

The important cultural dimensions of a specific nation



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This essay aims to discuss and assess the important cultural dimensions of a specific nation, namely China, with specific reference to the influence of national culture at Lenovo, an important Chinese business corporation and one of the largest producers of PCs in the world. Much of global dominance during the last two centuries was exercised by the western nations, more so by the United Kingdom and the USA (Cooper, 2005). Whilst the colonial expansion of the UK resulted in the control of huge areas across the globe by the British Empire, the progressive ascendancy of the USA in areas of global economic, military, and political power resulted in American dominance of many countries and regions (Cooper, 2005). Such dominance led to the forceful imposition of Anglo-American cultures in numerous countries across the world (Cooper, 2005).

Whilst such Anglo-American cultural dominance held sway across the globe for much of the 19th and 20th centuries, the era following the Second World War witnessed the end of colonialism and the emergence of many nations with strong hitherto suppressed national cultures in the body of global nations (Cooper, 2005). China is one such country, which was relegated to poverty and economic backwardness by the depredations of western nations for more than two centuries (Barker, 2001). The last few decades have however witnessed the opening up of the Chinese economy, the progressive increase of Chinese economic and political power and the recognition of China as a strong nation with a powerful and age old national culture (Barker, 2001).

Recent decades have also seen the emergence and growth of Chinese business firms in the global economy. Lenovo, a small Chinese trader of <https://assignbuster.com/the-important-cultural-dimensions-of-a-specific-nation/>

international computer brands, has grown over the course of the last 25 years to become the fourth largest computer manufacturer in the world. The company purchased IBM's PC business in 2005 and by doing so transformed its operations from that of an Asian player to a global force in the PC market.

This essay takes up the investigation, analysis, and assessment of the Chinese national culture, with specific reference to its role in the working of Lenovo, with the application of Hofstede's model of national cultures. The essay also attempts to determine the implications of cross cultural management between Chinese and British business firms, again with particular regard to Lenovo's operations in the UK.

National Culture and its Implications

Culture has been defined in different ways over the years. Parsons perceives culture to be a system, consisting of signs and symbols, which incorporate ideas, beliefs, symbols and value patterns. Parsons later added another cultural element, namely symbolisation, which relates to essential existential issues of life and various challenges underlying important physical and religious structures (Al- Soufi, 2009). Geertz Hofstede defines culture to be "the collective programming of the mind that distinguishes the members of one group or category of people from another". (Hofstede, 2001, p 9)

Cultural differences are ostensibly represented in many ways like in the selection of heroes and heroines, and in rituals, values and symbols (Hofstede, 2001). Such differences stem from long established thinking, feeling, and acting moulds and patterns, which form in the early years of individuals and are established well before adulthood (Hofstede, 2001).

Hofstede found, in the course of research with IBM employees, in approximately 50 nations, that national cultures differ along basically constant dimensions. Cultures, Hofstede states, develop through the interaction of various factors like language, religion, food, music, education, and attitudes that interplay with each other and result in the development of a larger cultural environment that not only absorbs but also influences the attitudes and behaviours of participants (Hofstede, 2001).

Hofstede's research resulted in the localisation of five fundamental elements of national cultures, i. e., (a) individualism v collectivism, (b) power distance, (c) masculinity v femininity, (d) uncertainty avoidance, and (e) long term orientation (Hofstede, 2005). Individualism represents the degree to which participants of specific societies are apt to come together into groups. Individualist societies are characterised by loose relationships between individuals, who tend to basically serve the interests of their families and their own selves (Hofstede, 2005). Collectivist societies consist of people who tend to form groups in family, social and workplace environments. These groups provide protection to members in exchange for loyalty and support (Hofstede, 2005).

Masculinity refers to the allocation of gender roles (Hofstede, 2005).

Hofstede's research revealed that the values of women tended to differ less than those of men and that value of men were likely to differ in relation to degree of competitiveness and assertiveness between societies (Hofstede, 2005). Whilst masculinity stands for competitive and assertive attitudes, femininity is associated with caring and modest features (Hofstede, 2005).

