

Culture is separated  
into two aspects  
management essay



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The Oxford Dictionary defines culture as ideas, customs, and social behaviour of a particular people or society; the attitudes and behaviour characteristic of a particular social group. Culture cannot be precisely defined, but it may be sensed and felt. Mobley, Wang and Fang (2005) also states that culture provides direction to people's behaviours, in visible and sometimes unnoticeable ways; and it deeply influences decision-making.

Culture is separated into two aspects which are visible and invisible. Visible aspects include the appearance of a person or what food does he consume. While invisible aspects include the importance of religion, beliefs in a society or the thoughts and feelings people have about certain issues.

In the global market today, culture is an important aspect to multinational companies (MNCs). Apart from serving a diversified marketplace, MNCs would also be consisting of different nationalities. As such, companies are faced with the challenges of serving and managing a culturally diverse workforce. In addition, doing business on a global basis requires a good understanding of different cultures. Failure to understand cultural differences <https://assignbuster.com/culture-is-separated-into-two-aspects-management-essay/>

can lead to serious consequences such as an impact on the company's business relationships with overseas customers, clients and employees and bad public relations. Culture also shapes the way people do business across international borders. Same organizations of different nationalities may operate differently due to their culture and this impact on policies, communication strategies, organizational structure, and human resources management. Organizations particularly MNCs can no longer afford not to consider the culture of the countries where they operate in.

Thus, the main objective of this essay is to critically evaluate that culture is the most important factor in shaping and accounting for international differences in employment relations. The essay will be evaluating culture through national culture and organisational culture. In national culture, it will begin by comparing and contrasting three different countries (France, China and Japan) with their distinct national cultures in employee relations using the Hofstede's six cultural dimensions with case studies of " Danone Vs Wahaha" and " Renault Vs Nissan". The two case studies will then illustrate the importance of national culture to organizations and employment relations.

In the second part, the essay will be evaluating the importance and the need of an organisational culture. It will further evaluate organisational culture by using " Edgard Schein's Three Levels of Culture" with an example of " Google" as a case study.

Lastly, it will end of by discussing the other underlying factors that also help in shaping and accounting for international differences. It will also conclude

with recommendations and the rationale why culture is the most important factor.

## **National Culture**

Hofstede (1991) defined national culture as “ the collective programming of the mind which distinguishes the members of one group or people from another”. It implies that the people share a collective national character that represents their cultural mental programming which is a set of norms, behaviours, beliefs and customs that exist within the population of a sovereign nation. Hofstede also claims that every national population shares a unique culture.

However, in the recent years, many MNCs have not yet grasped the culture of the country which they are operating or selling their products in. By using case studies of “ Danone Vs Wahaha” and “ Renault Vs Nissan” in this essay, it will attempt to compare the vast differences in national culture between France, China and Japan using Geert Hofstede’s 6 dimensions of defining and interpreting culture.

### **First Case Study: Wahaha Vs Danone**

In 1996, China’s Hangzhou Wahaha food group, France’s Danone group and Hong Kong’s Bai fu qin corporation decided to form a joint venture named “ Wahaha”. In this joint venture, Danone attempted to enter the china market using “ Wahaha” brand that is well-received by the Chinese. However, problems surfaced when Danone became the biggest shareholder in 1998; thus producing resentment from the China’s Wahaha group as they felt that Danone misled them from the beginning. To worsen the problem, Hangzhou  
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Wahaha food group that is managed by Chairman Zong was accused of breaching the contract by establishing non-joint ventures which infringed the interests of Danone, claiming that the Hangzhou Wahaha's establishment of the non-joint ventures and the illegal use of the "Wahaha" trademark has violated the clause in the contract. After which Wahaha's Chairman Zong was sued by Danone in California and Italy, he created a series of small companies producing the same products as the joint venture. The "Wahaha Vs Danone" case has significantly depicted a dispute between ownership rights. Conflicts between Danone and Wahaha may be caused by unawareness of the cross cultural differences between France and China.

#### Second Case Study: Nissan Vs Renault

Nissan, a Japanese company and Renault, a French company decided to come together to work on a joint project. Both companies were well known for their distinct corporate cultures and brand identity. The joint project was formed as both companies shares a single joint of strategy for profitable growth and community of interest. However, Nissan's management style strongly encouraged group performance while Renault focuses on individual performance. Communication between the top management and employees were unclear and indirect, therefore resulting in misunderstanding within the company.

