

# Essay about cross cultural management

[Business](#), [Management](#)



Executive Summary The aim of this report is to provide a framework for understanding the differences in the cultures of India and China and to highlight the adjustments that will need to be made by ABC Ltd. which is based in Northampton, UK to succeed in the innovation & co-operation of solartechnologysolutions in these two countries (Bhasin, 2007). In this paper we have used the historical background of cultures in India and China to define value, traditions, and attitudes. It also highlights the various cross cultural problems and adjustments which the company has to make in order to succeed in India and China.

The Conclusion has been drawn after the extensive research in different cross cultural areas where making a small adjustment will make a big difference. To support our research we have used various models which have been discussed by the famous author’s like Hofstede and Trompenaar’s. It also highlights the implications of these cultural differences on management and team member’s practices. 1. Cooperative Strategies 2. Conflict management 3. Decision making 4. Work-group characteristics and 5. Motivationsystem.

With the help of these aspects few conclusive recommendation are made to inform the CEO and the managers of the company to be aware of varying cultures which would help them to have a long-term relationship and successful negotiations. Table of Contents 1.

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..... 15 1. Introduction The 21st century has brought an era of globalization of the world economy. Since the world has become the local market companies which have branches/offices in different countries are facing various cross-cultural differences. Hofstede (1993) believes that since companies are spreading their business in global stage the core issue which comes out from this is how they should manage various national and regional differences. There is something in all countries called ‘management’, but its meaning differs to a larger or smaller extent from one country to another” (Hofstede G. H. , 1984). It is important for the companies to understand what culture actually means, Hofstede (1984), defines culture as “ collective mind programming which differentiate one group from another culture through set of values”. So these values and fundamental assumptions held by a group of individuals are manifested into people’s attitudes and behaviors. Thus, culture difference can lead individual to view similar things in quite different ways.

Since India and China’s economy is the fastest growing economy in the world. In the past few years these two countries has experienced an explosion in the field of foreign direct investment. Doing business in India and China provides a very good platform for international organizations, however, it is extremely important for the companies to at the same time there are number of cultural challenges that can create misunderstanding, conflict as well as huge direct or indirect costs to the organization if overlooked.

In this report we will discuss and highlight the various cultural differences in management style of Indian, Chinese and British companies with advice to the British Manager's of ABC Ltd on how to deal with cultural differences and to make a healthy and long-term relation in these two countries. 2. Literature Review In order to understand culture and its differences in more depth we will now discuss the various cross culture models which is discussed by famous authors like Hofstede, Trompenaar's and Halls.

It is important for ABC Ltd and its management to understand what these authors think about various cultural differences especially in countries like China, India and the United Kingdom. In this report we will be focusing on Geert Hofstede Five Dimensions Model and will also touch upon the seven Dimension Models of Trompenaar. This will help the ABC Ltd to understand the basic cultural differences between UK, China and India and make an adjustment in their management style in order to build a healthy and long-term relationship amongst each other. 1. Geert Hofstede's Five Dimension Model

Out of various author's who came at different times and discussed about culture, Hofstede is one of the most famous, which came with Five Dimensions Model. [pic] (Source: [http://www.geert-hofstede.com/hofstede\\_dimensions.php?culture1=18&culture2=42](http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=18&culture2=42)) (Source: [http://www.geert-hofstede.com/hofstede\\_dimensions.php?culture1=18&culture2=42](http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=18&culture2=42)) 1. Power Distance (PDI) According to Hofstede (1984) “ that is the extent to which the less powerful members of organizations and

institutions (like family) accept and expect that power is distributed unequally”.

If we see the above table we can find out that India (77) and China (80) has a high power distance score compare to United Kingdom (35). People from higher level management do not like to discuss official matters with the lower level directly. In other words insight or suggestion from lower level employees will not make any impact in higher management decisions. Similarly, China culture is also high in power distance, which means they never question or challenge the capabilities or ideas of their superiors, they like taking orders from their managers and use formal language in the work place.

Whereas, United Kingdom belongs to low power distance culture which means that subordinates are not totally dependent upon their superiors, they like to take their own decision if and when required. In low power distance people respect their boss because of high quality work and not because he/she holds authority. 2. Individualism Vs Collectivism (IDV) As word suggests individualism, is related to an individual, where every individual is responsible to take care of him/herself, or if required of his own family member.

