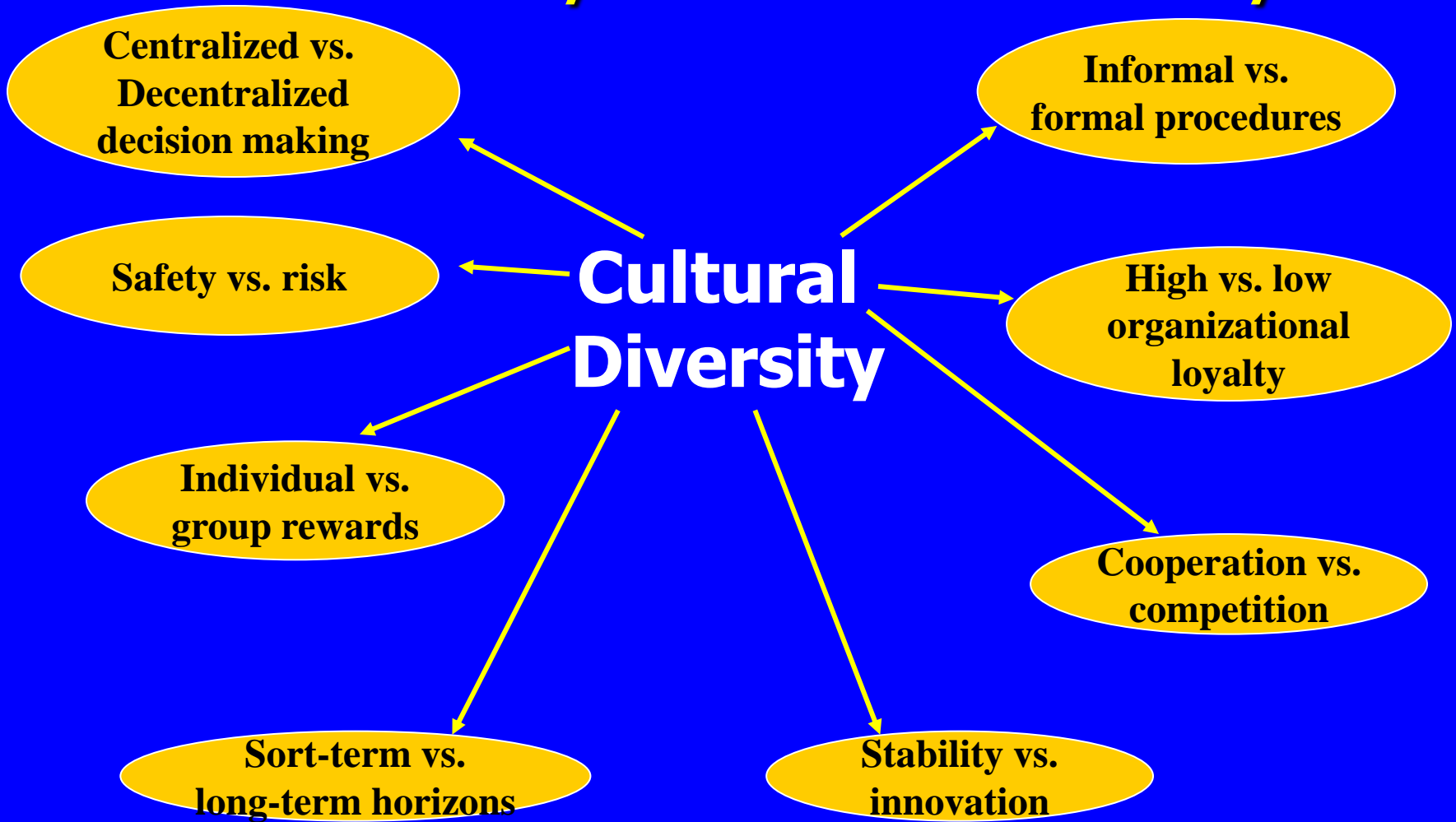
Whether we like it or not, globalization is here...to stay.

- Most large companies have some kind of business relations with customers, companies, employees or various stake-holders in other countries...and cultures
- Many employees and managers deal with people from other cultures on a constant basis
- Most of us have a close experience with only one or two cultures...=>

Globalization

- We do not understand people from other cultures as readily and intuitively as people from our *own* culture =>
- Cross cultural management helps organization members to gain better understanding of other cultures, of their culture and of the consequences of people from different cultures working together

