

Intercultural competencies:

Turning global strategy into tangible reality

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Globalization and organizational reality

Not so long ago, internationalisation appeared to be an unstoppable juggernaut. As the powerful forces of consolidation, integration and standardisation converged, the world seemed to be turning into one huge market ripe for picking by savvy, border-crossing enterprises. Today, however, the future of globalisation seems uncertain. By many measures, cross-border market integration has set new records in the past decade, but growth in international trade and foreign direct investment has not been all that robust in recent years. Many companies struggle with the reality that their international operations are less profitable than their domestic operations.

Why is the potential of globalisation so much more difficult to achieve than anticipated? The answer is that many companies have embraced a strategy for globalisation that does not lead to success. But for those companies that have embraced a fitting managerial strategy, the rewards of successful internationalisation can be staggering. Think of Toyota, IKEA, Philips Medical Systems: What did the winners do differently?

Towards a conceptual model of intercultural behaviour

Operating across borders demands more than collecting economic statistics or propelling risk analyses. It demands more than setting up an international HR department. It demands people who are interculturally savvy so that they can turn international adventures into great success instead of tremendous disaster.

Each of us has his or her own interests based on our respective motives, agenda, preferences and networks. Within one and the same country culture it

is already difficult enough to manage different interests successfully. In an international environment it is even more complex. The question is not only how to align these different interests, but especially, how to grasp these cultural differences and how to turn them into an asset.

Operating in an intercultural environment is a complicated and subtle issue, requiring a great deal more than good intentions, awareness or country briefings. You cannot simply assume that the other party will meet you half-way to reconcile at negotiations or crisis management: the other party may not be interested in doing so, or can be in a position whereby he stands his ground. Awareness and country briefings do provide recognition of the sheer fact that differences exist. However, since they do not penetrate into the deep-seated value systems, which are at the core of every national culture, they are of limited value to managers who have to grapple with intercultural issues of the kind they face when dealing with complex cross-border operations.

What managers need in situations such as these, is a general conceptual framework which can help them to understand how people from different nations are conditioned to deal with the basic problems that face all human societies. There are many problems that are common to all nations but ways of dealing with them differ. If we can identify the main issues which have an influence on the way societies function, and can distinguish the ways in which different cultures deal with these issues, we can begin to provide managers with flexible instruments for diagnosing and resolve a wide variety of inter-cultural problems. Such a map of different national value-systems and their consequences for the conduct of business across cultural frontiers was created by Professor Geert Hofstede.



Hofstede defines culture as “the collective programming of the human mind which distinguishes the members of one society or group from those of another”. Culture consists of patterns of thinking which parents transfer to their children, teachers to their students, friends to their friends, leaders to their followers. Culture is reflected in the meaning people attach to various aspects of their lives, their way of looking at the world and their role in it, in what they consider “good” and “evil”, and in their collective beliefs. The culture that is imprinted in people’s minds becomes crystallised in the institutions and organisations of society, which in turn reinforce the mental programming. This assumption of mental programming does not, of course, imply that everyone in a society is programmed in exactly the same way: Statements about culture can only be statements of a central tendency and there will be wide differences among individuals and sub-groups. The programming that is referred to as “culture” should be seen as a collective component shared between the minds of otherwise different individuals. This particular configuration will be absent from the minds of those belonging to a different society.

Against this background, Hofstede’s research, carried out over a period of 15 years, analysed some 116,000 questionnaires on values completed by employees of a single multinational corporation in 67 countries. The research then compared responses from “matched samples” (i.e. employees in similar occupations) from the different countries. Because they all worked for the same organisation, Hofstede concluded that the differences, or similarities, in the responses could not be due to occupational or organisational values and had to be due to nationality. Statistical analysis of the responses from the various national groups showed that the differences among the countries reflected the existence of four underlying cultural dimensions within which each country

could be positioned. Subsequent research, carried out by employing similar methodology in the Far East, identified a fifth cultural dimension. The dimensions represent elements of common structure in the cultural systems of the countries and are centred on five very fundamental issues to which every human society has to find its particular answers. Together they form a five-dimensional construct or model covering 70 countries and three regions.

On-going research from universities and academic institutions all over the globe re-affirm these findings again and again, even 35 years after the original research was conducted.