But on the collectivist side people since birth becomes the part of a group or an extended family. They take part in each other happiness and believe in living in harmony. (Hofstede G. , 1980) defined individualism-collectivism as a relationship which prevails in a particular society between an individual and the group. In the above table when we compare India (48), China (20)

and UK (89) we can find out that UK is most Individualistic country. It shows UK people are more comfortable doing individual task and believe in achieving individual goals.

China, on the other hand, has a collectivist culture and they give more emphasis on achieving collective or group goal. 3. Masculinity Vs Femininity (MAS) As per Hofstede (1984), there are various values which define the characteristics of masculinity culture, for example people are very assertive towards their work, show their aggression and are very competitive & task-oriented. On the other hand, qualities which define the feminine culture are caring, very co-operative, and they believe in equal opportunity for everyone. The table reflects that India is medium feminist society (56) as compared to China and UK's 66.

This shows people in UK and China like to be competitive in market by being assertive all the time and also at the same like to get materialistic reward in the form of profits, promotions or bonuses. 4. Uncertainty Avoidance (UAI) As per Hofstede definition (2001), uncertainty avoidance is the degree to which a member of a society is ready to face the uncertainty in life or how much comfortable a person would be if presented with unfamiliar, unseen, unstructured and uncontrollable circumstances and at the same time what efforts the society makes to avoid or control such situations in future.

People in high uncertainty avoidance culture tend to feel threatened from unseen circumstances. However, in low uncertainty avoidance culture people are more ready to face the unexpected circumstances. The above table suggests that India (40) is high in uncertainty avoidance then UK (35), and



China (30). 5. Long-term Orientation Vs Short-term Orientation (LTO) This dimension was based on more practical terms, because it reflects the values which are important during the long-term and short-term orientation of people's life.

This dimension also plays a very important role for companies who want to establish their offices in India and China. If we see the above table India has scored (61), UK scored (25) and China has scored a massive (118) which clearly indicates from their culture as they believe in harmony relationship and long term benefits. These scores indicates that UK belongs to a short-term oriented culture but in order to succeed in China or in India they have to change their perspective and think from a long-term perspective.

They should think about earning market share and market penetration instead of thinking about earning short term profits. 2. (AI)Fons

Trompenaar's Seven Dimension Model of Culture After the extensive studies for over ten years and gathering of data, in the year 1998, management consultant Trompenaar and Hampden-Turner came up with seven dimensions model of culture. It is important for the management of ABC Ltd to understand this in brief because this will help them to understand the various cultural differences that they might face while setting up their business office in China or India.

Following are the seven dimensions of cultures: 1. Universalism Vs Pluralism The Universalist society gives a very high importance towards the observance of rules and they believe that rules should be same for everyone in the society regardless to any situation or any circumstances. Where as in

a pluralistic culture people give importance to relationships over general rules and laws. They think rules can be amended when it comes to someone close to them. UK follows the Universalist culture whereas India and China follow the Pluralistic Culture. . Collectivism Versus Individualism It is exactly the same as we discussed above in Hofstede five dimensions model wherein, India and China culture are more of Collectivist compare to UK which is an individualistic. 3. Affective Versus Neutral The effective culture reflects the degree to which people show their emotion, where as in neutral culture people do not like to show their emotions to others. Both UK and India have neutral management culture where employees do not like to show their emotions at the work place. 4. Specific Versus Diffuse

Specific culture reflects a culture where people maintain a distance with their seniors while at work or during working hours but outside working hour they might sit together and share a glass of wine together in some restaurant. On the other hand in diffuse culture people maintain distance with their seniors even outside working hours. UK has a specific culture whereas, China and India shares the diffuse culture. 5. Achievement Vs Ascription As the word suggests, in achievement-oriented society an individual earns the status or respect basis their achievements in life.

People respect them because they are capable of delivering high performance and are competent of doing any work. Ascribed status on the other hand is earned basis age, sex or seniority in an organization. UK follows the achievement oriented culture and the promotion is totally based on talent and past records, whereas China reflects the ascribing status

culture where status is gained through other means like the seniority or age, it has nothing to do with an individual performance. 6.