The conflict between the 2 partners was due to Nissan's employees assuming that Renault was similar to them that encourage group performance. However, Renault's management style belongs to a much more individualistic approach, making the Nissan's employees felt

uncomfortable of having the feeling of losing their family atmosphere. Communication between the Nissan employees and Renault employees broke down; Nissan did not understand what were Renault's main objectives and their company goals in their partnership with Nissan. Some of the Nissan's managers felt frustrated and opposed to the entry of Renault representative on Nissan's board. The managers were old employees, and they felt that employees should be promoted according to their seniority instead of individual performance. The breakdown of communication is also caused by the differences in their language. With such a significant difference in their management style, there is a need in cross cultural awareness for the business joint venture to be a successful one.

## **Geert Hofstede's Six Dimensions**

According to Geert Hofstede's cultural research studies, culture can be classified into six different dimensions; Power Distance, Uncertainty Avoidance, Individualism Vs Collectivism, Masculinity Vs Femininity, Long term orientation Vs Short term orientation. The table below illustrates for France, China and Japan.

France

China

Japan

Power Distance

68

80

54

Uncertainty Avoidance

86

30

92

Individualism Vs Collectivism

71

20

46

Masculinity Vs Femininity

43

66

95

Long Term Orientation Vs Short term Orientation

39

118

80

Figure 1. 0 – Scores allocated to the different dimensions for France, China and Japan

### Power Distance

Power distance can be defined as all individuals in societies are not equal – it expresses the attitude of the culture towards inequalities among us. Power distance can be defined as to the extent to which the less powerful expects and accepts that power is distributed unequally. (Geert Hofstede, 2001 )

In comparison of France, China and Japan, China belongs to a society where the people believes that inequalities is acceptable, there is a presence of a powerful employer-subordinate relationship which the subordinate will abide all rules and regulations set by the employer.

France on the other hand may be prone towards a more hierarchical organization system where the “ attitude towards managers are more formal”.

Japan belongs to a more hierarchical society where the Japanese should be conscious of their hierarchical position in any situations. All decisions must be reviewed by each level of the management and finally the top management.

### Individualism Vs Collectivism



Individualism can be identified as the high degree of independence a society maintains among its members. It relates to people's self image in terms of "I" while Collectivism can be identified to be the opposite. In a individualist society, people tends to only look after themselves and their direct family while a collectivist society consists of people belonging to a group that takes care of them in exchange for their loyalty.(Geert Hofstede, 2001)

Comparing the 3 countries, there is a significant difference; China belongs to a highly collectivist country where people act at an interest of a group. In this norm, personal relationships prevail over the task and company.

However in France, there is a certain degree of independence a society maintains among its members. The French prefers individual and private opinions and work relationships between the employer and employees are contract based where everyone focus on the task itself. Communication within an individualist company would be direct where everyone gives their opinions freely if they do not agree. Referring back to the " Nissan Vs Renault" case, it has clearly shown that Renault (France) encouraged a more individualist approach by promoting individual initiatives and hoped that the employees are promoted through individual performance. Direct contacts between the top management and employees were encouraged in their individualistic approach.

Japan similar to China; belonging to a highly collectivist society, this can be shown through putting their harmony of group above the expression of individual opinions and the Japanese have a strong sense of shame for losing face. In the " Nissan Vs Renault" case, Nissan's employees feel that it is

important to have a family atmosphere in their working environment. The managers of Nissan felt frustrated and opposed to the entry of Renault as they felt that promotions should be done according to seniority, not individual performance.

### Masculinity Vs Feminity

Masculinity Vs Feminity is another dimension where we can infer that a masculine society will be driven by competition, achievement and success. It is a value system that starts in the school and continues throughout organizational behaviour. On the contrary, a feminine society will be driven by caring for others and quality of life. It is one where quality of life is sign of success and standing out from the crowd is not admirable. (Geert Hofstede, 2001)

In China, leisure time is not as important compared to the status and better salaries. Such examples can be found in students as they care very much about their exam scores and ranking as the main criteria to achieve success or not.

France belongs to a relatively feminine society. It may be due to their famous welfare system, " *securité sociale*" where the French are only required to work 35 working hours per week and entitled to 5 weeks of holidays per year. France cares greatly for their quality of life and focuses more on work in order to live the reverse. Competition in the working environment is usually not encouraged and flashy signs of success should not be shown in the public. In the " Renault Vs Nissan" case, Nissan is shown

to “ treat males and females equally”. Some of the female employees were offered several managerial positions in the company.

Japan, a total opposite from France has a highly masculine culture. It is usually shown through competitive situations between groups, not individuals. Their famous “ workaholism” is another expression of their highly masculine culture. In Japan, women find it difficult to climb the corporate ladder due to their masculine norm of long working hours. Contrasting Renault in the case study, Nissan belongs to a masculine company which managerial positions are only offered to the male employees, not the female workers.

