

name, applied to higher management levels and with the same resistances (Levinson, 1970). Of interest to us here is what has happened in the inevitable attempts to export MBO to other countries.

MBO reflects an American value position in that it presupposes the following:

- that the subordinate is sufficiently independent to negotiate meaningfully with his boss (not too large Power Distance);
- that both superior and subordinate are prepared to take some risks (weak Uncertainty Avoidance); and
- that performance is seen as an important criterion by both (Masculinity).

Let us now take the case of Germany. This is also a below-average power distance country, so the dialogue element in MBO should present no problem. However, Germany scores considerably higher on uncertainty avoidance; consequently, the tendency toward accepting risk and ambiguity will not be present to the same extent. The idea of replacing the arbitrary authority of the boss by the impersonal authority of mutually agreed-upon objectives, however, fits the small power distance, strong uncertainty avoidance cultural cluster very well. The objectives become the subordinate's "superego." In a book of case studies about MBO in Germany, Ferguson (1973: 15) states: "MBO has acquired a different flavour in the German-speaking area, not least because in these countries the societal and political pressure towards increasing the value of man in the organization and the right to co-determination, has become quite clear. Thence, MBO has been transposed into Management by Joint Goal Setting [*Führung durch Zielvereinbarung*]." According to Ferguson, MBO fits the ideological needs of these countries of the moment. The case studies in Ferguson's book show elaborate formal systems with extensive ideological justification; the stress on *team* objectives is quite strong, which is one way to reduce individual risk.

The other case on which specific information is available is France. In France, MBO was first introduced in the early 1960s, but it became extremely popular for a time after the 1968 students' revolt. People expected that this new technique would lead to the long-overdue democratizing of organizations. Instead of DPO (Direction Par Objectifs), the French name for MBO became DPPO (Direction *Participative* Par Objectifs). Thus, in France, too, societal developments affected the MBO system. However, in general DPPO remained as much a vain slogan as did "Liberté, Égalité, Fraternité" (Freedom, Equality, Brotherhood) after the 1789 revolt. Franck wrote in 1973: "I think that the career of DPPO is terminated, or rather that it has never started, and it won't ever start as long as we continue in France our tendency to confound ideology and reality." In a postscript to Franck's article, the editors of *Le Management* wrote: "French blue and white-collar workers, lower-level and higher-level managers, and 'Patrons' all belong to the same cultural system which maintains dependency relations from level to level. Only the deviants really dislike this system. The hierarchical structure protects against anxiety; DPO, however, generates anxiety."¹¹ The reason for the anxiety in the French cultural context is that MBO presupposes a depersonalized authority in the form of internalized objectives; but French people, from early childhood, are accustomed to large power distances, to an authority that is highly personalized; in spite of all attempts to introduce Anglo-Saxon

management methods, French superiors do not easily decentralize and do not stop short-circuiting intermediate hierarchical levels, and French subordinates do not expect them to. The developments of the 1970s have severely discredited DPPO, which probably does injustice to the cases where, starting from less exaggerated expectations, individual organizations or units in France have benefited from it.¹²

Planning and Control

Planning represents an attempt to reduce uncertainty; control implies the exercise of power. Moreover, planning and control are complementary. It should be no surprise, then, that planning and control processes in organizations reflect the Power Distance and Uncertainty Avoidance norms of the dominant national culture. Planning and control systems are more than rational tools; they contain an element of ritual (see Chapter 4). Rituals are an indispensable but non-rational element in any human society, which helps to make uncertainty tolerable, to confirm our relationships with our fellow men, and to give meaning to our lives. However, different societies develop different rituals. Planning and control systems for management largely were made in the United States. That is, they reflect a below-average Power Distance, low Uncertainty Avoidance societal norm. In addition, they were developed in a particular socioeconomic-historical setting: competitive capitalism, political stability, unlimited resources, overall economic expansion, and nonintervention by government. Under these conditions, an entire family tree of planning and control systems has grown up from the groundworks by F. W. Taylor to the Strategic Management of the 1970s (Ansoff and Thanheiser, 1978: 8).