**Time as Sequence Versus Time as Synchronization** This dimension is similar to one of the dimensions of Edward T Hall three dimensions model where he described time as monochronic versus polychronic. In monochronic culture, time tends to be seen as limited; and is spent wisely like money. Managers in monochronic culture prefer doing things once at a time or in sequence.

Whereas, in polychronic culture time is considered to be unlimited and managers from these culture believes many things can be done at a time. 7.

**Inner Directed Versus Outer Directed** This dimension is similar to Hofstede Risk Avoidance Dimension where people from inner-directed culture believe that they have the power to dominate nature and think that they can choose their own action. Whereas, people from externally-controlled culture see things differently, they think nature is controlling the human kind and thus, their focus is on environment and not on themselves. Source: (seven

dimensions of culture, 2011) 2. Implication of Cross Cultural Differences on Management

Since we are clear with various dimensions model of different authors it is equally important to know how management decisions are impacted by cultural differences. The entrepreneurs and the managers are very much influenced by their cultural values, norms, experience, surroundings and implement things which they have learned from their culture in their management decision as well. It is important to understand the significant cultural differences between China, India and UK because that is the major

aspect which influences the change from one management practices to another. 1. Impact of Cultural Differences on Work-Group Characteristics

China is a collectivist society and gives a very high importance towards personal relationship, which eventually also reflects on their work-group environment in every business organization. Following are the steps which a Chinese manager would undertake to get the successful negotiation: • Before entering into any business or contractual relationship Chinese manager would first want to build rapport and try to establish the social and interpersonal relationship with their partners. • Chinese believe that it would not be inappropriate to spend time in developing a healthy and fruitful relation during the process of interaction.

According to them that's the most important part before any successful negotiation. Which eventually help in building long-term relationship In contrast, UK is an Individualist state, UK managers would never want their employees to waste time in building rapport or any interpersonal relationship, and rather they would encourage them to concentrate on their own work. They may also encourage them to learn from each other and try to deliver the superior performance to build the confidence in the minds of management (Pan & Zhang, 2004). 2. Impact of Cultural Differences on Cooperative Strategies

Entrepreneurs in any country mature by learning things from their social or cultural environment. Their attitude towards cooperation is basically influenced by the values which they learned from people around them or from their society (Pan & Zhang, 2004). As we discussed above UK falls in

the category of individualistic society and medium masculine which in turn represent they rely on their own idea and thoughts and decide what they should do. Managers in UK company like working alone and are very uncomfortable in co-operating with others, because they give high importance to independence and control.

On the other hand, if we see India and China they represent the strong collectivist society and India is also mediumfeminism, they depend more on groups or institution, and are likely to cooperate because they like to avoid risk and taking responsibilities. 3. Impact of Cultural Differences on Conflict Management India, UK and China has a different style of resolving conflicts, since China and India belongs to high Collectivism in which they give special importance to personal relation, and resolve their conflict through indirect ways and avoid taking the direct method.

They try to suppress the conflict by either using the authority or settling things in private. They would not mind negotiating or compromising to end the conflict. UK on the other side comes from individualistic and medium masculine society where managers would not mind discussing the matter in public or directly in person. 4. Impact of Cultural Difference in Decision Making Risk Taking/Risk Avoiding India, China and UK management follow a different approach towards decision making or risk taking. Since India and China belongs to a very high over distance culture, their managers believe that only the top management can take decision for the company and it will be inappropriate to indulge the lower level employee in decision making process because as per them both parties (higher, lower level people) are

unequal and those sitting at higher level are more knowledgeable and experienced than the rest of the people in the organization. In contrast, UK belongs to lower power distance culture where management believes that everyone has the right to share their ideas and thoughts in the decision making process.

In fact they appreciate and value the interdependence between the superior and the subordinate.

#### 5. Impact of cultural differences in Motivations

Motivating employees in an organization is also very much depended upon the cultural differences. Different companies use different methods to motivate their employees depending upon their cultural values (Pan & Zhang, 2004). For example: China and India belongs to long-term oriented culture and people working in this culture would like themselves to be associated with an organization for a longer time.