Uncertainty avoidance refers to the extent to which individuals of specific societies are likely to feel comfortable in unstructured or uncertain circumstances (Hofstede, et al, 2002). With uncertain circumstances liable to result in different types of positive or negative surprises, cultures that avoid uncertainty are apt to implement various rules and regulations to reduce the incidence of such surprises (Hofstede, et al, 2002). Members of cultures that admit and accept uncertainty are liable to be more tolerant of diverse, different, and dissimilar opinions. Such societies are likely to have few rules and facilitate the existence and flow of various different and often opposing streams of thought (Hofstede, et al, 2002). Individuals of societies with low uncertainty avoidance levels are likely to be more emotional than members of societies that accept uncertainty (Hofstede, et al, 2002). Power distance index represents the extent to which the participants of families and organisations, especially those who are less powerful, accept and expect inequalities in power distribution (Hofstede, et al, 2002). Inequalities between people in high PDI societies are imposed by leaders and endorsed by followers (Hofstede, et al, 2002).

Long term orientation was introduced much after the 4 described elements by Hofstede as a fundamental element of national culture (Hofstede, 2001). He stated that participants of societies with high long term orientation are apt to perceive achievement of fundamental and basic life goals to be more important than short term objectives (Hofstede, 2001). Members of societies with short term orientation are on the other hand likely to pursue swift and instant rewards, rather than relentlessly persevering for many years for fulfilment of objectives (Hofstede, 2001).

Hofstede also makes the point that such national cultural features play major roles in the conducting and operations of business organisations of individual nations (Hofstede, et al, 2002). With national cultures being unique and it not being possible to change the ways in which people of specific countries think, feel, and act, just by importing foreign institutions, the application of western theories may be specifically inappropriate in other countries (Hofstede, et al, 2002). This is particularly relevant for China, whose national culture goes back 5000 years and has been influenced by different religious and physical thoughts (Hofstede, et al, 2002).

Application of Hofstede's Model to China

Hofstede finds in a study of Chinese cultural traits that Chinese cultural attitudes are distinguished by collectivism, high power distance, and masculinity and uncertainty avoidance. The table provided below gives details about the specific cultural dimension scores for China and the UK (Hofstede, 2001).

Cultural Dimension

Score for China

Score for UK

Score for USA

Power Distance

80

35

38

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Individualism

20

89

88

Uncertainty avoidance

50

35

42

Masculinity

50

66

59

Long term orientation

100

25

25

(Source: ITIM International, 2009)

With regard to power distance, Hofstede's studies show that power is not distributed equally in China (Peng, 2008). High levels of power distance are evident in China's hierarchical structures and centralised authority. The Chinese expect power to be unequally distributed and defer to the people who are perceived to be superiors (Peng, 2008). Such superiors are further more expected to provide stability supervision and rules. Organisational structures in such nations are found to work best if they are hierarchical and formal (Peng, 2008). Individuals in subordinate positions expect superiors to take decisions (Peng, 2008).

The Chinese national culture is high on collectivism and low on individualism. It is characterised by preferences for tight social networks and in-group members are expected to support each other and maintain interdependence and social harmony within such group (Peng, 2008). Nations with high levels of collectivism are expected to show emotional attachments to organisations and to stress on the greatness of groups. China has reasonably high level of masculinity. Boys, in such societies are socialised towards ambition, competition, and assertiveness and are expected to aim for career advancement (Peng, 2008). Organisations in masculine societies place emphasis on performance and reward, social ethos veers towards work, and money is considered to be better than leisure time (Peng, 2008).

The Chinese society is characterised by low tolerance for uncertainty avoidance. Levels of stress in such societies are high because of the perception of uncertainty as a threat that needs to be fought (Crown Relocations, 2011). People in such societies are comfortable in structured environments and organisations have numerous formal and informal laws <https://assignbuster.com/the-important-cultural-dimensions-of-a-specific-nation/>

and rules that control the rights, duties and working of organisational members (Crown Relocations, 2011). With a great deal of internal regulations controlling work processes, there is a tendency for ritualism to increase in such societies (Crown Relocations, 2011).