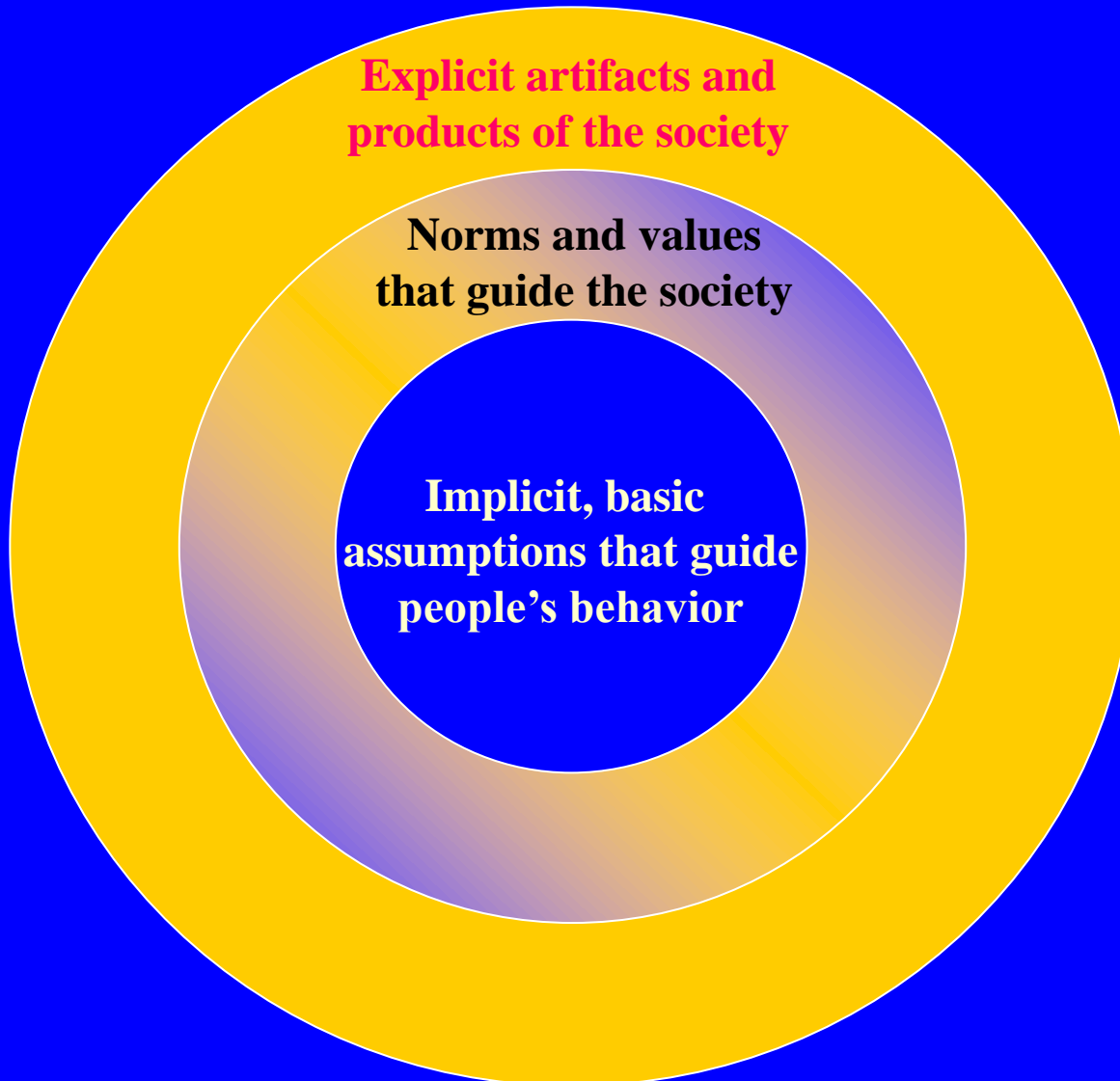
Management Approaches Affected by Cultural Diversity



CULTURE

- “The acquired knowledge that people use to interpret experience and generate social behavior”
H&L
- “The *collective programming of the mind* that distinguishes the members of one group or category of people from another” Hofstede
- Basic patterns of thinking, behaving and feeling, learned through interaction with the social environment.
- “A shared, commonly held body of beliefs and values that define the “shoulds” and “oughts” of life” Kluckhohn and Stodtbeck

A model of Culture



History; Social + Economic Conditions



Culture



Values



Attitudes



Behaviour

Definitions of Values

- **Rokeach (1973)**

“an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence”

- **Hofstede (1984)**

“a broad tendency to prefer certain states of affair over others”

- **Schwartz (1992)**

“desirable states, objects, goals, or behaviours, transcending specific situations and applied as normative standards to choose among alternative modes of behaviour”

Schwarz's Universal Values

- **Achievement**
- **Benevolence**
- **Conformity**
- **Hedonism**
- **Power**
- **Security**
- **Self-Direction**
- **Stimulation**
- **Tradition**
- **Universalism**