Even in the United States it is extremely difficult to know how effective planning and control really are. We can usually find avid defenders and violent critics for the same system. A particular example is the Planning-Programming-Budgeting System (PPBS) as tried in the 1960s in the U.S. government and elsewhere (see Hofstede, 1978b). The dean of a large U.S. business school writes "Despite all the talk about planning, it is still a primitive art. Very few organizations do as much as they claim to do, and few of those who do take planning seriously do it well" (Dill, 1979). I suggest that it is in particular the ritual element in planning and control which defies objective evaluation. Either one believes in it or one doesn't.

This means, however, that we have to be even more modest in our claims about identifying effective and ineffective planning and control systems in other cultures. I referred earlier to a study by Horovitz in France, Germany, and Great Britain (see Chapter 4). By the criteria set by the U.S. designers of modern planning and control systems, the British managers do a better job of strategic planning than their German and French counterparts; the latter focus on details and short-term feedback. Yet the average annual growth rate in GNP in the 1965-1974 period is highest for France (4.8 percent) followed by Germany (3.9 percent) and much lower for the U.S.A. (2.4 percent) and Great Britain (2.2 percent).¹³ These figures do not encourage French and German top managers to plan the American way.

The art of management within a given culture is undoubtedly to strike a balance between faithfulness to the requirements of the local cultural, economic, and political environment and sensible innovation. In the latter, selective adoption of foreign

management techniques can be useful, if again the need for cultural transposition is respected.

Relating planning and control systems to the national Power Distance and Uncertainty Avoidance norms leads to the following suggestions:

- A stronger Uncertainty Avoidance norm supports a need for more detail in planning and more short-term feedback.
- A stronger Uncertainty Avoidance norm makes it less likely that strategic planning activities are practiced, which may put question marks to the certainties to today.
- A stronger Uncertainty Avoidance norm supports a tendency to leave planning to specialists.
- A larger Power Distance norm supports "political" rather than "strategic" thinking (Faucheux, 1977).
- A larger Power Distance norm supports personal planning and control rather than impersonal systems. This often means no formal planning at all when power distances are large.
- A smaller power distance leads to the feasibility of control systems based on trust in subordinates; in larger power distance countries such trust is missing.¹⁴

Organization Design

The combination of power distance and uncertainty avoidance typical for a country's culture affects the structure of organizations that will work best in that country—next to the demands of technology and the traditions of the kind of activity that the organization exercises: whether it be a shoe factory, a municipal administration, a school, or a hospital. Several times in this book I referred to the Aston studies of organization structure (see Chapters 2, 3, 4, and 7). The Aston studies found the two main dimensions in the structure of a variety of organizations (but within one country, Great Britain) to be *concentration of authority* and *structuring of activities*. The first relates to power distance: Where subordinates are more dependent on superiors and superiors on their superiors, we get unavoidably greater centralization of authority. The second relates to uncertainty avoidance; in fact, the Aston results were one of the theoretical arguments that made me look for an Uncertainty Avoidance dimension (see page 56). Structuring of activities implies formalization (the need for written rules) and specialization (the assignment of tasks to experts). We find this translated in Figure 7.3 into different preferred organization types, and different implicit models in people's minds:

- (1) For Southeast Asian countries: the "personnel bureaucracy" in which relationships among people are hierarchical, but the workflow is not codified to the same extent: with the "family" as its implicit model.
- (2) For the Latin and Mediterranean countries, plus Japan: the "full bureaucracy" in which both relationships among people and work processes are rigidly prescribed; with the "pyramid" as its implicit model.
- (3) For the German-speaking countries and Israel: the "workflow bureaucracy" in which work processes are rigidly prescribed but less the relationships among people; with the "well-oiled machine" as its implicit model.
- (4) For the Anglo and Nordic countries plus the Netherlands: the "implicitly structured" organization in which neither work processes nor relations among people are rigidly prescribed, with the "village market" as its implicit model.

That societal norms affect organization structures even surreptitiously is shown by the following small case: An American-based multinational business corporation has a

policy that salary increase proposals should be initiated by the employee's direct superior. In its French subsidiary, this policy was interpreted in such a way that the superior's superior—three levels above the employee—was the one who initiated salary proposals. This way of working was seen as natural by both superiors and subordinates in France.