#### Uncertainty Avoidance

Uncertainty avoidance has to do with how the society deals with the fact that their future will not be known. The unknown elements will bring about ambiguity and different cultures will react to the ambiguity in different ways. The uncertainty avoidance can be defined as the extent to which the members of a culture feels threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these. (Geert Hofstede, 2001)

High degree of ambiguity can be seen from the Chinese as their language is often full of ambiguity that can be seen as confusing for the westerners. It is shown that the Chinese are comfortable with ambiguity and seem to be adaptable and entrepreneurial. 70% - 80% of Chinese businesses tend to be small to medium sized and family owned.

France on the other hand tends to have their training done in a deductive approach. In the management level, rules and securities are ensured to create a stress free working environment and a certain level of expertise are welcomed. A change of policies can also be seen as a stressful event.

Japanese is one of the few countries that have the highest uncertainty avoidance score. It may be due to the fact that Japan is constantly threatened with natural disasters such as earthquake, volcanoes eruptions that most Japanese are always prepared in any kind of situations. In the business environment, a lot of time and effort are put into feasibility studies and all the risk must be worked out before the project can proceed.

#### Long term Vs Short term orientation

In the Long term Vs Short term orientation, a long term orientation can be seen closely related to teachings of Confucius and can be separately interpreted as dealing with society's search for virtue. Long term orientation can be defined as the extent to which a society shows a pragmatic future orientated perspective while Short term orientation shows a conventional historical short term point of view. (Geert Hofstede, 2001)

China belongs to a long term orientated society whereby persistence and perseverance is normal. The Chinese are thrifty and tends to invest in long term projects such as real estate. They also recognized that the government is by men rather than being influenced by external factors such as god or the laws.

France on a contrary is a short term oriented society; there is a great respect towards traditions, cultures and their language. In business related issues, the French tends to focus on short term results and therefore, companies are usually driven by quarterly results. They do not focus on saving and the management style is based on self-reliance, personal achievement, hard work and managers are judged based on short term results.

In Japan, people lives their lives guided by virtues and good examples in life. There is a hint of long term orientation in the constantly high rate of investment in R&D, even through difficult times. This is for the sake of a steady growth for market share instead of a quarterly profit, thus increasing durability of the company, serving the stakeholders and the society for many generations to come.

Figure 2. 0 - Hofstede's Cultural Dimensions table for France and China

From the graph above, it shows that the cultural differences between France and China are distinctly different in the different dimensions. The graph implicates the importance of focusing on the awareness of cross cultural differences between the 2 country in order for the joint venture between Wahaha and Danone to be a successful one. In the case study, Danone, the French company may not understand the ambiguity in how the Chinese operates in Wahaha and thus misinterpreted their good intentions. Likewise, for Hangzhou Wahaha, it is founded by the Chairman Zong who started the company from a small company which may be very much more family-owned. Chairman Zong may not have a vast understanding of how international joint ventures works and can end up leading to bigger

misunderstanding and conflicts which results in failure of the joint venture or business attempts.

An example from the case study; Zhang & Cheryl(2001) stated that “ the interpretation of losing control is different between the western society and china”. In the western society, “ losing control may not be treated at a personal level”. However, losing control in china is meant as “ losing face”, which would refer to losing the power to make decisions which puts Chairman Zong of Wahaha in a disrespectful situation among his employees. Wahaha therefore insist to runs normally in their daily operations in order to keep their face. To worsen the situation, Wahaha perceived “ it was losing face when Danone established other IJVs with their competitors” resulting in Wahaha being less motivated to settle their conflicts and disputes between each other.” From the case study, we have seen how important cross cultural awareness is in shaping and cultivating a good business attempt.

Figure 3. 0 - Hofstede’s Cultural Dimensions table for France and Japan

In comparison of France and Japan, there is a significant difference in the 6 dimension index from Hofstede’s theory. In the “ Nissan Vs Renault” case, the difference in management style, breakdown of communication, different cultural values and language barrier are factors which may have caused a conflict between the two companies.

One of the major problems may be the different management style; where Nissan is works in a family like atmosphere. However, Renault focuses on individual performance where an individual only cares about their own results. Nissan can also be seen as a more masculine society which  
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managerial positions are only offered to male employees while Renault treats all employees as equal and it can be shown that “ several managerial positions were taken up by female employees”. In such a different cultural environment, it is important that both companies should have cross cultural awareness for the business venture to be successful.