VALUES EXERCISE

Priorities of Cultural Values

United States

1. Freedom
2. Independence
3. Self-reliance
4. Equality
5. Individualism
6. Competition
7. Efficiency
8. Time
9. Directness
10. Openness

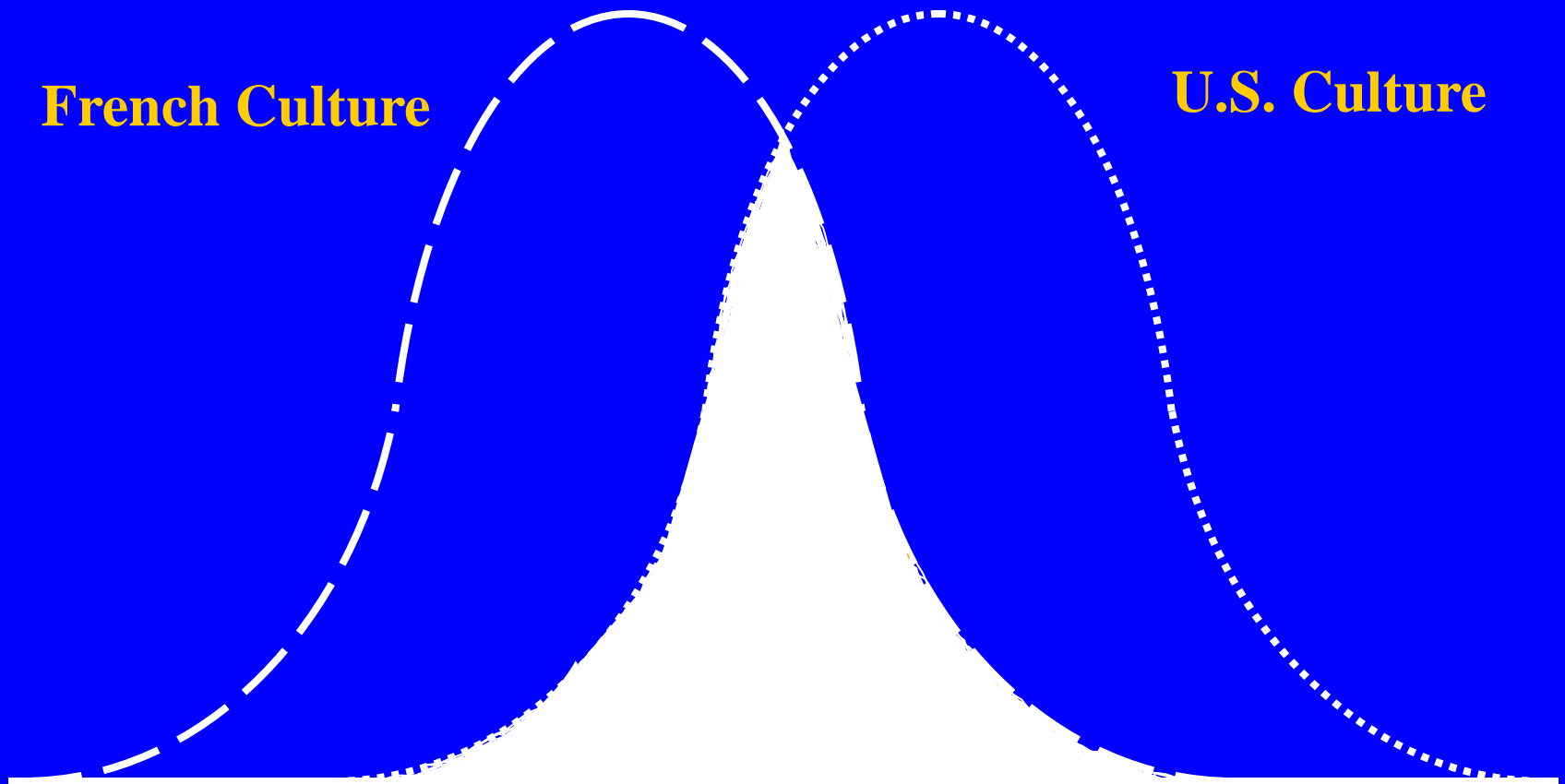
Japan

1. Belonging
2. Group harmony
3. Collectiveness
4. Age/seniority
5. Group consensus
6. Cooperation
7. Quality
8. Patience
9. Indirectness
10. Go-between

Arab Countries

1. Family security
2. Family harmony
3. Parental guidance
4. Age
5. Authority
6. Compromise
7. Devotion
8. Patience
9. Indirectness
10. Hospitality

