

The concept of cross cultural management commerce essay



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Hofstede (1994) defines culture as “ the collective programming of the mind that distinguishes the members of one category people from another”(p. 5.). A particular “ category of people” may include a nation, an ethnic group, an organization, a family, or some other unit. He suggests that the cultures of different nations can be compared in terms of five dimensions, which is power distance, individualism, masculinity, uncertainty avoidance, and long term orientation.

Cross-cultural management is the management of people and things that involve a different culture background. Cross-culture management studies teach how to handle conflicts of the heterogeneity culture and actualize effective management (Li, 2000). Its aim is to design a feasible organization structure and management mechanism across the different culture backgrounds. It also plans to use enterprises’ resources, especially exert potential value of enterprises efficiently and effectively.

Besides, according to Holden (2001), culture is presented as a form of organizational knowledge that can be converted into a resource for underpinning core competence, instead of being presented as a source of difference and antagonism. Cross cultural management is a knowledge management perspective that breaks the concept of culture that has affect management thinking, education, and research for several decades.

2. 2 The importance of cross cultural management

2. 2. 1 The importance of cross cultural management to organization

The ethnic or national contexts has been conversion and open the vision by cross cultural. It can provide an opportunity for an organization to learn a new way of social interaction. This helps an organization to become more effective and efficient in multicultural business environments (Deeks, 2004). Thus, it helps increase the organization's global fluency. Global fluency could establish a good business relationship and creating a competitive advantage in the global marketplace for the organization.

The improvement in production, delivery service, technologies that fulfill customers needs has increase the organizations' competitiveness.

Competences are views as a competitive strategy. Thus, they must improve their organization by running competence development programs. The purpose of competence development programs is to prepare for the uncertain future (Weick & Sutcliffe, 2001). For a cross-cultural organization, it is very important (Govindarajan & Gupta, 2001). The expectations, behavior, and attitudes of a new employee are affecting by socialization and desirable by the organization with different manner (Mannen & Schein, 1979).

2. 2. 2 The importance of cross cultural management to employees

It is an opportunity when working with people from different country and background as employees can get a specify knowledge which cannot obtain in home environment (Deeks, 2004). Furthermore, work in team that across

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national boundaries will increase employees' interpersonal skill and enhance their perspective. Working as part of an international team can also acquire a valuable experience that may be useful in the future roles.

Heterogeneous groups are tending to generate a broader range of ideas. This is because heterogeneous groups are more likely to solve problems from a wide range of perspectives than homogeneous groups. A research shows that heterogeneous groups are more creative than homogeneous groups (Deeks, 2004). On the other hand, heterogeneous groups frequently ask about the opinion of each other, and will not fear about the status quo compared to homogeneous groups. It will help the heterogeneous group to recognize problems and identify opportunities for improvement.

Cross-cultural encouraging individuals to collaborate internationally that can ensure the information flows up and down among members, obtain ample information from a wider range. This helps everyone to keep their work up to date and high quality. Working internationally and let people from different backgrounds work together on projects, tasks and reviewing each other's work will help to minimize bias and maximize economy of effort (Deeks, 2004). As a result, employees' productivity will definitely increase.

2. 3. Dimension

2. 3 1 Language

Language can be viewed as being done and performed emotionally. In this angle, it is commonly assumed that people at least on occasions, have emotions, and that being emotional gains its own agency, impacting in a variety of ways on the communicative situation (Bamberg, 2000). Besides, according

to Budwig (2000), language commonly differentiates between two functions of language. On the other hand, language is used to socially connect with others, to communicate and to engage in relational practices. Furthermore, according to Dennett (1994), language is the expression of emotions and the act of expressing affect in communication. In this view, language and emotion are concurrent and parallel system in use. So, both of them share functionality in the communicative process between people.

According to Munter & Mary 1993, body language describe notions of appropriate posture, gestures, eye contact, facial expression, touching, pitch, volume, and rate differ across cultures. Furthermore, according to Salacuse (1998), in cultures that rely on indirect communication, such as the Japanese, reaction to proposals may be gained by interpreting seemingly indefinite comments, gestures, and other signs.