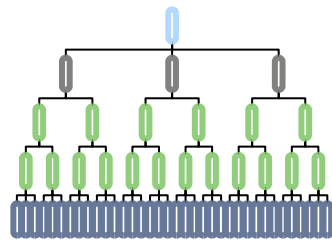
A five-dimensional model of cultural characteristics

The power-distance (PDI) dimension

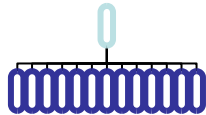
PDI is an abbreviation for power distance index. This expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally (Figure 1). The fundamental issue here is how a society handles inequalities among people. People in societies exhibiting a large degree of power distance accept a hierarchical order in which everybody has a place and which needs no further justification. In societies with low power distance, people strive to equalise the distribution of power and demand justification for inequalities of power.

This dimension has obvious implications for the way people build their institutions and organisations. In low PDI societies, hierarchy in an organisation is seen as unfair and unjustified, decentralisation is preferred, subordinates expect to be consulted, the ideal boss is a resourceful democrat. At the opposite end of the scale, in high PDI societies, hierarchy in an organisation is seen as reflecting inherent inequalities, centralisation is popular, subordinates expect to be told what to do, and the ideal boss is a benevolent autocrat.

Figure 1: The power-distance (PDI) dimensions



High PDI – top-down management, low level of consultation, hierarchal roles perceived as justified

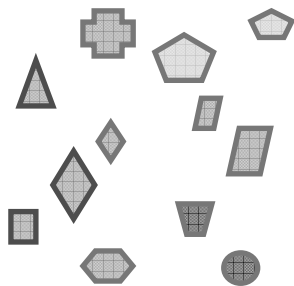


Low PDI – horizontal leadership, striving to equalise power, Inequalities of power need justifying, subordinates expect to be consulted

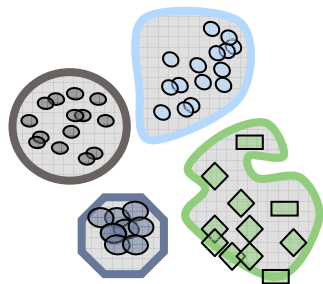
Individualism versus collectivism (IDV)

IDV represents the *individualism index*. Individualism can be defined as a preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only. Its opposite, collectivism, represents a preference for a tightly-knit framework in society in which individuals can expect their relatives, clan or other members of a particular in-group to look after them in exchange for unquestioning loyalty (Figure 2).

Figure 2 the individualism-collectivism dimension (IDV)



Individualism – loose social framework, self-reliance



Collectivism – in-group loyalty, tight-knit social framework, *dependence*

The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. It has to do with whether people’s self-image is defined in terms of “I” or “we”. In collectivist societies offence leads to shame and loss of face, employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of the employee’s in-group, management is the management of groups. In individualistic societies offence causes guilt and a loss of self-esteem, the employer/employee relationship is a contract based on mutual advantage, hiring and promotion decisions are supposed to be based on merit only, management is the management of individuals.

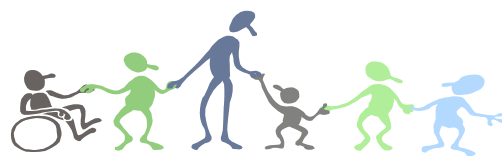
Masculinity versus femininity (MAS)

The *masculinity index* (MAS) represents a preference in society for achievement, heroism, assertiveness and material reward for success. Society at large is tougher. Its opposite, femininity, stands for a preference for relationships, modesty, caring for the weak and quality of life (Figure 3). Society at large is more tender. The fundamental issue here is the way in which society allocates social roles between the sexes. Some societies aim for maximum social differentiation between the sexes and here the norm is that men are given the assertive roles and women the caring, nurturing roles.

Figure 3 The masculinity – femininity dimension (MAS)



Masculinity – heroism, assertiveness, material and social rewards for success



Femininity – preference for relationships, modesty, caring for the weak and quality of life

The maximum social differentiation in these societies will permeate institutions (mostly populated by men) with an assertive mentality. Such societies become “performance” societies and this is shown even in the values of their women. They are referred to as masculine societies. Other societies strive for minimal social differentiation between the sexes. This means not only that women can take on assertive roles if they wish but, more especially, men are permitted to take on relationship-oriented, caring roles. These societies, if resources permit, become “welfare” societies in which caring for all is major goal for men as well as women. They are referred to as feminine societies. In ‘feminine’ countries the focus is on “working in order to live”, managers strive for consensus, people value equality, solidarity and quality in their working lives, conflicts are resolved by compromise and negotiation. In masculine countries, on the other hand, people “live in order to work”, managers are expected to be decisive and assertive, the emphasis is on equity, competition and performance, and conflicts are resolved by fighting them out.