As Aguinis (2002) stated, there are various ways of rewarding an employee, rewards depending upon performance is called principle of equity, rewards based on equality known as principle of equality, or reward depending upon the need is called principle of need. In general, management in individualist culture likes to use the principle of equity method to motivate their employees and on the other hand, collectivist culture management will use principle of equality to motivate their employees.

#### 3. Research Findings After applying Hofstede and Trompenaars's cultural dimensions, a cultural comparison is made between UK, China and India.

They differ in nearly all the aspects of cultural differences. There are several findings from the above cultural comparison, in order to succeed in India and

China ABC Ltd has to prepare them to face these problems efficiently. •

Language Barrier: Language is going to be the biggest problem for ABC Ltd, especially while setting their offices and China. It will be very difficult for the management of ABC Ltd to communicate or to co-operate with their Chinese counterparts because people in China prefer speaking in their own language.

This would not be a problem with Indian partners. • Attitude Towards

Authority

People attitude towards authority would be another challenge for ABC Ltd.

without understanding the complexity of Indian and Chinese attitude towards authority and how it impact business, they will face hard time implementing their new policies as soon as possible because people would have different approach towards new management and they might struggle to get the best out of their experienced employees. • Concepts of Time Being a polychronic

culture, people in India change their priorities depending upon the

importance and attitude towards their work. Most companies struggle to

meet their deadlines while doing business in India. Adherence to Rule India

and China has very high tolerance towards uncertainty. People generally

accept the social etiquette rather than general rules and laws. Even after

having proper rules and regulations in these two countries the adherence

towards these rules are very low and this makes a challenge for any

organizations while setting their offices especially when they are forced to

implement their home-country laws and regulations. • Building Relationship

Both of these countries believes in building relationships and like to build

trust and confidence before entering into any contract.

Companies fail to understand these small things which later turn into big problems like delayed projects, frustration, and failure to meet the required targets.

- Communication Style Indians and Chinese prefer indirect or high context communication. It's important to understand whole picture, give importance to the body language and emotion because that plays a very important part in indirect communication. Any communication gap can create a large problem and it will be very difficult to overcome especially for someone which comes from direct or low context culture.

. Conclusion with Recommendations In order to succeed and to have a fruitful negotiation and a long-term relation in India and China, the management of ABC Ltd should keep these conclusive notes in mind while approaching their Indian or Chinese counterparts.

- Since India and China is very high in power distance so it is important that you send the experienced managers from top management for negotiations and later on after the successful negotiation send middle-level managers for paper work and for rest of the formalities. During the initial stage of negotiation it is advisable to have the business card of the managers printed in English on one side and Chinese on the other side. Always present the card to the Chinese counterpart with the Chinese side facing up.
- It is vital that UK managers should give importance to rapport building and gaining the trust of both the management because both Indian and Chinese believe in maintaining healthy relationship with their partners. To build rapport they should go out for a lunch with these managers and try to know each other. Develop Language and culture training program for both the countries where training should be focused to overcome jargon words & regional accent, this would be a very good ice-



breaker and could make a huge difference in creating a pool as talented people for the company. Send a cultural trainer from UK to increase the cultural awareness in these two countries. • It is important while addressing an Indian or Chinese you should always use formal title like Professor, Doctor, Mr. , and Mrs. Followed by the surname and if you do not know their names then Sir or Madam will suffice. Always use the two-way communication model where there is scope of feedback which enables the UK managers that the receiver understands the message in the same way as they want. • Avoid asking direct questions; try to keep negotiations calm and impersonal. • Long-term orientation should be kept in mind while setting policies and introducing it to the Chinese or Indian counterpart, it is important that the managers should focus that these policies are made to achieve long-term goals and establish a long-term relationship with their partners. . References Aguinis Herman, 2002, the Search for Universals in Cross-Cultural Organizational Behavior. Chapter to appear in J Greenberg (ed), Organizational Behavior: The state of the science(2nd ed) Mahwah, NJ: Lawrence Erlbaum Associates. Bhasin, B. B. (2007). Succeeding in China: cultural adjustments for Indian businesses. Cross Cultural Management: An International Journal , 43-53. Hofstede, G. (1993). Cultural constraints in management theories. The Academy of Management Executives, 7(1): pp81-94 Hofstede, G. H. (1984).

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