2. 3. 2 Individualism vs. collectivism

According to Hofstede (1980), individualism is defined as lies in one's moral right to pursue one's own happiness. This pursuit requires a large amount of independence, initiative, and self-responsibility that is the degree to which individuals are integrated into groups. Besides that, individualism carried out not just on the level of goods but on the level of knowledge and friendship. Trade is essential for life; it provides one with many of the goods and values one needs. Creating an environment where trade flourishes is of great importance and great interest for the individualist. According to Klein (2001), individualism means recognize that one has right to his or her own life and happiness. It also means uniting with other people to preserve and defend

that right. According to Zapletalová (2003), individualism dimension show more confidence in status purchases, individual motivation, and success.

According to Hofstede (1980), collectivism is defined as the theory and practice that makes some sort of group rather than the individual the fundamental unit of political, social, and economic concern. Besides, collectivists insist that the claims of groups, associations, or the state must normally supersede the claims of individuals. According to Zapletalová (2003), collectivism culture dimension is recognized value mutual cooperation, stimulation and group-orientated motivation, whose complex progress takes priority over an individual. Furthermore, collectivism is the principle that the social collective is called society, the people, the state and other has rights, needs, or moral authority above and apart from the individuals who comprise it (Hofstede, 1980). According to Wollstein (2001), people are take precedence over the rights of individual, production for people, and the common good to fulfil their group needs.

2. 3. 3 Cooperation

According to Ahearn (2009), cooperation is the core of element of preferential treatment and building on partnerships. Furthermore, cooperation is now being seen as a priority in many business round tables and dialogues Allio^{1/4}^2008^{1/4}‰. Besides that, cooperation is an umbrella concept that incorporates a broad range of activities. Furthermore, according to Brown, Rugman and Verbeke (1989) cooperation is an information exchanges and dialogues among people that are designed to build trust and confidence. At the other end of the activities designed to harmonize

regulatory approaches through acceptance of common principles and standards.

2. 3. 4 Uncertainty Avoidance

According to Hofstede (1980), uncertainty avoidance refers to the society's preference for risk-free, unambiguous situations and implies a number of things, from aggressiveness to a need for absolute truth that people do not usually consider as belonging together. Besides that, it measures how much members of a society are anxious about the unknown, and as a consequence, attempt to cope with anxiety by minimizing uncertainty.

According to Kogut and Singh (1988), in cultures with strong uncertainty avoidance, people prefer explicit rules (e. g. about religion and food) and formally structured activities, and employees tend to remain longer with their present employer. In cultures with weak uncertainty avoidance, people prefer implicit or flexible rules or guidelines and informal activities.

Employees tend to change employers more frequently. According to Zapletalová (2003), this dimension describes society's attitude to and the treatment of the uncertainties and ambiguities of everyday life.

2. 3. 5 Power Distance

According to Hofstede (1980), power distance as a cultural characteristic defines the extent to which inequality in power is accepted and considered as normal by less powerful people in a society. Power distance describes also the extent to which employees accept that superiors have more power than they have. Furthermore, according to Zapletalová (2003), this dimension expresses the extent to which less powerful members of a society accept and agree that power is not distributed equally.

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2. 3. 6 Masculinity vs. femininity

According to Hofstede (1980), femininity stands for a society where gender roles overlap: both men and women are supposed to be modest, tender and concerned with the quality of life and helping others to be very important. Besides, according to Zapletalová (2003), femininity dimension describe caring, softness, relationship and emphasis on people rather than money count a lot.

According to Zapletalová (2003), the masculinity dimension describes how cultures differentiate on not between gender roles and value. According to Hofstede (1980), masculine dimension tend to be ambitious and need to excel. Furthermore, masculinity is the dimensions of national cultures and stands for a society which social gender roles are dearly distinct: men are supposed to be more modest, tender, and concerned with the quality of life. Members of these cultures have a leaning to polarize and consider big and fast to be beautiful.