Uncertainty avoidance (UAI)

The uncertainty avoidance index (UAI) expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity (Figure 4). The fundamental issue here is how a society deals with the fact that the future can never be known: should we try to control the future or just let it happen?

Countries exhibiting high UAI maintain rigid codes of belief and behaviour and are intolerant of unorthodox behaviour and ideas. Low UAI societies maintain a more relaxed attitude in which practice counts more than principles and deviance from the norm is more easily tolerated. Uncertainty avoidance also has implications for the way countries build their institutions and organisations. In high UAI cultures there is an emotional need for rules (even if the rules never seem to work) time is money, people have an inner urge to be busy and work hard, precision and punctuality are the norm, innovation may be resisted, security is an important element in individual motivation. In societies exhibiting low UAI, people believe there should be no more rules than are necessary and if they are ambiguous or do not work they should be abandoned or changed. Schedules are flexible, hard

work is undertaken when necessary but not for its own sake, precision and punctuality do not come naturally, innovation is not seen as threatening.

Low UAI – flexibility, innovativeness, not rule-bound



High UAI – discomfort with uncertainty and ambiguity, rigid codes and beliefs, precision, punctuality

Long-term versus short-term orientation (LTO)

While the first four dimensions proved to be a valuable model for explaining and predicting culturally-derived differences of behaviour in many countries, they did not appear to explain what to many observers was self-evidently a fundamental difference between ways of thinking in the East and in the West. The supplementary research, carried out in the Far East, referred to earlier, identified a fifth dimension which clarified this difference. The long-term orientation index (LTO) is closely related to the teachings of Confucius and can be interpreted as dealing with society’s search for virtue.

FALSE

Short termism – strong respect for traditions, non-savers, favour quick results. truth-orientation, normative

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Long termism – adapt traditions to modern context, savers, perseverance, virtue-orientation, pragmatic

Societies with a short-term orientation generally exhibit great respect for traditions, a relatively small propensity to save, strong social pressure to “keep up with the Joneses”, impatience for achieving quick results, and a strong concern with establishing the Truth i.e. normative. Western societies are typically found at the short-term end of this dimension, as are the countries of the Middle East. Societies with a long-term orientation show an ability to adapt traditions to a modern context i.e. pragmatism, a strong propensity to save and invest, thriftiness, perseverance in achieving results and an overriding concern for respecting the demands of Virtue. The countries of South East Asia and the Far East are typically found at the long-term end of this dimension. In dealing with inter-cultural issues involving encounters between western countries only, it is usually adequate to refer only to the first four dimensions.

Interpretation of the model

Some 70 countries and three regions (East Africa, West Africa and the Middle East) have been given scores and positioned along the first four value dimensions. Scores for 38 countries and two regions have so far been derived for the fifth dimension. This provides a powerful model which enables us both to analyse behaviour that is observed in particular inter-cultural encounters and to predict with some degree of accuracy the kinds of issues that are likely to arise when interactions between (groups of) people of specific nationalities take place. Such analysis is entirely non-normative, where it concerns behaviour that is influenced by national culture. At least as long as the behavioural patterns are a pure reflection of the different values which have been identified: It does not suggest that some forms of behaviour are “better” or more productive than others. In reality, behaviour is also influenced by an individual’s character and by his concept of virtuousness and philosophy of life, no matter whether the latter stems from national, professional or organisational culture or from other variables such as religion or principles.

In training managers to use the model, it is as important to bring them to a level of understanding of where they are coming from in terms of their own cultures as it is to get them to understand the cultural values of the countries with which they have to deal. Only when they are able to compare can they

control their own (entirely natural) cultural bias and handle inter-cultural encounters in an objective and constructive manner.

At this point it might be objected that all this presents a rather static picture, with the research done, the model complete and all the answers available. Are we not simply providing our own pigeonholes to fit everyone into? A number of important points need to be made here. Firstly, the model cannot be used to identify or describe the characteristics of individuals. As noted earlier, the model identifies only broad tendencies in societies: any attempt to use it mechanically is likely to lead to error. Specific behaviour always results from a combination of the individual personalities involved, their cultural backgrounds and specific aspects of the situation in which they find themselves. Culture is only one element, albeit an important one, in the equation; it cannot explain everything.

