IBUS1102: CROSS CULTURAL MANAGEMENT

SEMESTER 2, 2018

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TOPICS

CULTURAL DIMENSIONS

GENERAL CONTENT

OVERVIEW

__Culture__
- Shared system of meanings (Trompenaars)
- Software of the mind (Hofstede)
- Dictates what we notice, how we act, what we value and what is important to us
- Influenced by economy, religion, history, geography, government, attitude, media etc.

__Impact on International Business__
- Contracts (length, flexibility, specificity)
- Planning for short vs. long term
- Role in the community (company's job? To make money, CSV etc.)
- HR
- Management – who leads, and how did they get there?
- Marketing
- Strategy – how best to enter market?
- Laws – how to protect assets, what needs protecting? Is the law reliable?

HOFSTEDE'S DIMENSIONS (1980)

	Lower	Hofstede's Dimensions of Culture (100 point scale)	Higher	
Austria	more egalitarian —	Power Distance	+ embraces hierarchy	Malaysia
Guatemala	collectivist —	Individualism	+ individualistic	USA
Sweden	nurture more important —	Feminine/Masculine	+ power more important	Japan
Singapore	comfortable with ambiguity —	Uncertainty Avoidance	+ ambiguity creates anxiety	Greece
Australia	put short-term goals first —	Long-term Orientation	+ put long-term goals first	China
East Asia	happiness can be bad —	Restraint/Indulgence	+ happiness is always good	Latin America

- Anthropologist

- Gathered data in late 60s and early 70s
- Divided culture into 4 categories originally, with Long-term Orientation added later and most recently, Indulgence vs. Restraint
- 100-point scale

Notes
- Expected and accepted unequal distributions of power – does not necessarily mean individuals are 'okay' with this
- Uncertainty Avoidance: Singapore ranks highly – possibly due to non-representative sample of IBM employees

GLOBE PROJECT DIMENSIONS (2004)

- 9 dimensions – similar to Hofstede's

Dimension	Definition
Performance Orientation	Extent to which a community encourages innovation, high standards and excellence
Uncertainty Avoidance	Extent to which a society relies on rules/social norms to alleviate unpredictability of future events
In-Group Collectivism	Degree to which individuals express pride and cohesiveness in group situations (organisational or family)
Power Distance	Extent to which a community accepts and endorses authority, power differences and status privileges
Gender Egalitarianism	Degree to which a collective minimizes gender inequality and how roles are allocated between men and women
Humane Orientation	Degree to which a collective encourages and rewards individuals for being fair, generous, caring and kind
Institutional Collectivism	Degree to which organisational and institutions encourage and reward collective distribution of resources and collective action
Future Orientation	Extent to which individuals engage in future-oriented behaviours such as delaying gratification, planning and investing in the future
Assertiveness	Degree to which individuals are assertive, confrontational, and aggressing in their relationships with others

KLUCKHOHN AND STRODTBECK

- No scores
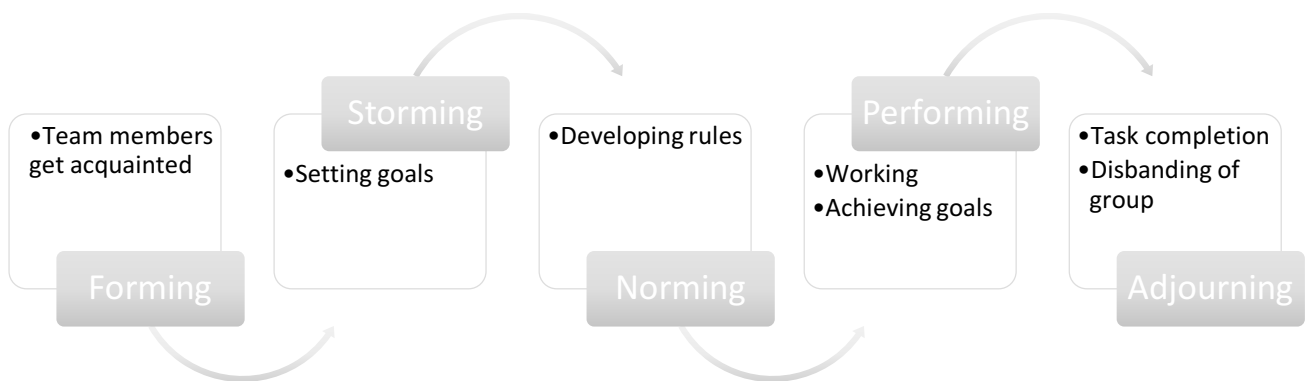- Theoretical divisions rather than being measured numerically

Dimension	Alternative Orientations
Time Orientation	Past, present or future
Relation to Nature	Harmony vs. Mastery (Mastery – 'nature must be conquered')
Activity Orientation	Being, becoming or doing (value what you are or what you do)
Relationships among people	Individualistic, group or hierarchal
Space Orientation	Public, private or mixed
Human Nature	Good, evil or mixed