For the three countries France, Germany, and Great Britain, Maurice et al. (1980) show in more detail the mechanisms through which the national culture affects technologically similar organizations. Each of the three countries shows its own specific pattern on the following three blocks of variables:

- (1) The configuration of the organization: The kind of categories the labor force is broken into varies from one country to the next, as well as the relative size of the categories when these are made comparable.
- (2) Work structuring and coordination: the joining of individual tasks into work positions and the way in which work is coordinated.
- (3) The qualification and career system: schooling, on-the-job-training, and the way individuals progress in typical careers.

The three blocks are interrelated; they form integrated systems of which the elements reinforce each other. It becomes evident that we cannot take just one element out of the whole and change it.

On the Power Distance $\times$ Uncertainty Avoidance map (Figure 7.2), the United States is fairly close to the center, which may be one reason for the success of U.S. businesses operating in very different cultures. However, the United States is still part of the "implicitly structured" quadrant: *Hierarchy is not a goal by itself* (as in France) and *rules are not a goal by themselves*; both are means toward obtaining results, to be changed if needed. Breaking with hierarchical and bureaucratic traditions is found in the development toward *matrix organizations* and similar temporary or flexible organization systems.

Laurent (page 129) showed that statements expressing tolerance for ambiguity in hierarchical structures are accepted more by managers from some countries than from others; the need for clarity in hierarchy appeared to be correlated with uncertainty avoidance. Matrix organizations implying a multiple hierarchy should thus be less acceptable in more uncertainty-avoiding cultures, even if people in these cultures feel at the same time that their present structures are ineffective. However, we can expect different types of problems for matrix organizations in high uncertainty avoidance, *high power distance* cultures and in high uncertainty avoidance, *low power distance* cultures. In the former, matrix organization violates the principle of unity of command, which is holy. We find this clearly expressed in Fayol's negative comments on Taylor's propositions of eight functionally specialized superiors for one person—a kind of supermatrix organization (see page 218). In high uncertainty avoidance, low power distance countries a matrix organization will be acceptable as long as roles in it can be defined without ambiguity (compare Preiss' data on Germany on page 130). As avoiding ambiguity is not always possible, this will detract from the popularity of the matrix system.

Laurent has suggested that to make matrix organization work in a high uncertainty avoidance, high power distance country like France it is desirable to translate it in hierarchical terms: that is, to leave the formal hierarchy intact and define the

additional linkages in the system as nonhierarchical communication. This is, again, a way of "cultural transposition."

Another objection to matrix organization—or rather, to temporary organization systems—was mentioned in Chapter 5, where I quoted Hjelholt's plea for the importance of group identities, which points to differences with the United States on the dimension of Individualism. In less individualistic countries, the feasibility of temporary systems will depend to a large extent on whether organization members possess a sufficient basis for identity—for example, it will be likely to work well for groups of professionals, who, regardless of the organization structure they are in, identify with their professional reference group; less well for nonprofessionals.

Management Development and Organization Development

It will be evident from all that is written in this book and, in particular, in this chapter that there is no single formula for management development to be used in different cultures. A meeting of International Labour Office Experts concluded in 1965 that.

one of the most important areas for research is the determination of exactly what is meant by managerial success and the identification of successful managers in different cultural settings. This would provide all those concerned with developing managers with clearer ideas of the sort of results they should aim at in attempting to provide knowledge and modify managerial attitudes and behavior [ILO, 1966: 185].

Not only is success differently defined in different cultures, but systems of initial education in schools and training on the job are also very different.

Management development across cultural barriers could thus be seen as an impossible task, but fortunately it should not be judged exclusively from its cognitive content. It has other important functions which probably outweigh its cognitive role. It brings people from different cultures and subcultures together and by this fact only broadens their outlook. In many organizations it has become an essential *rite de passage* which indicates to the manager-participant as well as to his or her environment that from now on he or she belongs to the manager caste. It provides a socialization in the managerial subculture, either company-specific or in general. It also provides a break with the job routine which stimulates reflection and reorientation.

What applies to MD applies even more to OD. American-style organization development meets, for example, with formidable obstacles in Latin European countries.¹⁵ It is felt that, to begin with, a Latin language like French is an ill-suited vehicle for discussing OD processes in which action is more important than the abstract definition of problems. Latin countries lack the equality ethos which is an important motor behind OD. Latins believe less in the possibility of self-development of people. OD processes create insecurity which in a high uncertainty avoidance culture is often intolerable. In fact, OD represents a counterculture in a Latin environment. Whereas to some extent it may also represent a counterculture in the United States (it can be seen as introducing a feminine approach—group dynamics and caring for others—in an otherwise masculine organization culture), it has more elements in common with the dominant culture there; in the Latin world it will either be tolerated as a

curiosity or rejected as subversive. Latin organizations are not changed that way—they are usually only changed by crisis and revolution.