Secondly, the five-dimensional model is nothing more than an entry ticket into a particular society. There are other cultural differences besides those related to nationality. Indeed in some countries (e.g. the central Asian republics of the former Soviet Union) national culture scarcely exists as a meaningful concept and, in these cases, regional differences are of overriding importance for identity. In other countries, while an overall positioning in the model of the country as a whole remains valid, there are important regional sub-cultures about which more data is progressively becoming available and which will add detail (and complexity) to the picture. Canada, Belgium and Switzerland are examples of the latter.

Finally, while there is much evidence to suggest that national cultures remain remarkably stable over time, it has become clear that the positioning of countries can change progressively, especially in terms of the dimensions power-distance and individualism. The latter dimension, in particular, shows a very significant correlation with national wealth: as nations become richer the slow trend is for them to become more individualistic, provided there is a sizeable middle class. The picture given by the model is therefore far from static or complete and continual validation is needed and with adjustments being made where and when necessary. None of this invalidates the use of

the model for analytical and predictive purposes. Indeed since the original Hofstede research, a huge number of other studies carried out by other scholars have contributed to the validity and actuality of the five-dimension model.

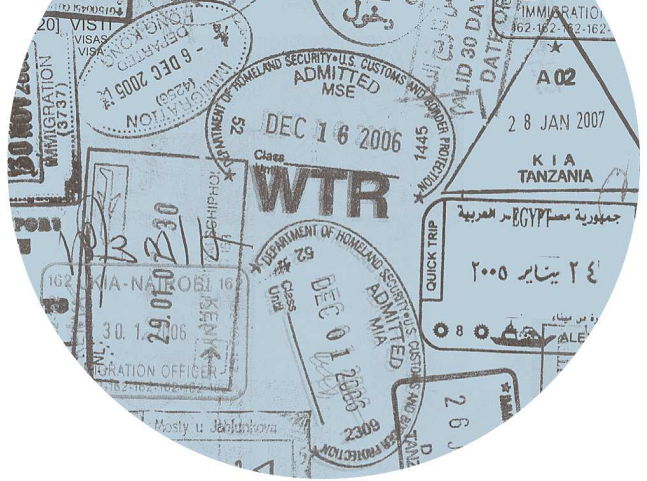
So what is the practical relevance of all this to managers? Managers are concerned with the co-ordination of resources (material, financial and human) for the effective and efficient achievement of business objectives. But from what has been said already it will be clear that what may be an effective and efficient way of co-ordination in one country may prove to be ineffective, inefficient or actually counter-productive in another. This is particularly true in the area of human resource management, where the effectiveness of different approaches to such crucial issues as leadership, communication, motivation, appraisal, selection and reward can be shown to be highly culture-dependent. An understanding of the 5-D model enables managers to analyse the likely outcome of management techniques and employment policies in different national contexts and to modify or replace them where they may be dysfunctional, or counterproductive. This is especially important in a world where the overwhelming majority of management “packages” originate in the USA and are based on American cultural assumptions, making them difficult, or even dangerous, to apply in other cultures. Some examples will help underscore this point. We can begin, relatively simply, by considering some of the implications of applying a single dimension.

Looking first at the dimension of power distance, we have already noted that in high PDI societies, employees will be comfortable with a top-down management style; there will be no great need for consultation or involvement of subordinates in decision making. Conversely, in societies with low PDI, top-down management will have negative connotations and there will be an expectation of some form of consultation with subordinates, though not necessarily in a formalised structure. A good example of a successful low PDI strategy in a low PDI country is Flight Centre, an Australian-owned travel group. Flight centre’s organisational tenet to motivate its people to perform is that everything can and must be measured. All decisions are based on quantitative outcomes, and these results are openly shared and dis-

cussed throughout the organisation. This tenet, openly sharing quantitative information throughout the organisation would be very difficult to realize in a high PDI country, where Knowledge is Power.

Turning next to individualism - collectivism, we can see, for example, that theories of motivation based on self-actualisation such as Maslow’s “hierarchy of needs” are likely to work well in individualistic societies, where esteem and self-actualisation are indeed likely to be the highest of motivators, with a sense of belonging being consigned to a lower place in the hierarchy. This is, however, quite different in collectivist countries where people will tend to have an overriding need for actualising their in-group: their sense of belonging will come before esteem and self-actualisation as a motivator. In an individualistic society, nepotism is generally considered to be objectionable, and there may even be rules forbidding members of the same family working in the same department. In collectivist countries, the domains of work and family more easily overlap and employing many members of the family will generally be considered desirable rather than the reverse.