2. 3. 7 Conflict resolution

According to (Burton, 1991), conflict resolution is identity disputes are explored and getting to the source of the problem and the proposition that aggressions and conflicts are the direct result of some institutions and social norms being incompatible with inherent human needs. According to Bush and Folger (1994), conflict resolution dimension is a term associated with the manipulative search for an agreement that is satisfactory not merely to the adversaries, but also to the third party and the latent interests they represent. Furthermore, according to Mitchell¹2002¹%, conflict resolution is likely to argue that resolving a particular conflict will remove all

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differences or potential differences between parties, whether the differences take the form of possessing contrasting goals or aspirations or simply being different from one another, perhaps as regards language, appearance, religious beliefs, social organization or culture.

2. 3. 8 High and low context culture

According to Hall (1966), high context cultures rely on an internalized social context and physical environment such as body language and face-to-face communication for all or a large part of the message. On the other hand, low context cultures rely on direct culture such as clear and stated in word, with emphasis on the time management, punctuality and deadlines.

2. 3. 9 Long and short-orientation

According to Hofstede (1980), long term orientation indicates that culture values are future- looking, including thrift, perseverance, humility/shame, and observe hierarchical relationships, whereas short-term orientation values look to the past, such as respecting tradition. Furthermore, according to Zapletalová (2003), long and short-term orientation represented measures the value systems from the point of time. So, a short-term orientated society pays attention to present and past activities and long-term orientated society values activities in long term perspective.

2. 3. 10 Universalism Vs. particularism

According to Trompenaars and Hampden-Turner (1993), universalism defined as people believe objective rules can be developed that apply to all people and goods regardless of circumstances. Therefore, people are faced with a judgment task such as, evaluation of an unknown brand. Beside,

universalism is inclined to develop general rules that can be applied across situations. Rule generation involves consideration of conditions associated with prior judgments, and this consideration fuels proclivity to contrast current judgments with prior experience. According to Zapletalová (2003), universalism represented people who prefer rule-orientated behavior that has to be respected; it rather neglects individuals and specific circumstance

According to Trompenaars and Hampden-Turner (1993), particularism defined as people believe objective rules cannot be applied to decisions but rather situational and personal circumstances must be taken into account when making judgments. Furthermore, particularism is a place greater emphasis on obligations and relationships that encompass the unique situations in which one makes decision and they see the world as unique, exceptional and mysterious. Besides, according to Zapletalová (2003), particularism stresses attitudes and approaches based on specific individually orientated social relations taking into account circumstances.

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2.3.11 Neutral of emotional

According to Trompenaars and Hampden-Turner (1997) ¼Neutral of emotional dimension describe the extent to which feelings are openly expressed. According to Zapletalová (2003), this dimension orientated cultures prefer matter-of-fact approach and cool-headed deliberation.

Therefore, emotionally orientated cultures acknowledge emotions and make use of their symptom.

2. 3. 12 Specific and Diffuse

According to Trompenaars and Hampden-Turner (1997), specific and diffuse is describing the range of involvement. According to Zapletalová (2003), different cultures mix together working and private worlds, whereas in specific cultures these two areas are clearly and distinctly separated.

2. 3. 13 Achievement vs. Ascription

According to Trompenaars and Hampden-Turner (1997), Achievement means you are judged on your track record and ascription places emphasis on the status that is attributed. According to Nielsen (2004), achievement is typically associated with strong effects of variables reflecting inherent individual qualities and effort such as cognitive ability, education), whereas the ascription is associated with strong effects of family background characteristics such as parental education, family. According to Zapletalová (2003), this dimension specifies the way of achieving social status. Besides, some cultures ascribe an individual's status according to people social activity and success that is achieved apart from its origin, source, social, or personal associations. Furthermore, this dimension recognized status perceives an individual only in connection to people age, social status, education, job, or social group.

2. 3. 14 Value type and dimension

According to Schwartz (1994), a value type is generally a set of values that are located at the opposite, or in the opposing value type. This is including power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security.