To the extent that OD uses techniques of stimulating interpersonal openness and feedback, it meets with other problems. Cox and Cooper (1977) reported on the use of direct personal feedback in OD processes with managers in Great Britain and Japan. In Great Britain, the feedback, although not corresponding to daily British behavior, was accepted and appreciated. In Japan, the giving and receiving of personal feedback appeared virtually impossible, and, when tried, resulted in what the authors perceived as ritualized behavior. The receiver of feedback felt that he must have insulted the sender in some way. Japanese participants therefore tended to concentrate on task rather than interpersonal issues. My personal impression of OD activities with Germans is that talking about interpersonal issues tends to be seen as a wasteful deviation from task issues. French participants are more divided in this respect, but they will easily interpret interpersonal feedback competitively, unless it comes from a person seen as superior.

Humanization of Work

Since the late 1950s, a reaction has set in in many countries against what was seen as the continuing degradation of human work under the influence of extended Taylorism: simplification, specialization, and the separation of planning and execution. This reaction has been given many names: work (re-)structuring, job enlargement, job enrichment, quality of working life, sociotechnical job design, (semi-)autonomous groups. It has become evident that different approaches to humanization of work are popular in different countries. The main distinction is between individual job restructuring and group job restructuring; the first is more popular in, for example, the United States (job enrichment), the latter in Sweden (semiautonomous groups).

In Chapter 6 I related the preferred type of "humanization of work" to the Masculinity norm. We can say that what is seen as a "human" job depends on a society's prevailing model of man; as this model is more "masculine" in some societies and more "feminine" in some others, this leads to different forms of humanization. The United States can be said to practice more a "masculinization of work" and Sweden a "feminization of work." The latter, which we find in other low MAS countries as well, represents a stress on group rather than individual work and a deemphasis on competition.

Elsewhere (Hofstede, 1979a) I have referred to the dilemma with regard to humanization of work which arises out of the difference in values between those who take the initiative to humanization—usually college-trained managers and professionals—and the workers involved in simple unskilled and clerical work whose jobs are to be humanized. Jobs are "humanized" according to the models of man adopted by the "humanizers," not by the workers. I have argued that the humanizers should make an effort to understand the workers' value system which may differ considerably from their own—for example, as to the relative importance of earnings versus the intrinsic interest in the job. This caution applies to both more masculine and more feminine countries.

A special form of humanization is the introduction of *flexible working hours*—workers determining their own starting and finishing hours within certain constraints.¹⁶ These were invented in Germany and have their greatest success in Germany and Switzerland, but the idea has never become as popular in France, Britain, or the United States. In high uncertainty avoidance, low power distance countries like Germany and Switzerland, time rules are a source of considerable subjective stress, as they are difficult to *always* live up to: Therefore, a system which allows people relief from strict time rules is very attractive. Also, people have the “super-ego” that enables them to make the flextime system a success. In large power distance countries, flextime implies a loss of hierarchical control which will be resisted. In low uncertainty avoidance countries, the resistance is mainly directed against the reintroduction of time registration (clocking in and out) which the flextime system usually demands; also, the relief value of a less restrictive time rule system will be less, as the rules are probably already interpreted less strictly.¹⁷ A manager from Hong Kong reported to me that the system is popular in Japan but not in Hong Kong; this would confirm its attractiveness being related to uncertainty avoidance.

Industrial Democracy

The term “industrial democracy” in this section should be seen as a collective heading for various types of efforts to make lower-level participants in organizations adopt a more active role in making certain decisions. It includes concepts like participative management, joint consultation, *Mitbestimmung*, worker directors, worker self-management, shop floor consultation, co-determination: in short, both formal and informal means of redistributing decision-making power and influence.