If we then look at masculinity - femininity, we see that in masculine societies competitiveness between fellow-workers is seen as a good thing, the strongest should win, and rewards should be visibly distributed according to performance. In a feminine culture, competition between colleagues is deprecated: solidarity between fellow-workers is prized, the strong should help the weak, and rewards should be allocated according to need. A clear example of masculinity is the book by Stalk, Lachenauer and Butman (“Hardball: Are you playing to play or playing to win?” Boston Consulting Group 2005). They argue that business is about winning and losing, not about “playing nice”. As the authors themselves explain it: “For too long, companies have focused on soft issues while ignoring the killer strategic instinct that has been the hallmark of winning... Hardball companies move beyond mere competitive advantage that neutralize, marginalize, and even punish rivals... From exploiting anomalies to threatening competitors’ profit sanctuaries to breaking industry compromises...”. Such company strategies would hardly be acceptable in feminine countries such as those in the Scandina-



vian region, where companies focus more on societal responsibility. As an example, the IKEA Company built a large shopping centre in Russia, in which it had invested a large sum. In March 2005, at the very last moment before the opening, the local authorities withdrew permission for the store. IKEA blamed this action by the Russians on the fact that IKEA refused to participate in what it saw as 'unethical' ways of doing business, such as bribery. Whatever the actual reason may be, IKEA earned tremendous goodwill from its Scandinavian customers for its policy of "societal responsibility".

In these societies, societal responsibility can well be in juxtaposition with profit.

This dimension is particularly susceptible to politically correct behaviour - i.e. we often see lip service being paid to certain cultural values, while in reality society rewards the opposite values.

The importance of the dimension of uncertainty avoidance for managers lies in the degree of structuring and formalisation at work. People in high uncertainty avoiding societies try to minimize unpredictable situations. At work or in business this can be achieved by detailed planning, explicit dress codes, clear division of labour and respect for experts. High uncertainty avoidance societies are extremely good at conceptualising and deductive thinking; i.e. from theory to practice. Low uncertainty societies, on the other hand, tend to use inductive thinking patterns: from practice to theory. This difference often leads to irritation when both have to co-operate in drawing up strategy and outlining marketing campaigns.

A strong feature of high uncertainty avoiding countries is their legislative framework and the importance of laws and legal procedures. In Italy and France labour strikes are vehement and can be a foreigners' worst nightmare. However, in Italy, any strike called by the official trade unions, whatever its societal effect may be, conforms to the legal rules and laws.

Every single one of them is put in advance before a special commission which checks whether the rules for announcing the strike, the scope, exact time and place have been correctly obeyed, so that nobody will be surprised by unforeseen consequences of the strike.

In addition, these societies share the propensity and the capacity for flawless manufacture. When people believe they are able to achieve perfect production, they will work hard to realise it. Examples are quality circles in Japan, German car manufacturing or Italian design. The other side of the coin is, however, that when they doubt the feasibility of a concept or project, they will not even start doing it.

Finally we come to LTO. The implication of this dimension on business can be seen by the time horizon companies use: long term market growth and market share (Far-Eastern countries) versus focus on short-term profit and shareholder value (notably in Anglo-Saxon countries). Japanese and Korean companies are well known for their long-term vision and target setting. This enables East and South-East Asian companies to invest in R&D, production facilities and people on the long term despite short-term financial setbacks. A specific feature of this long-term thinking is the emphasis these countries place on pragmatism, that is, the question is not whether something is true, but rather whether it works. Harmony with nature and the environment is a visible expression of this long-term attitude.

Countries on the short-term end of this scale tend to be oriented towards finding the truth. This explains the strong inclination in Western countries towards fundamental research. The pragmatic attitude of the long-term Asian countries explains why they are good at the practical application of these fundamental research findings. In comparison, countries on the low end, such as the Western world and the Arab coun-

tries, emphasise break-through innovations, while the Far Eastern Asian countries emphasise process innovation.

As an example, have a look at some quotes from the respective visions of Toyota and General Motors:

Toyota:

“Our respect for our neighbours and the environment is at the heart of everything we do. (...) Continuing in the 21st century, we aim for stable long-term growth, while striving for harmony with people, society and the environment. (...), and work to make the earth a better place to live. We would like to thank everyone for his or her continuing support.”

General Motors:

“General Motors enjoys a long tradition of accountability, integrity, and transparency. We place a high value on communicating clear, consistent, and truthful information about our performance, (...) we believe it is critical that we achieve success by doing things the right way, all around the globe.”

Country clusters: six ways of looking at organisations

Taken together, the 5 Hofstede dimensions have implications for organisational models and what we expect from organisations and their people. Based on our decades of experience and on research we have identified 6 clusters of countries, each cluster representing a certain combination of these dimensions. The mental images that arise from each cluster, profoundly affect our sub-conscious expectations and the way we look at organisations.