Comparing Cultures as Overlapping Normal Distribution



Stereotyping from the Cultural Extremes

How Americans see the French

- arrogant
- flamboyant
- hierarchical
- emotional

How French see Americans

- naive
- aggressive
- unprincipled
- workaholic

French Culture

U.S. Culture

Six Basic Questions

- **Who am I? (the nature of people)**
- **How do I see the world? (relation to nature/environment)**
- **How do I relate to other people? (personal relationships)**
- **What do I do? (mode of activity)**
- **How do I see/use space?**
- **How do I see/use and time?**

GLOBE Project

- Multi-country study and evaluation of cultural attributes and leadership behavior
- Are transformational characteristics of leadership universally endorsed?
- 170 country co-investigators
- 62 countries (some with different sub-cultures)
- 17,300 middle managers
- 950 organisations
- Most data collected mid-late 1990s

GLOBE Project

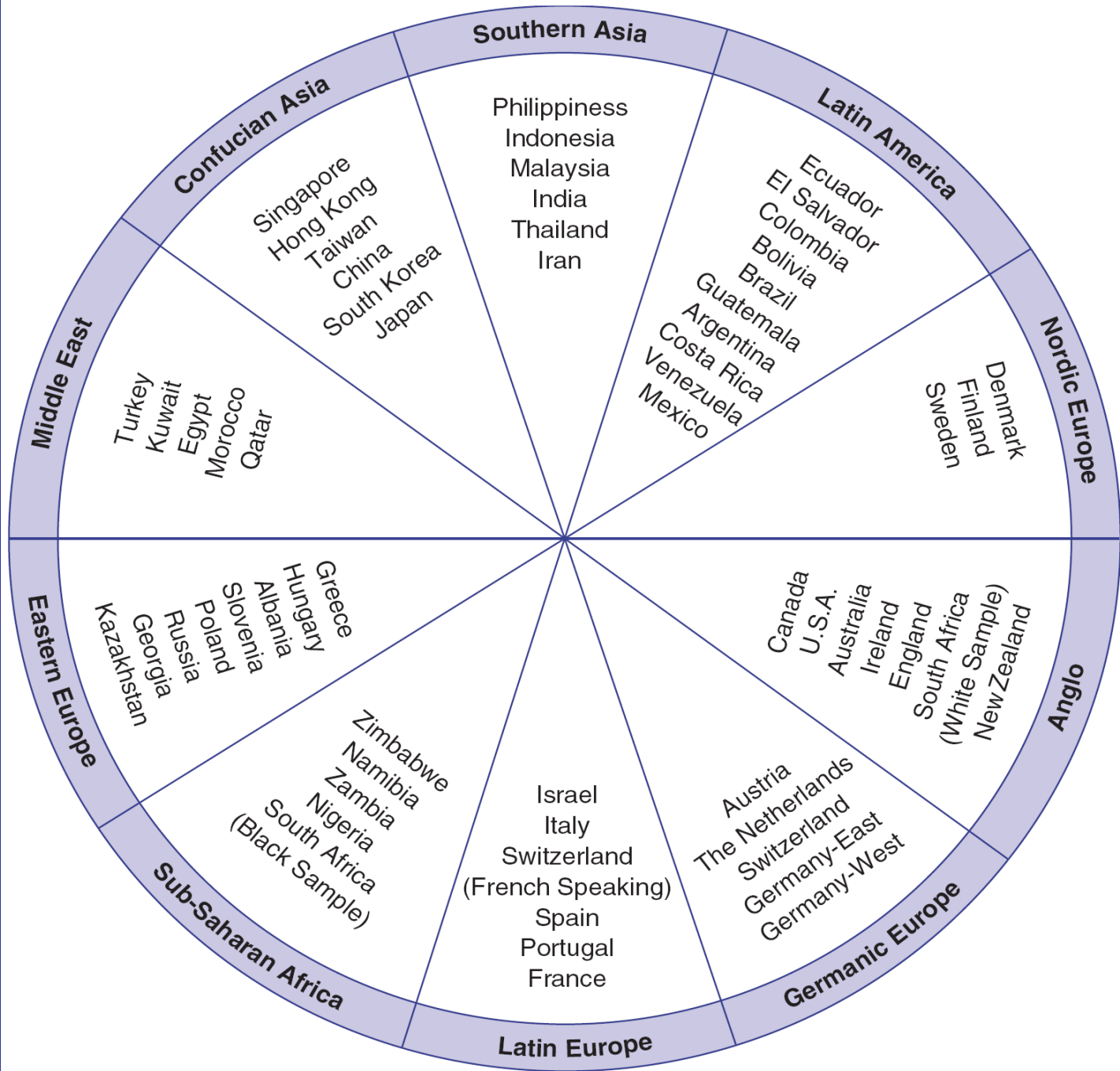
- **Which traits are universally viewed as impediments to leadership effectiveness?**
- **Based on beliefs that**
 - **Certain attributes that distinguish one culture from others can be used to predict the most suitable, effective and acceptable organizational and leader practices within that culture**
 - **Societal culture has direct impact on organizational culture**
 - **Leader acceptance stems from tying leader attributes and behaviors to subordinate norms**