The feasibility of various forms of industrial democracy relates to the value system of the organization members—not only the leaders but, again, at least as much the subordinates. The first cultural dimension involved is obviously Power Distance. All forms of industrial democracy are in themselves ways of reducing power distance. They come more naturally to smaller power distance cultures than larger power distance cultures. On the other hand, we have seen in Chapter 3 that the ideological statement that “Employees in industry should participate more in the decisions taken by management” meets with stronger endorsement in *larger* power distance cultures; it seems that the ideological statement acts to some extent as a compensation for what happens on the pragmatic level. The consequence of this, as I suggested in Chapter 3, is that in higher power distance countries there will be a stronger ideological push toward models of formal participation (for example, through workers’ councils or boardroom representation), but also more *de facto* resistance against them because they are more at conflict with the present situation.

In addition, the chances and opportunities for more informal or more formal solutions to industrial democracy are affected by the country’s level of uncertainty avoidance. We should thus take into account both power distance and uncertainty avoidance, and we can associate different preferred forms of industrial democracy with the four quadrants of the Power Distance x Uncertainty Avoidance matrix (Figures 7.2 and 7.3). In quadrant 4 of Figure 7.3 (Anglo countries, Scandinavia, Netherlands: small power distance and low uncertainty avoidance) we should find the greatest stress on informal and spontaneous forms of participation, such as shopfloor

participation. In quadrant 3 (German-speaking countries: small power distance and high uncertainty avoidance) we should find more stress on formal, legally determined participation (*Mitbestimmung*). In Sweden we find, in fact, both the informal and the formal approach; but, unlike in Germany, the informal approach in the form of spontaneous experiments has preceded the legal arrangements (SAF, 1975).

In quadrants 2 and 1 of Figure 7.3 (large power distance), industrial democracy is basically a contradiction; it will meet with strong resistance from elites and sometimes even from underdogs, or their representatives, such as labor unions. Where it is tried, it has to be pushed by a powerful leader; by a “father type” such as an enlightened entrepreneur in the large power distance, low uncertainty avoidance countries (quadrant 1), or by political leadership using legislative tools in the large power distance, high uncertainty avoidance countries (quadrant 2). Both mean “imposed participation,” which is, of course, a paradox. One way of making it function is to limit participation to certain spheres of life and to maintain tight control in others; this is the Chinese solution, in which participative structures in work organizations are combined with a strictly controlled hierarchy in ideological issues (Laaksonen, 1977). If total participation is to be created by imposition from above, it runs the risk of becoming self-destructive, because if it succeeds in reducing power distances, continued imposition is no longer possible. The supreme paradox is that in large power distance cultures unusually strong and enlightened leadership—that is, an unusually large power distance—is necessary to arrive at even a mild degree of power distance reduction, which is essential for self-management.¹⁸ Only exceptional leaders with long lives in power succeed in this—and by their very success they may breed new dependence in their subordinates, which means that they failed after all. This helps to explain why societal norms like power distance levels are so persistent over the centuries.

Company Ownership and Control

There is a close historical link between capitalism and individualism. The modern capitalist system, based on self-interest and the market mechanism, was “invented” in Great Britain and most successfully transferred to the United States. On the individualism scale of Chapter 5, Figure 5.2 the United States, Australia, and Great Britain are still the most individualistic countries among all 40. In the individualist value pattern, the relationship between the individual and the organization is *calculative*; it is based on enlightened self-interest. In more collectivist societies, the link between individuals and their work organizations is *moral* by tradition (Chapter 5). It presupposes individuals’ loyalty toward their ingroups in exchange for protection. In such societies, free-market capitalism with the supremacy of the profit motive and which considers the labor contract between employer and employee as a calculative bargain is an alien element. It can be imposed through the large power distances present in most such societies, but it is likely to have strongly disruptive effects on society. Various forms of state socialism or state capitalism are more likely to appeal to the collectivistic values of people in this case, regardless of whether these alternative economic orders actually protect their people effectively.