Clustering countries along this line makes the influence of culture and of the five dimensions visible and tangible to managers and to those working in another cultural setting.

The schedule on the following page illustrates the combinations and the cluster of specific cultures.

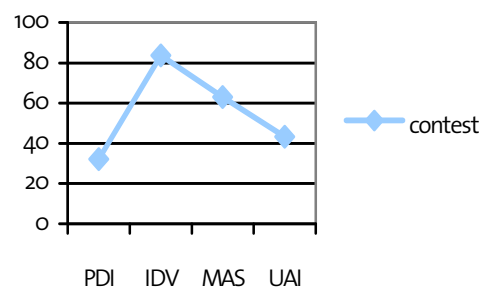
Here follows a brief summary of the implications of the various clusters, although their impact stretches far beyond what we can mention here. The clusters also influence issues such as negotiations, decision-making, dealing with conflict or crisis management,

consumer behaviour, entrepreneurship and teamwork, among others.

Contest Countries

The Contest cluster is characterised by low power distance, high individualism, low uncertainty avoidance and high masculinity. In it, we find the Anglo-Saxon countries, with some of the former British colonies approaching it.

Graphically, the Contest cluster can be represented as follows:



The keywords in these societies are competition and freedom. The ‘pursuit of happiness’ is a race open to everyone with energy and determination, so much the better if they have vision, or new ideas of their own. In order to ensure fair competition between all, the government should remain in the background and reduce rules and regulations to an absolute minimum. As long as fairness is ensured, authorities should preferably not mingle in the market process.

People in Contest countries are motivated by fixed and quantitatively measurable targets. Peer and public recognition of achieved results is encouraged. Performance reviews and appraisals are based on mutually agreed objectives and the degree to which they have been achieved. This presupposes a sense of equality between parties, open negotiations even between different ranks and the willingness to bicker. Tough but fair interviews and meetings will normally not lead to a disruption of work relations and a sound conflict can be healthy.

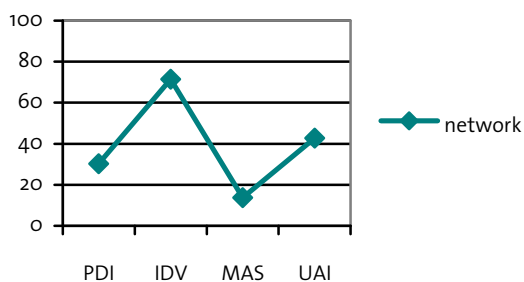
Contest countries do not tend to focus on details; they prefer to take a helicopter view. Their planning systems are usually not fine-tuned, but rather aim at the overall objectives, which are clearly described.

The USA and Great Britain in particular have traditionally been forerunners in management theories. From Adam Smith's *Wealth of Nations* to Kaplan & Norton's *Strategy Maps*, economic and organisational theories and business schools have had a disproportionate influence even in countries with a different cultural profile. In non-contest societies, many of these theories do not work in practice, but the terminology has certainly taken root - though vocabulary such as "targets", "growth" or "sustained value creation" may have a different or even no meaning in the other culture.

The Network Cluster

The network cluster shares with the contest cluster low power distance and high individualism. What distinguishes them from each other is the extreme femininity of the network cluster. This cluster comprises the Scandinavian countries plus the Netherlands.

The graphical pattern of these network countries is:



Whereas the Contest countries opt for competition, ambition and winning, the Network countries prefer cooperation, consensus and good, friendly relations.

The ultimate motivator to people in these societies is the feeling of contributing to the organisation and being recognised for this. This means that an employee, no matter what his or her organisational rank may be, wants to have a say and be heard about matters that concern him or her directly. There is no way a leader or manager can impose a strategy without first having consulted all parties involved or affected. To outsiders, this seems to result in endless meetings full of compromise in which the manager is looking for consensus and a support base. A new company strategy may lack clarity in the initial stages, to allow

for input from individuals and departments, before making it public.

The role of a manager is to coordinate between the various interests and parties, to lead by agreement rather than by command or control. A leader is considered to be a *primus inter pares*.

The mission of a company should not only be short-term profit or beating the competition, but rather societal responsibility, the welfare of employees and reliability. Consumer behaviour in network countries rewards companies that take societal and ethical issues seriously. Companies such as Max Havelaar and Kuyichi are most successful. They have been able to communicate clearly their fair trade policy, convincing customers to buy their more expensive products and contributing to a better world, no matter how far away.