Therefore, it is crucial for MNCs to be exposed to the different international cultural differences as in their daily operations they are exposed to multiple national cultures. This suggests that managing across borders introduces substantial complexity because it forces multinationals to attune their practices and approaches to each and every cultural context they operate in.

### **Edgard Schein’s Three Levels of Culture**

Apart from Geert Hofstede’s 6 dimensions of defining culture, there is another famous culture theorist, Edgard Schein that devotes all his effort into comparing and identifying the organizational cultural differences. According to Edward Schein(1992), “ Organizational learning, development, and planned change cannot be understood without considering culture as the primary source to change”. Schein has categorized culture into 3 different levels: Artifacts, Espoused Values, Basic assumptions and values.

Figure 4. 0 - Three Levels of Culture

(Schein, 2004, Organizational culture and leadership, 27)

Schein defined that culture is first seen through artifacts such as visual organizational structures or tangible items. Underlying artifacts is the values such as strategies, goals and philosophies. The core of the 3 levels would be

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assumptions such as taken for granted beliefs, perceptions, thoughts and feelings through experience.

Through the case studies, it has implied that each country has a unique cultural perspective and approach to certain situations and hence it is important for companies to strive to understand and support relevant programs or strategies in each region. Failure to appreciate and account for them can lead to issues like strain relationships in employment relations, communication breakdown between management team and drag down business performance.

Newman & Nollen (1996) also state that “ there is no one best way to manage a business. Differences in national cultures call for differences in management practices”. One of their conclusions also states the importance of the congruence between management practices and the national culture should be in harmony in order to produce better performance outcomes, therefore pinpointing in another way the importance of cultural differences. Therefore, the management of a company should pay extra attention to national cultural differences as it may influence the effectiveness of the strategies and decisions that the company makes.

Based on Geert Hofstede’s research on national culture, he has demonstrated that organizations can also no longer ignore the impact of national cultures on organizations’ cultures particularly for MNCs. Therefore it is clear that in current times, the implementation of positive organizational cultures and effectively merging of national cultures into organizational culture is critical for positive business performance.



Therefore as a start, MNCs should understand and be aware of the different types of national culture as well as adopting a fitting organizational culture themselves to account for international culture differences in employment relations.

## **Organisational Culture**

Greenberg and Baron (1997) define organizational culture as “ a cognitive framework consisting of attitudes, values, behavioural norms, and expectations”. These values stated have a strong influence on employees’ behaviours, thinking, and behavioural patterns which in turns encourages diversity and adaptability to support its performance. Organizational culture is also an effective control mechanism for managing employee behaviour. In an organization with different nationalities, the company would need to foster a common diversity culture in the company to create a mutual respect for each and every different employee; which may in turn enhance their full potential. A strong organizational culture is a primary generator of real motivation and commitment and has a unique absorptive power to congregate people (Mobley, Wang and Fang, 2005).

Therefore, this is a need for an organizational culture that fits to the needs of the company and its employees. Now, using a case study on “ Google” in this essay, it will attempt to evaluate how “ Google” makes use of national culture and their organizational culture to account and shape for international differences using Edgard Schein’s Three Levels of Culture theory.

Third Case Study: Google

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Google is a worldwide company that has strong practices in diversity. Google culture revolves around their mission: to organize the world's information and make it universally accessible and useful. (Corporate Information, 2011)

Google consists of a diversity of staffs, supporting various cultural norms. Through this cultural norm, they encourage and support the diversity of its customers and employees.

Google consist of bilingual employees catering to their diverse consumer base. In fact, Statistics shows that more than half of the results Google provides to its customers are outside of the US. (Corporate Information, 2010). Diversity is distinct in Google such as their employees, offices, products, and customers. By understanding national culture and accepting the different nationalities differences, Google leverage and make use of the different skill sets of each employees.

### Google's Culture

As Google consist of a diverse staff group, it shows the importance of having a strategically appropriate culture, a culture which will ' fits' the needs of the organization, its employees and the marketplace.

" At Google, we don't just accept difference - we thrive on it, we celebrate it, and we support it for the benefit of our employees, our products, and our community". (Google Annual Report, 2010) Google has embraced diversity and integrated it into their culture and into their core culture statement.

The manifestations of Google's culture are analyzed by evaluating the artefacts at Google (Gagliardi, 1992). Through looking at the various aspects

of Google, it is shown that Google has an integrated and informal culture (Martin, 1992), which comprises of four key elements.

Mission

Innovation

Fun

Reward

Using Edgard Schein's Three Levels of Culture, it is first defined and seen through the artefacts such as visual organizational structures or tangible items. Google supports diversity of norms in each office by utilizing their office and cafes. They are designed to encourage interactions between employees within and across teams, and to spark conversation about work as well as play. Social interactions stimulate knowledge and learning breakthroughs. Without communication, there is no way to express thoughts, ideas, manage differences and feelings. Communication plays an important role in keeping and maintaining values and relationships necessary to keep the system of the organisation united.