Capitalist organizations from individualistic countries (like the United States, Great Britain, and the Netherlands) that operate in more collectivistic environments

- Civic action groups are more likely to be formed in weak uncertainty avoidance, small power distance cultures than elsewhere (page 134).
- There will be more public sympathy and more effective legislation on behalf of the economically and socially weak members of society in the more feminine than in the more masculine countries (page 197).
- There will be more public sympathy and more public funding for aid to economically weak Third World countries, and in the case of disasters elsewhere in the world, in the affluent feminine than in the affluent masculine countries (page 204).
- There will be more public sympathy and more effective legislation on behalf of environmental conservation and maintaining the quality of life in affluent feminine than in affluent masculine countries (page 208).
- Business corporations will have to be more concerned with informing the public in weak uncertainty avoidance, small power distance cultures than elsewhere.²⁰
- Conflicts between racial and/or linguistic groups are more a function of the relative size and social class composition of the groups than of any particular dimension of national culture. That is, they can occur in any culture.²¹

Multicultural Organizations: The Importance of a Dominant National Culture

The twentieth century has seen a tremendous increase in the number and size of organizations that span national boundaries. These organizations pose their own type of management problems. An important distinction is between multinational or international organizations.

By *multinational* organizations I mean organizations active in several countries but in which there is one dominant "home" national culture to which most key decision makers of the organization belong. Examples are multinational business corporations like IBM (American), Volvo (Swedish), or Mitsubishi (Japanese), but also religious organizations like the Mormon Church (American) and, at least until recently, the Roman Catholic Church (Italian). A special category are those organizations in which there are *two* home national cultures; we find these in some large business corporations (for example, Unilever: British-Dutch) and in joint ventures between a local and a foreign company. I call these corporations *transnational*.

By *international* organizations I mean organizations without a home national culture, in which the key decision makers may come from any member country. Examples are the United Nations with its subsidiaries like UNESCO or UNIDO, the European Common Market, the International Labour Office, or the World Council of Churches.

Throughout this book we have seen evidence of the importance of shared value patterns for the functioning of organizations. It is primarily that which need not be said, that which all take for granted, which keeps an organization together. This is why multinational organizations which have a dominant home culture are much easier to run than international organizations which lack such a common frame of reference. In the multinational organizations, the values and beliefs of the home culture are taken for granted and serve as a frame of reference even for persons from other cultures who make a career in that organization. I have heard a French executive on the international staff of a U.S. multinational firm say, "in order to succeed in this

(like Asian countries) are well advised to adapt their personnel policies to the local norm of mutual moral loyalty between organization and employee. A "hire and fire" approach, which is the usual image abroad of U.S. business corporations, is ill-perceived in less individualistic societies. Often, firing an employee is even prohibited by law. If it is not, the cost in terms of public image and goodwill with the authorities of firing redundant employees may exceed the benefits.

In whatever culture, the majority of small businesses are family businesses, and most capitalist business corporations have started as family-owned corporations. There has been a tendency in the western countries for family management and ownership to be gradually replaced by professional management and joint stock ownership, and in some cases by government ownership. Those companies continuing to be family-managed are often considered old-fashioned and less dynamic and effective. However, there is an influence of culture in this case as well. In cultures with large power distances (such as France and Belgium) the personalized power of the family members continues to fit the national value pattern very well. Family-controlled businesses remain numerous in these countries, and there is no reason why they should be less effective or dynamic than joint stock or government-owned businesses.¹⁹

Reactions of the Local Environment: Public Opinion, Unions, Authorities and Action Groups

Organizations moving to unfamiliar cultural environments are often badly surprised by unexpected reactions of the public or the authorities to what they do or want to do. Perhaps the effect of the collective values of a society is nowhere as clear as in this case. These values have been institutionalized partly in the form of legislation—and the way in which legislation is applied which may differ considerably from what is actually written in the law—in labor union structures, programs and power positions, and in the existence of organizations of stakeholders like consumers or environmentalists. The values are partly invisible to the newcomer, but they become all too visible in press reactions, government decisions, or organized actions by uninvited interest groups.

Being surprised by unfamiliar values in the environment may even occur to local organizations whose management has not followed the value shifts in their society due to the *Zeitgeist*. An extensive example is found in Hofstede (1980a), the case of a large Dutch coffee roasting firm struck in 1972 by consumer boycott because it refused to stop its coffee imports from Angola—then still a Portuguese colony. This firm had always proclaimed that "the consumer is the king"—but it never expected that consumers could have other preferences than for the taste of coffee. In the Netherlands, sympathy for the underdog has always been strong; this is one element of the feminine values pattern (Chapter 6). Improved communication media have brought international news into every household and created a possibility of collective feeling and action which the coffee firm's management had underestimated.