The Family Cluster

Countries belonging to the Family cluster all share high Power Distance, low Uncertainty Avoidance and are collectivist. These societies are mainly found in Asia, notably China or those countries with a strong Chinese influence, such as Singapore and Malaysia.

Employees in Family countries feel much obliged to their company and especially to its leader, but do not care much for rules. The key words in these countries are change and harmony. No other cluster is able to implement major projects and realize complicated business operations so quickly. Their secret is a set of employees that feels loyal to the company and to each other, and a strong leader whose will is law. Formal rules may be written down in great quantities and at great length, but do not apply to a specific situation and are always subject to change. It may take some time until trust has been created and a mutual feeling of a long-lasting relationship exists, but once it is there, major undertakings are achieved without further questioning.

Employees in Family countries work best if they belong to the same societal group. If they do not, it is necessary to make them feel that the company is like a family to them, and its leader their father. Harmonious relations, also privately, are of the utmost importance. This means that negative feedback is avoided, certainly in public: loss of face can be disrupt-

tive to the relationship. People communicate implicitly and indirectly; it is assumed that the other party can read the non-verbal signs and is aware of the context.

The role of the CEO, the highest in rank, is that of a benevolent father who takes care of the welfare his people, also privately. He (not often she) exercises strict but benign control. His task towards the outside world is to build up a strong network with long-lasting relationships. It is in these countries that captains of industry are often related by family bonds or friendship that may go back several generations. They may hold extravagant dinners and get-togethers where business discussed only indirectly. For an outsider to enter such a system may take decades of relationship building.

In the Family cluster, organisational theories such as Balanced Score Card will be completely differently interpreted than in the Contest cluster, from where they originated.

Pyramid Countries

Countries in which the Pyramid organisation is the norm, all share high power distance, high uncertainty avoidance and are collectivist. A large number of countries in the world share this profile - in Europe: Portugal, the Russian Federation and Greece, in Asia: Korea, Bangladesh, Pakistan and furthermore most African and Arab countries and Latin America.

The Pyramid configuration provides a clear structure to its members, both in terms of hierarchy and mandate, as well as in work processes and social arrangements.

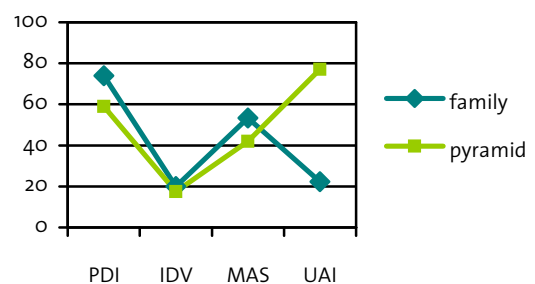
Authority is highly centralised at the top and delegated along strict mandates, from the highest level to middle management and on to the lower ranks. Although the structure may seem bureaucratic to a Contest outsider who is used to aiming at targets, it provides clarity to its members. To them, it is obvious who is responsible for what, and which road they can take in unforeseen situations or in the case of power abuse.

Top management is supposed to oversee everything and to set out policies on the basis of the common good. It is not personal career but the continuity and

good reputation of the organisation that should be the focus of its members.

Power is unequally divided in such countries and people accept this as a fact of life. In return for the respect and loyalty they pay to their leaders, the leaders should display wisdom in their decision-making. A director should be available to support his team members also privately and morally and set a good example. A good leader in a Pyramid organisation combines personal prestige with formal regulating power. He is clearly visible, for example as he walks around on the shop floor or gives regular briefings on the company's policy. Although there is no question of an open discussion about policy or decision-making, a good leader can answer all the questions his employees may have about the course of action and is able to delegate his mandates in a structured manner.

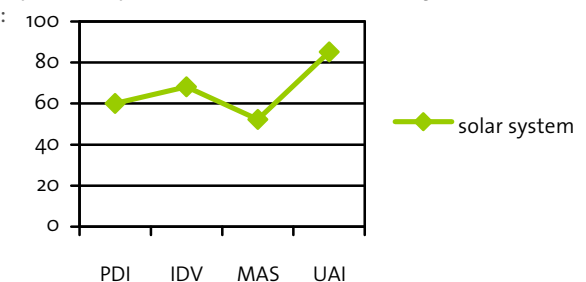
Below is a graphical comparison between the Family and the Pyramid clusters:



Solar System

The Solar System has a lot in common with the Pyramid: high Power Distance and high Uncertainty Avoidance. However, in a Solar System culture people are individualist rather than collectivist. Not many countries have this cultural profile, but France, Belgium, Northern Italy and to a limited extent Argentina and Spain, are among them.