The next level of culture would be the exposed values which are the strategies, goals and philosophies. Daft (2003) stated that managing a global environment requires managers to have the ability to manage change through innovation and creativity. Therefore, the employees in Google are motivated to contribute their suggestions and ideas. Most of Google's work are project based hence employees are required to team up and pursue the project. The team may consist of a diverse group of members. Through the <https://assignbuster.com/culture-is-separated-into-two-aspects-management-essay/>

concept of a group project, members would then need to learn to accept one another and work together. This enhances the communication between Google's employees and hence they share a unified common goal and vision. However, conflicts between the employees are bound to happen in project based work. Therefore, conflict management between employees and respect for cultures must be structured and organized for the many cultures and diversities.

One strategy that Google implement is to create awareness of international national differences is by organizing national cultural events such as " The 6th Sense: Diversity Week in India" and " Diwali and Google Mela" to develop cultural intelligence to the employees and international cultural competence. The purpose of these cultural events is that the employees would generate a culture-specific understanding of the other and positively regard of the other. Through these events, it will groom and educate the employees on cultural awareness.

During such events, Google's employees are able to interact and appreciate each other's culture; consequently, an accommodating culture and organizational behaviour is then established within the organization.

The next level of culture would be the assumptions such as taken for granted beliefs, perceptions, thoughts and feelings through experience. Google's employees are passionate and self-motivated, and the company empowers them to a certain degree to make responsible decisions. Therefore, employees could get an equal and fair opportunity to innovate and unleash their imagination and ideas through their meetings.

After analyzing all of Google culture characteristic, using Deal and Kennedy model of organizational culture (Deal and Kennedy, 1982), Google most likely falls into the “ work hard/play hard” culture. Characteristics of the culture include high levels of activity and where employee has to take few risks and these characteristics are clearly reflected in Google.

Through the concept of organizational culture on how they are establish and reinforce, it will make a big difference in the way employees act and in the way the organization act as a whole when ethical dilemmas are faced.

Through cultivating a fitting culture from the start, the organization and the employees will have a shared set of understandings about what is correct behaviour and how ethical issues will be handled. Therefore, if a company would to embrace and be accepting to international culture from the start, this will account and shape the employees to be more accepting to cultural differences and hence improve employment relations.

Therefore, it is proposed that companies should ensure mentoring their employees through guidance coaching of the culture and encourage bonding and communication between levels of management and their employees.

Also managers that have to work across different countries are required to understand the importance of national culture and organisational culture as well. Gabriel (1999) states that managers have to also recognise and build on cultural particularities, adapting organisational products and policies to local cultures and managing employees in a manner appropriate to their culture.

It is beneficial to understand the country culture and the organisation's culture. The country may have its own set of framework and culture in which they operate in. This will impact and forces multinationals to attune their practices and approaches to each and every cultural context they operate in. Different companies may operate things differently due to their home country's culture and thus causing an impact on policies, communication strategies, organizational structure, and human resources management. By understanding and managing these cultural differences, it will be a vital ingredient of organisational success.

## **Other Factors**

In this essay, it has stated the importance of national culture and organisational culture in how they account and shape for international differences in employment relations. However, other factors such as economic, social, political, and technological factors may also constitute an impact on international cultures. Amongst the different factors, economic, political and technological factors are identified to be one of the most important factors that affect international differences.

### **Economic Factors**

Economic factors like globalization are one of the factors affecting international employee relations. Through effects of globalization where companies may become more advance, the management has to ensure that the skills processed by the employees are compatible with those required in the market to meet the customer needs. Globalisation will increase the competitiveness and inequality among the countries. Under globalisation,

industries and services move from one country to another, thus restricting opportunities for permanent employment relationships to the benefit of economic performance. To improve their competitiveness, many MNCs sought to relocate their business operations to countries where labour is cheaper and workers are less protected and hence neglected employment relation to focus more on the performance of the company.

### Technological Factors

Sometimes companies that undergo technological developments have destroyed jobs as they undergo aggressive growth and rapid expansion. This may make it necessary for its human resources department to focus on recruitment and staffing internationally and locally. Therefore a company may have its problems to expand and recruit new employees, as it may need to focus its recruiting efforts outside the region if the labour pool is not large enough. Companies may also make specific requirements for a job where the applicant is required to possess a certain degree of skills or nationality and this in turn affect employment relations.

### Political Factors

These reg