China has the highest index count for long term orientation in the world. Countries with high scores for LTO have contemplative cultures that gradually adapt their value systems and traditions to modern contexts (Peng, 2008). Individuals from such cultures are liable to feel offended by tight agendas and deadlines and value perseverance and gradual progress. Any discussion on Chinese culture is incomplete without a mention of Guanxi, a Chinese cultural feature that reinforces Hofstede's theories (Peng, 2008). Guanxi stands for providing of privileged treatment to business partners in barter for favours and obligations. With returning a favour calling for reciprocity and responsibility, non-fulfilment of obligations within short time period can result in disturbance of social harmony between managers because of loss of face of the person who did not keep his obligations (Peng, 2008). Guanxi networks are felt to be essential for conduct of business in China. Business in the country cannot be done by ignoring the issue because personal contacts play important roles in the Chinese business environment (Peng, 2008). Western corporations have learned that Guanxi calls for the development of good relationships with government officials through personal contact, exchanges of gifts and avoiding any actions that could lead to loss of face of a Chinese person (Peng, 2008). Guanxi is consistent with the power distance dimension and calls for building of business relationships with higher level authorities in state organisations (Peng, 2008).

The dissimilarities between Chinese and UK cultures are marked in practically all dimensions and especially so in power distance, individualism and long term orientation. China's Power Distance Index is significantly higher than that of the UK and indicates high levels of inequality in the structure of business organisations, which moreover is likely to be accepted by organisational employees.

The Chinese score for individualism is on the other hand much lower than that of the UK. The low ranking is likely to be manifested in close and collaborative organisational cultures with very high levels of loyalty and commitment towards workplace groups, if not for the parent organisation. Loyalty is paramount in a collectivist culture and society fosters relationships where everyone in the group takes responsibilities for fellow members. The national ranking for long term orientation is far higher than that of the UK. This would indicate that Chinese businesses work towards achievement of long term objectives and improvement of competencies rather than immediate results, like in the UK.

Influence of Culture at Lenovo

The Lenovo Group is engaged in production and sale of computers, associated products, and related services. Lenovo is a major global player in the area of computers and the fourth largest global seller of personal computers. With sales exceeding USD 13 billion and about 24, 000 employees, it is among the largest Chinese MNCs (Lenovo, 2011). Originally a Chinese trading company that was engaged for many years in sales of low priced computers and peripherals in the Chinese and nearby markets, the organisations grew significantly in dimensions, reach and status after its <https://assignbuster.com/the-important-cultural-dimensions-of-a-specific-nation/>

purchase of IBM's PC business in 2005 for USD 1.25 billion (Ling, 2006). It was then felt that the purchase would increase Lenovo's revenues and production by four times in terms (Ling, 2006). Lenovo has since increasingly internationalised its managerial structure and established operations in many countries (Ling, 2006).

Liu Chuanzhi, the founder and chairman of Lenovo, built the company from scratch with a nominal government loan and help from governmental scientific agencies. Organisational growth in the beginning occurred from trading of imported equipment (Ling, 2006). Whilst the company commenced producing its products in 1991, its growth, much of which took place in China, was driven by lower costs and prices, in comparison with its international competitors (Ling, 2006).

Early reports on the company refer to its low wage and cost environment. The company was managed autocratically and employee dissent was not unusual (Ling, 2006). Lenovo surpassed IBM in 1995 in computer sales in China to become the country's largest computer company. Its next major milestone occurred in 2005, with the purchase of IBM's PC business (Ling, 2006).

It is important to note that 60% of Lenovo's sales arise in the domestic market, where it is the market leader, whilst the balance comes from other markets (Lenovo, 2011). The last few years have been difficult and the company has lost in market share and profits. With its international operations bleeding on account of the economic downturn, the company is being sustained by its healthy domestic operations. The organisation has of

late brought in extensive management changes in its global operations to improve performance.

Lenovo, as can be seen, was until 2005 a totally Chinese business firm and would have been shaped, in areas of organisational structure, working environment, and business strategy by national cultural influences. The organisational structure of the company would very likely be hierarchical, with decision making confined to the top echelons of management. The company's chairman, who is also the founder of the business, is considered to be an important driving force behind the organisation's growth and is widely known to be instrumental in outlining and detailing of organisational strategy. The organisational strategy would also have been shaped by the national cultural emphasis on long term orientation and Lenovo's management would have focused on constant improvement in various operational areas and on steady enhancement of competitive advantage. It is relevant in this context to note that the organisation grew steadily over practically 25 years to become the largest computer seller in China before it got the opportunity to take over IBM's PC business in 2005.