A graphical representation of the Solar System is below:



In a Solar System, there is a clear and unmistakable hierarchy but people do not necessarily feel loyal to the organisation. People feel more affiliated to their professional group, academic peer group or to their department. Academic achievements are very important in such a system as well as being competent in your profession. This means that people are intrinsically motivated to do a good job according to their professional standards. Contrary to the popular stereotype about these countries, people are hard working and much driven to meet the criteria of their profession or vocation. The key word in these societies is honour. Look at the way in which the French business school INSEAD profiles its executive MBA: “Designed to combine the necessary analytical rigour with the art of executive leadership”.

As the employees in these societies are individualist, coordination is much more difficult than in Pyramid countries. A leader is both respected and feared. A manager should certainly be visible, for example by walking around and gathering information. But a manager who controls too obviously, and who involves him or herself in the details of the work, is utterly de-motivating to people who take pride and honour in their work. Control is necessary, but should be done in a subtle way.

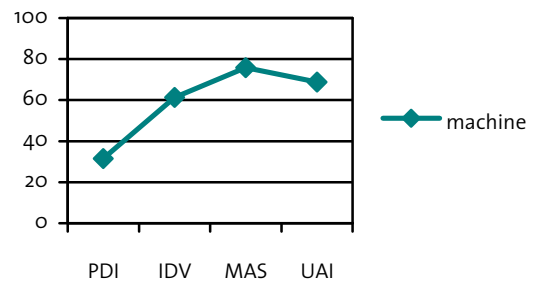
In many organisations, there much squabbling goes on between departments and between colleagues. But colleagues and departments prefer to solve disputes among themselves rather than bring the matter to the attention of the big boss. A manager is only supposed to intervene if conflicts threaten to get out of hand.

The dilemma in Solar System countries is the discrepancy between respect for authorities on the one hand and the need for self-realisation on the other. A leader is supposed to be a competent technocrat, but if he meddles too much in the work of his team members, he risks them hiding matters from him.

The Well-Oiled Machine Cluster

Countries that belong to the “Well-oiled Machine” cluster are characterised by low power distance and high uncertainty avoidance. These are mainly the German-speaking countries and to a certain extent Hungary and the Czech Republic.

Please have a look at its graphical representation:



The dilemma here is that people require structure and predictability, but that they will not accept an authority imposing such structure upon them. It is everybody's responsibility to create the systems and to maintain them.

The rules of the game should be objective and information should flow freely in order to check progress and procedures against the standards.

Leaders should be competent experts who have convincing power through facts and thorough analysis of the situation. At times, this can lead to ferocious discussions to establish who is right or wrong, but these verbal fights are restricted to content and do not affect, under normal circumstances, the relationship. The role of the leader is one of the expert. He is expected to intervene only in the case of unforeseen or ambiguous situations and as a last resort. Control can be experienced as de-motivating, as it questions the competence and autonomy of the employees. In general, a manager can rely on the abilities and motivation of his people to perform punctually and according to specification.

This emphasis on systems, structure and objectivity means that people are focused on delivering high quality, and that there is little chance for hidden agendas or data. Transparency is a key word in these societies and people will readily make (detailed) information available.



From what? To how? the road towards cultural competence

In order to be successful in the international arena it is not enough just to know about cultural differences. What helps is to make a thorough and precise analysis of complex intercultural encounters, and to distinguish the core cultural issue from any side issues.

From there, we can start to formulate behavioural strategies that fit the specific situation, are culturally viable and are acceptable to ourselves.

Adapting to the situation, trying to reconcile or compromise often does not yield the optimal result. Rather, it means 'giving in' to the expectations of your counterpart. In many cases your counterpart will be able to stand his ground, often even unaware of the issue. Think of the case of a British CEO telling his Swedish manager to represent him at a trade fair abroad, despite the fact that the Swedish manager (who works part-time) has family commitments in the same period. The British CEO will not take no for an answer; he expects his manager to go and to consider this a splendid career opportunity.

Formulating behavioural strategies that are appropriate and culturally effective is a process that can be learned through practice and through thinking out-of-the-box.

In the short term, do not expect that the other side will reward the 'sacrifice' you have made. He will probably consider it the normal way to do things. But in the long term, you will see you are capable of quickly thinking up new and original strategies to deal with intercultural issues, and that you will enjoy it.

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