According to Schwartz (1994), power value type represent are likely to indicate an individual that value social status and prestige or control and dominance over people and resources. Furthermore, 'achievement' value type would indicate a high priority given to personal success and admiration.

Besides, 'Hedonism' represents a value type where preference is given to pleasure and self-gratification. 'Stimulation' value type represents a group of value that express a preference for an exciting life and 'self-direction' value type represents distinct group of value that value independence, creativity, and freedom.

On the other hand, 'universalism' value type on the other side represents a preference for social justice and tolerance, whereas the 'benevolence' value domain contains values promoting the welfare of other. Besides, the 'conformity' value type contain value that represents obedience and the 'traditions' value type is made up out of values representing a respect for tradition and custom.

Lastly, the 'security' value type is a value orientation containing values relating to the safety, harmony and welfare of society and of one self.

According to Schwartz (1994), these ten types of values can be ordered into four higher order value types: 'openness to change' combines stimulation, self-direction and a part of hedonism, 'self-enhancement', combines achievement and power as well as the remainder of hedonism. On the opposite side of the circle, 'conservation' combines the value orientations of security, tradition and conformity – and self-transcendence, which combines universalism and benevolence.

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These four higher order value types form two bipolar conceptual dimensions. This type of order is derived from the location of values depending on their (negative) correlation within the circle – hence values situated on one side of the circle will be strongly negatively correlated with values on the opposing side of the circle.

2. 3. 14 hierarchy versus egalitarianism

According to Schwartz (2002), the hierarchy value type emphasizes an unequal distribution of power, whereas the egalitarian value type gives greater emphasis on equality and the promotion of the welfare of others.

According to Brett, Shapiro & Lytle (1998), found that hierarchical cultures in comparison to egalitarian cultures were more likely to espouse norms for distributive tactics. Distributive tactics (i. e. making threats or using arguments) are power strategies that are focused on individual, not joint, gains (Pruitt 1981 and 1983). Distributive tactics are normative in hierarchical cultures because negotiators use positional and persuasive arguments to make status and power differences clear.

2. 3. 15 Relationship to the environment (Inner versus outer orientation)

According to Zapletalová (2003), inner orientation values strong individuals who are willing to influence, subject and utilize all available resources and make capital out of the environment. Outer orientated cultures stress harmony, connectivity, integration and adaptability to surrounding environment in order to not to violate and avoid mutual balance.

2. 4 Advantages and disadvantages of cross cultural management

2. 4. 1 Advantages of cross cultural management to organization

First of all, the advantage of the cross cultural management in the organization is can optimize the business relationships in global business environment (Tosti, 2002). This is due to when the employees are become knowledgeable about cross-cultural communication in term of their own cultural values and behaviors with those other cultures can promote people to work effectively in the multicultural business environment (Martin & Chaney, 2006). As for example, in Asian countries, silence indicates thoughtfulness in decision making but for Western countries, they are uncomfortable with silence. Hence, employees or even executives will be aware of this culture and can avoid it in order to build good relationship with Western or Asian business partners.

Secondly, cross-cultural management can improve the decision making process because the decision are influence by cultural viewpoints, belief and values which provide valuable insight for HR to improve the communication skills in the workplace (Alder, 2008). When people aware of the cultural differences of others, they can adapt to various ways that the decision are made, the reason why the decisions are made and party involve in decision making process should be based in the form of group, individual or team in order to increase efficiency and avoid misunderstanding of the decision making process.

2. 4. 2 Advantages of cross cultural management to employees

Besides, cross-cultural management brings advantages for employees in the organisation for instance they can develop their interpersonal skills. Through the cross cultural training, employees can develop great ' people skills' that can be applied in all walks of life by learning about the influence of culture, belief, and values (Cardon & Bartlett, 2006). For the employee who undertake cross cultural training begin to deal with people with a sensitivity and understanding that may have previously been lacking. The contribution of the employees in this area can improves the organization overall performance.