MULTICULTURAL TEAMS

GENERAL CONTENT

Team: A type of group that pursues goals to which its member's express high commitment

<u>Group Development: Five Stage Model</u>

Forming
- Team members get acquainted

Storming
- Setting goals

Norming
- Developing rules

Performing
- Working
- Achieving goals

Adjourning
- Task completion
- Disbanding of group

<u>Types of Leaders</u>
Task leader: Keeps everyone on track, ensures tasks are fulfilled
Socio-emotional leader: The person you go to if there are problems

<u>Types of Groups</u>

Crews	Functions determined by set procedures and technology (E.g. Flight deck crew)
Task Force	Temporary group formed to solve a specific problem, then disband (E.g. Safety task force)
Teams	Members collaborate closely with each other (E.g. Rugby team)

Management of cultural differences (most important to least)
1. Teams
2. Task forces
3. Crews

Multicultural groups

Homogenous groups	All from the same culture
Bicultural group	2 cultures
Multicultural group	Diverse, mixed culture group
Token group	Homogenous group with one non-homogenous member

Note: Token groups can lead to mistakes – not fully representative
<u>Model of Team Effectiveness</u>

5 areas of service quality: Reliability, responsiveness, assurance, tangibles and empathy

Studies show:
› Indiv ↑ reliability, responsiveness, & tangibles, ↓ assurance & empathy.
› U.A.: ↑ all 5 aspects
› LTO: ↑ reliability, assurance, & empathy; ↓ responsiveness & tangibles

Individualistic Customers	Collectivist Customers
- Want to achieve own goals - Low tolerance of poor service - Not interested in relationships	- Slower in leaving service provider due to poor service quality

Customer Revenge

Poor treatment may result in greater revenge in **collectivist** cultures than in **individualistic** cultures, as it threatens group harmony.

Complaints
- Problems that do NOT involve embarrassment: Collectivists less likely to complain than individualists (instead will spread negative word-of-mouth publicity
- Problems that DO involve embarrassment: Collectivists more likely to complain

MARKET ENTRY

- Large cultural distance = greater likelihood of joint venture
- The more dissimilar a market is, the greater risk entering

Marketing Crisis

Case Study – Coca Cola in Belgium 1999
- Promise to discover problems – fine with low UA nations, but promises not enough for higher UA cultures who need order, predictability and adherence to rules and laws

READINGS

'CUSTOMER RAGE: TRIGGERS, TIPPING POINTS AND TAKE-OUTS'

(Patterson, McColl-Kennedy, Smith & Lu, 2009)

Finding of study:
- Rage evolves over time
- Threats to basic human needs were triggers
- Two tipping points
  - o First: from Anger to Rage
  - o Second: Resentment and even vengeance
- Subtle differences between East/West cultures

TABLE 2. Lessons for Management: A Summary

	Before Rage Incident	**During Rage Incident**	**After Rage Incident**
Strategy	• Take pre-emptive action to anticipate rage incidents	• Develop a culture that "decriminalizes" complaints • Minimize damage to customer relationship and protect employees	• Attempt to salvage customer relationship and limit psychological damage to employees
Tactics	• Use voice recognition technology to detect rising customer anger (call centers) • Prevent customers from failing • Recruit only "service minded" people; hire for attitude and train for skill • Train staff in techniques to cope with angry customers (e.g., "pacing," "partnering")	• Empower front-line employees to make discretionary decisions • Restore customers' sense of self-esteem, sense of fairness, and give control • Be sensitive to cultural nuances	• Conduct root cause analysis • Involve senior management if high-net worth customer

Rage Behaviours
- <u>Verbal</u>: Shouting, screaming, swearing, speaking rudely, arguing forcefully etc.
- <u>Physical:</u> Shoving of personnel, slamming phone down/fist
- <u>Non-verbal:</u> Angry facial expressions and other body language, abruptly hanging up, staring at personnel

'ANTISMOKING MESSAGES: EFFECTIVENESS OF VALENCE AND INTENSITY ACROSS DIFFERENT CULTURES'

(Reardon, Miller, Foubert, Vida & Rybina, 2006)

- **Valence:** Refers to whether the message stresses the gains of performing the promoted behaviour (positive framing) or the losses of not doing so (negative framing)
- **Intensity:** Refers to the seriousness of the consequences that are linked to the advertised behaviour and is usually defined in relative terms
  - Low-intensity message: smoking linked to illness
  - High-intensity message: smoking linked to death

Hypotheses
1. High UA respondents, negative valence anti-smoking advertisements showing a threat of loss = more effective
2. Low-UA respondents, positive valence anti-smoking advertisements showing a benefit = more effective
3. High UA respondents, low-intensity anti-smoking messages = more effective
4. Low UA respondents, high-intensity anti-smoking messages = more effective

Results