- **Power distance**: The degree to which members of a collective expect power to be distributed equally.
- **Uncertainty avoidance**: The extent to which a society, organization, or group relies on social norms, rules & procedures to alleviate unpredictability of future events.
- **Humane orientation**: The degree to which a collective encourages & rewards individuals for being fair, altruistic, generous, caring & kind to others.
- **Societal Collectivism**: The degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action
- **In-group Collectivism**: The degree to which individuals express pride, loyalty and cohesiveness in their organizations or families.

- **Assertiveness**: The degree to which individuals are assertive, dominant & demanding in their relationships with others.
- **Gender egalitarianism**: The degree to which a collective minimizes gender inequality.
- **Future orientation**: The extent to which a collective encourages future-oriented behaviors such as delaying gratification, planning & investing in the future.
- **Performance orientation**: The degree to which a collective encourages & reward group members for performance improvement & excellence.

GLOBE Cultural Variable Results

Variable	Highest Ranking	Medium Ranking	Lowest Ranking
Assertiveness	Spain, U.S.	Egypt, Ireland	Sweden, New Zealand
Future orientation	Denmark, Canada	Slovenia, Egypt	Russia, Argentina
Gender differentiation	South Korea, Egypt	Italy, Brazil	Sweden Denmark
Uncertainty avoidance	Austria, Denmark	Israel, U.S.	Russia, Hungary
Power distance	Russia, Spain	England, France	Denmark, Netherlands
Collectivism/Societal	Denmark, Singapore	Hong Kong, U.S.	Greece, Hungary
In-group collectivism	Egypt, China	England, France	Denmark, Netherlands
Performance orientation	U.S., Taiwan	Sweden, Israel	Russia, Argentina
Humane orientation	Indonesia, Egypt	Hong Kong, Sweden	Germany, Spain



Characteristics of Clusters

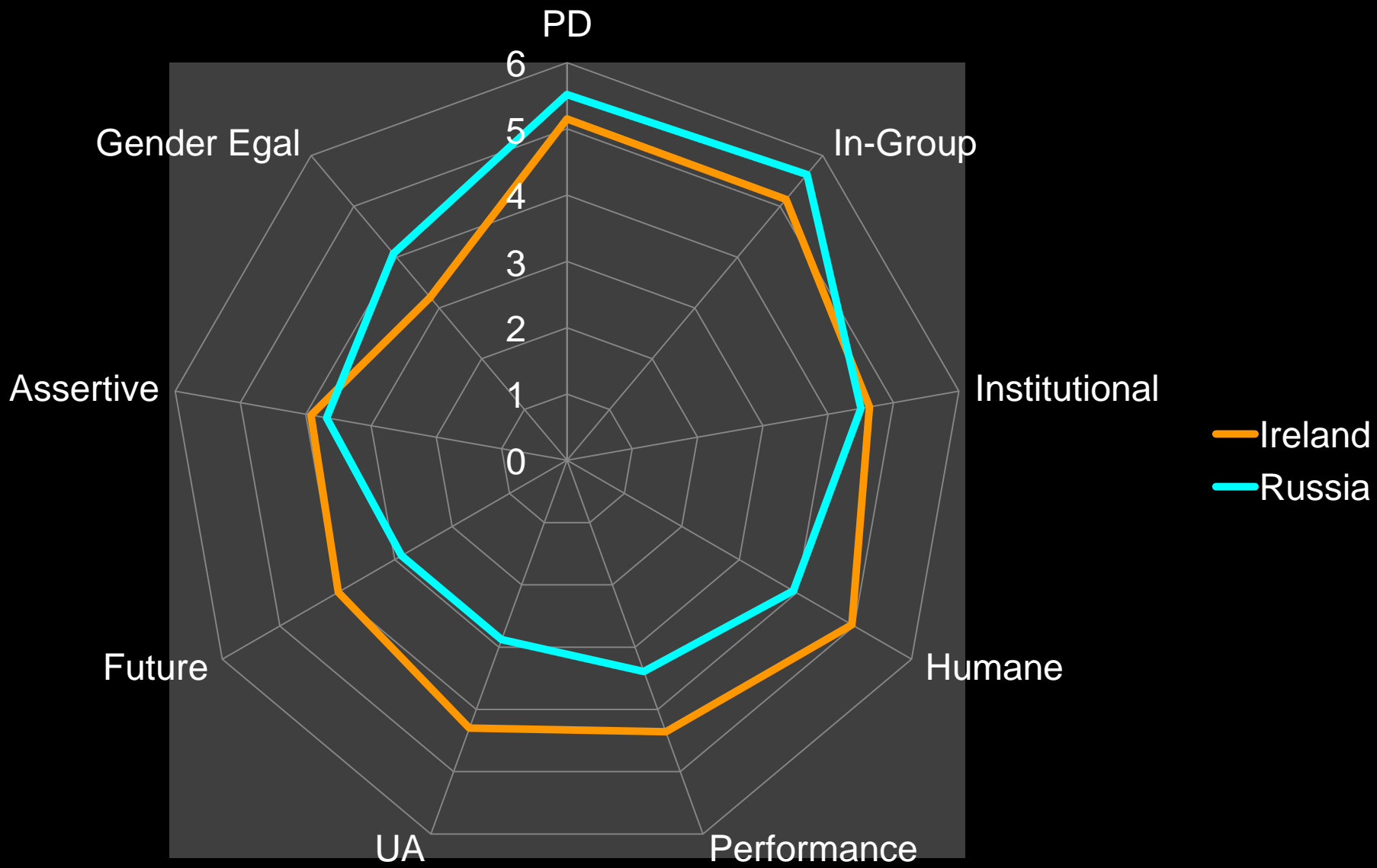
Characteristics include:

- **Anglo** – competitive and result-oriented
- **Confucian Asia** – result-driven, encourage group working together over individual goals
- **Eastern Europe** – forceful, supportive of co-workers, treat women with equality
- **Germanic Europe** – value competition & aggressiveness and are more result-oriented
- **Latin America** – loyal & devoted to their families and similar groups

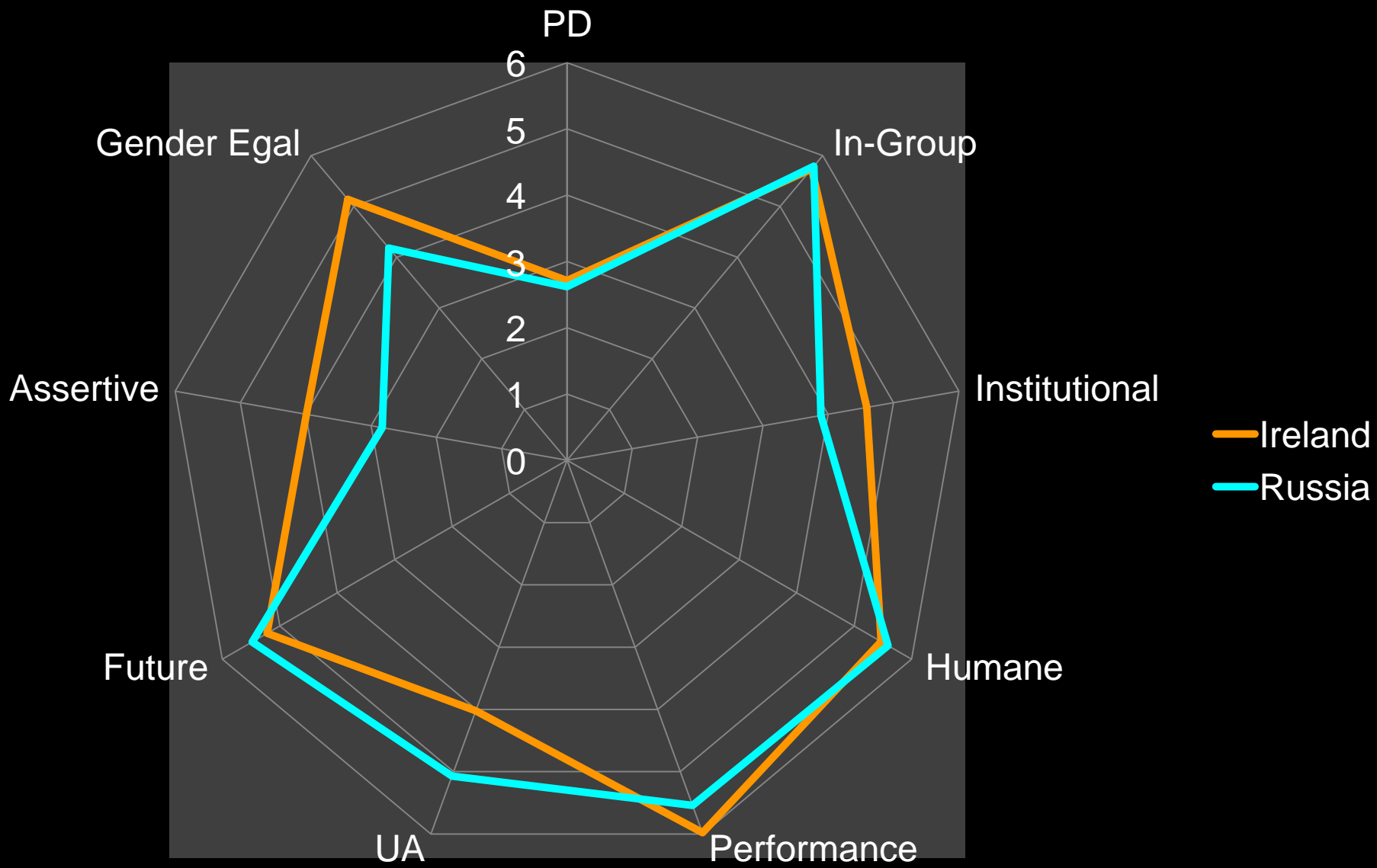
Characteristics of Clusters

Characteristics include:

- **Latin Europe** – value individual autonomy
- **Middle East** – devoted & loyal to their own people, women afforded less status
- **Nordic Europe** – high priority on long-term success, women treated with greater equality
- **Southern Asia** – strong family & deep concern for their communities
- **Sub-Saharan Africa** – concerned & sensitive to others, demonstrate strong family loyalty

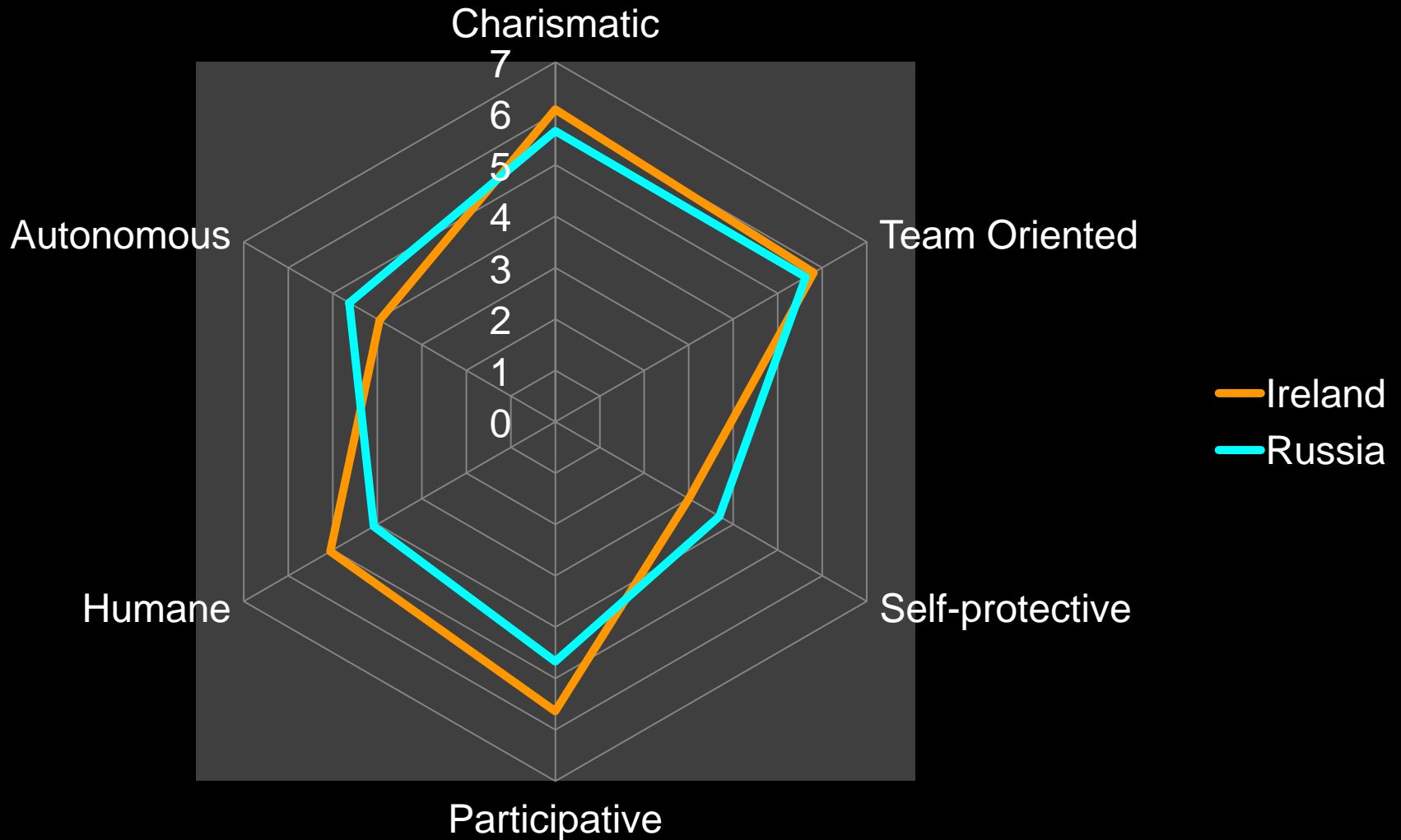


Culture 'As Is': Common Behaviours & Practices



Culture 'As Should Be'