2. 4. 3 Disadvantages of cross cultural management to organization

Oppositely, the cross-cultural management comes with some disadvantages also. As for organization, there is hardly to recruit good cross-cultural training program mentors. When the organization implements cross-cultural training program for their employees and this program doesn't going to be effective if there are no good mentors. (Tyler, 2007) Besides that, there is shortage of mentors that make the program doesn't go smoothly.

Moreover, although the entire executives' line of the organization team participates in this program, they may not enough to meet the demand for the program.

2. 4. 4 Disadvantages of cross cultural management to employees

Another disadvantage faced by employees in cross-cultural management is there are many companies have diversity cross-cultural program. When talk about cultural differences, people are afraid of stereotyping (Tyler, 2007). For example, white male mentor with an Asian participant, the mentor may give the advice of “ you just going to have to toot your own horn”. This advice may work for the white male but this against the cultural norm for many Asian. This may brings confuse for the employees in participate the cross-cultural program, because the difference in race and gender of the mentors can results in difference perceptions which can affect the goal of cross cultural training.

2. 5. The effect of the cross culture management

2. 5. 1 The effect of the cross culture management to organization

The organization has increased their effort to gain higher profits by expanding their operation internationally when the world is globalized (Young, 2001). Global marketplace is more attractive compared to domestic market as it cannot fulfill their needs. However, this creates challenges to the organization as it has to face new environmental differences such as political, economic and cultural.

We are living in the world that involved a simultaneous events and overall awareness (McLuhan, 1962). The organization has encountered a problem, which is to face with myriad cultural differences and search for profound human similarities (Young, 2001).. When the organization is working their

business as usual, they will fast losing their relevance. When the world is integrated the global culture, it will create a need for an organization to learn new things and find out solutions in order to response to a problem. Hence, these force the organization to stretch the limits of their customary imagination and creativity in which will lead to higher customers' satisfaction.

2. 5. 2 The effect of cross cultural management to employees

There is a problem when co-workers who are working in the same team or area in a cross cultural organization have geographical distances (Misook, 2006). They will face communication problems as they cannot discuss face-to-face directly. In addition, meetings via video-conferences, memos and telephone are often ambiguities. There are barriers and problems in geographically dispersed organizations as many managers prefer to face-to-face contact.

It will become a barrier when co-workers have a bias and negative assumptions about certain values, attitude and behavior in different cultural (Schermerhorn, 1996). It will definitely affect the organizations' productivity while their employees having a conflict and working together. However, the conflict caused by cultural differences can be solving through workshops or training sessions.

2. 6 Cross Cultural Theories

2. 6. 1 Fons Trompenaars and Charles Hampden-Turner

Scholar Trompenaars and Hampden-Tuner (1997) have identified seven value orientations in their book " Riding the Waves of Culture". They

classified cultures along mix of behavioral and value patterns. Some of their value orientations are similar to Hofstede's dimensions (Dahl, 2004). The seven value dimensions were universalism versus particularism, individualism versus communitarianism, neutral versus emotional, diffuse versus specific cultures, achievement versus ascription, human-time relationship, and human-nature relationship.

Universalism versus Particularism

Universalism versus particularism describes about a preference for rules rather than trusting relationship. This orientation can also be interpreted as part of Hofstede's uncertainty dimension, and to some extent the collectivist/individualist dimension (Dahl, 2004). It also explains relationships between people (Shaules, 2007). It considers either human behavior should be regulated with universal rules, or an emphasis on particular context.

Individualism versus Communitarianism

Communitarianism is a 'prime orientation to common goals and objectives' (Trompenaars & Hampden-Turner, 1997, p50). In some cultures, the interests of the group are more important than the interest of the individual. However, some cultures are more emphasis on individual rights and responsibilities (Trompenaars & Hampden-Turner, 1997). It also concerns in which contributes more to the common good (Shaules, 2007). This orientation concerns the development of individual with the expence of the group and vise verse.