The acquisition of IBM's PC operations enabled Lenovo to increase its sales and production capacity by four times and to reach IBM's extensive global markets. It however also resulted in the creation of enormous cross cultural challenges for the company, in its external and internal environment (Peng, 2008). With IBM's operations being handled mainly by Anglo-American executives and its organisational culture been shaped by the remarkably similar national cultures of the UK and the United States, the parent

company was called upon to effectively adapt to, and integrate, a vastly
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different organisation in terms of markets, size, and organisational culture. The table provided in the preceding section details the significant differences between the national cultures of China and the UK and the USA, in areas of power distance, individualism and long term orientation. With IBM's global organisational culture likely to be influenced by the national cultural attributes of the UK and the USA, it is likely that IBM's PC operations would be distinguished by far more open and collaborative and less hierarchical structures, greater vertical and horizontal communication and collaboration between employees, greater scope to employees to voice their opinions and take individual decisions, and more focus on immediate and short term performance.

It was fundamentally critical for Lenovo's management to integrate IBM's operations, markets, and employees without creating negativity and disturbance. Failures in such assimilation could have resulted in the departure of existing IBM customers, as well as critical organisational staff, with extremely adverse repercussions for the company. Peng, (2008) has conducted detailed specific research on Lenovo's acquisition of IBM and its approach towards cross cultural management and cultural assimilation. She states that the merging of different cultures can create uncertainty, clashes between top managements, and adverse repercussions upon working environment and efficiencies. Such problems can be further aggravated if the merging organisations were erstwhile competitors (Peng, 2008).

Organisational experts state that cultural integration can be brought about by increasing the cultural awareness of the two organisations through training and collaborative work (Peng, 2008). It is also important to resolve <https://assignbuster.com/the-important-cultural-dimensions-of-a-specific-nation/>

cultural conflicts immediately, understand the various facets of the different cultures, identify their individual strengths and weaknesses, and try to create a unique organisational culture that has the best of both cultures (Peng, 2008).

Peng, (2008), states that Lenovo's management approached the issue of cross cultural management with care and thought. Internal surveys were conducted with IBM's PC division's staff to identify gaps, as well as common grounds, in their perceptions of values, structures, behaviours, and management practices. The Lenovo team, after such survey and examination of cultural issues, constituted a cultural committee to encourage interaction between the two sets of employees. The company also deliberately decided against imposing its existing leadership style or management system on the IBM division. It adopted a separation mode, allowing IBM's PC division in the UK, United States, and elsewhere, to maintain its own working processes and cultures by keeping it independent and separate from the dominant group.

Whilst Lenovo is allowing IBM's PC division to independently manage its team, it is also taking a number of initiatives, in and outside the workplace to encourage members of the two teams to communicate and integrate with each other (Peng, 2008). such initiatives include (a) the involvement of the IBM PC team in resolving cultural problems, (b) implementing organisational training to increase cultural awareness and (c) taking numerous initiatives to show the concern of the Lenovo Management for the new members in areas of work processes, reporting hierarchies, office environment and encouragement of diversity (Peng, 2008).

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Lenovo's cultural integration effort appears to have met with significant success. The overwhelming majority of IBM's employees have stayed with the organisation. Cultural diversity and number of women in the workforce has increased and there appear to be little conflict between the employees of the two erstwhile organisations.

Conclusions

This essay takes up the analysis of national cultures, with specific regard to China and the influence of national culture on Lenovo, a Chinese company that has recently acquired IBM's global PC business.

Experts like Hofstede and Trompenaars, who have researched various aspects of national cultures in depth, state that the national cultures are unique to nations and are formed through the interplay of various factors over many generations. Such cultures can moreover be analysed in terms of specific standard dimensions and shape not only the participants of societies but also the structures, strategies and functioning of business organisations.

Lenovo, a major Chinese firm that has in recent years acquired a large western business, is still in the process of integrating the cultures of two vastly different organisations. The study reveals that the company recognises the importance of culture and cultural integration in the running of business organisations and is approaching the issue with a holistic and long term approach that aims to synthesise the best features of the two cultures and progressively develop a unique organisational culture for the company.