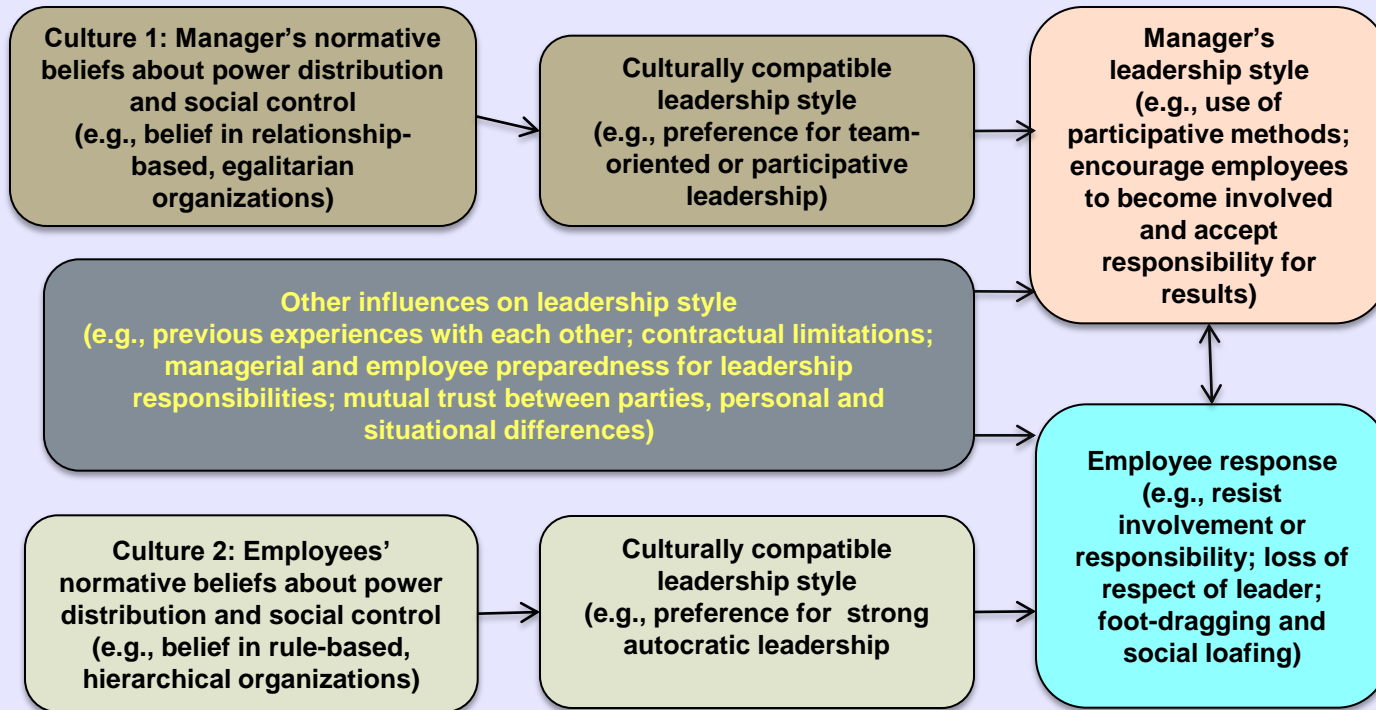
Attributes Expected of Leaders



Irish-Russian Cultural Similarities

- Appreciation of 'spirit' (*Dusha*)
- Dominant use of informal, personal connections (*Blat*) and
- Centrality of friendships
- Drinking cultures
- Facing major recent cultural and economic changes

Cultural influences on leadership: a model



Putting Knowledge into Practice

- **Be aware of differences, but build on the similarities;**
- **Be conscious of power and authority;**
- **Semi-formal and friendly attitude to start with;**
- **Learn something about Russia's history, literature and music**
- **Rely more on informal connections than formal contracts**

Beyond the Basics: Next Steps

- A CCM training program will improve your effectiveness and odds of success in Russia

Important to build up your CQ

- Cultural Intelligence: The capability and motivation to correctly understand people from other cultures and effectively deal with them.
- **CQ consists of:**
 - Knowledge
 - Metacognition (or Mindfulness)
 - Motivation
 - Behaviour