Neutral versus Emotional

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Neutral versus emotional describes the extent to which feelings are openly expressed (Dahl, 2004). Besides, this orientation concerns whether the emotion be expressed freely or controlled (Shaules, 2007). Individuals will either control their emotions when facing a problem (neutral) or showing out their emotions (emotional).

Diffuse versus Specific

Diffuse versus specific is describing the range of involvement (Dahl, 2004). According to Shaules (2007), this orientation concerns about to what degree should a person separate their lives into different realms or compartments. It explains how people separate their time to do their job.

Achievement versus Ascription

Achievement versus ascription concerns the way people accord status to others, based on achievement, age, gender, social class, education and others (Trompenaars & Hampden-Turner, 1997). In achieved orientation, people's status are judged based on the importance of what they do.

However, in ascription status, people's status are judged based on their origin such as who they are and what is their background.

Human-time relationship

Human-time relationship is describing the relationship between people and time. Does time follow a discrete, linear progression, or is it cyclical and adaptable to the needs of particular events (Shaules, 2007). It is people's behavior in doing things, either one by one, step by step or doing things all at the same time.

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Human-nature relationship

Human-nature relationship describes relationship between people and nature. It concerns either humans in control both of the nature or their own destiny, or is fate beyond human control (Shaules, 2007). It explains human attitude toward the nature.

2. 6. 2 Monochronic and Polychronic Cultures

This theory shows that different cultures have different perceptions of time. According to Hall (1990, p179), time is one of the fundamental bases on which all cultures rest and around which all activities revolve.” The monochromic culture emphasize at doing one thing at a time, while polychromic culture do many things at the same time (Dahl, 2004). In monochromic culture, people will work on a task until it is finished, and only then move to the next task. Table below shows the two different time concept and their resultant behavior (Victor, 1992, p234):

Monochronic Culture

Polychronic Culture

Interpersonal Relations

Interpersonal relations are subordinate to present schedule

Present schedule is subordinate to interpersonal relations

Activity Co-ordination

Schedule co-ordinates activity; appointment time is rigid.

Interpersonal relations co-ordinate activity; appointment time is flexible.

Task Handling

One task at a time

Many tasks are handled simultaneously

Breaks and Personal Time

Breaks and personal time are sacrosanct regardless of personal ties.

Breaks and personal time are subordinate to personal ties.

Temporal Structure

Time is inflexible; time is tangible

Time is flexible; time is fluid

Work/personal time separability

Work time is clearly separable from personal time

Work time is not clearly separable from personal time

Organisational Perception

Activities are isolated from organisation as a whole; tasks are measured by output in time (activity per hour or minute)

Activities are integrated into organisation as a whole; tasks are measured as part of overall organisational goal

Source: From Victor, D. A. (1992). *International Business Communication* (p234). New York, Harper Collins, Weick. K. E, Kathleen M., Sutcliffe, &Obstfeld D.(2005)

2. 6. 3 The Schwartz Model

Schwartz develops an alternative theory of the structure of cultural values in which developed by Hofstede (1984). Cultures can be accounted for by seven basic cultural values, which are conservation, hierarchy, intellectual autonomy, affective autonomy, competency, harmony, and egalitarian (Schwartz, 1994).

Conservation

These values emphasize the status quo and propriety, and try to avoid actions by individuals which attempt to change the traditional established order which is social order, obedience, respect for tradition, family security, and self-dicipline (Gouveia & Ros, 2000). It is a culture that put security, conformity and btradition in priorities that based on interdependent social relation.

Hierarchy

Hierarchy emphasize in the legitimacy of hierarchical ascription of roles and fixed resources such as social power, authority, humility, and wealth (Triandis, 1990). This value emphasize on distribution of power.

Intellectual Autonomy

Intellectual Autonomy comprises the values that put a person as an autonomous entity to pursue his or her goals, and intellectual interests such as curious, open minded, and creative (Gouveia & Ros, 2000). People are free to do what they like to do freely.

Affective Autonomy

Affective autonomy is the interest in promoting and protecting the attainment of positive affective experie