A few inferences from the value differences exposed in Chapters 3 through 6 with regard to the reactions of the local environment are listed below.

job, I have to be bicultural."²² It is my impression that the failure rate of non-home-culture executives in multinational business organizations is much higher than of home-culture executives, precisely because the non-home-culture executives frequently do not succeed in becoming sufficiently bicultural. Obviously, a prolonged period of working in the home culture environment is an asset in this respect.

The need for biculturality exists only for those non-home-culture members of multinational organizations who interact with the home office decision makers or their representatives abroad. National subsidiaries of multinational organizations function internally much more according to the value systems and beliefs of the host culture, even if they formally adopt many home culture ideas and policies; we see examples of this in the first part of this chapter, and the entire HERMES research project on which this book is based was possible only due to this phenomenon. Ordinary members of such national subsidiaries need not be bicultural; only those in "linking pin" roles between the national subsidiaries and the international superstructure need biculturality. This is necessary because these linking agents need a double confidence: from their home culture superiors and colleagues and from their host culture subordinates.

Biculturality obviously implies bilingualism. There is a difference in coordination strategy between most U.S. and most non-U.S. multinational organizations. Most American multinationals put the burden of biculturality on the foreign nationals. It is the latter who are bi- or multilingual (most American executives in multinationals are monolingual). This goes together with a relatively short stay of American executives abroad; two to five years per foreign country is fairly typical. These executives often live in "ghettos." The main tool of coordination is unified worldwide policies which can be maintained with a regularly changing composition of the international staff because they are highly formalized. Most non-American multinationals put the burden of biculturality on their own home country nationals. They are almost always multilingual (with the possible exception of the British, although even these are usually more skilled in other languages than the Americans). The typical period of stay in another country tends to be much longer, between five and 15 years or more, so that expatriate executives of non-American multinationals more often "go native" in the host country; they mix more with the local population, have their children in local schools, and live less frequently in ghettos. The main tool of coordination is these expatriate home country nationals, rather than many formal procedures.

Biculturality is extremely difficult to acquire after childhood, and the number of failures would even be much larger were it not that what is necessary for the proper functioning of multinational organizations is only *task-related biculturality*. Only with regard to the tasks at hand do the linking pin persons have to be bicultural. With regard to other aspects of life—their tastes, hobbies, religious feelings, and private relationships—they can afford to remain monocultural.

Perlmutter (1965) developed a typology of the multinational business corporation for which he distinguishes three conceptions:²³

- (1) Ethnocentrism
- (2) Polycentrism
- (3) Geocentrism

In ethnocentrism, the ways of working of the home culture are imposed abroad. In polycentrism, the maxim is "they know best," and operations abroad are left to the locals; the international links are mainly financial. Geocentrism, according to Perlmutter, is a kind of ideal end-state in which all countries within the worldwide organization are equivalent and positions in the global organization can be reached by anyone regardless of nationality, only on the basis of merit. He identified different parts of different corporations as in different stages of ethno-, poly-, or geocentrism. Perlmutter's geocentrism idea was a typical complement to the "convergence theory" of national culture of the 1950s and '60s (see page 233). As our belief in convergence has disappeared, geocentrism looks less a feasible or even desirable end-state; it put multinational business corporations in the difficult bind that international organizations are in: that of the lack of a common cultural reference frame. In fact, the presence of a dominant national culture is an asset rather than a liability for the functioning of an organization, and it should be fostered carefully.

International organizations such as the United Nations or the European Common Market by definition can not fall back on one dominant national culture. This is less a problem for the political part of such organizations, in which people are supposed to act as representatives of their own countries and to settle their differences by negotiation. It is, however, a considerable problem within the administrative apparatus, in which people are *not* supposed to represent their countries but the organization as such. Organizations can function only if their members share some kind of culture—if together they can take certain things for granted. In the administrative part of international organizations the things that can be taken for granted have been reduced sometimes almost to nothing. No wonder that such organizations often function badly and wastefully.

Organizations like these are also frequently characterized by a quick turnover of members who may leave before they have learned their jobs; by selection, nomination and promotion procedures in which many other arguments than suitability for the job play a role; by unclear objectives and, even where objectives are clear, unclear means-ends relationships.

The only way toward viability for such international organizations seems to be the creation of a strong organizational subculture based on professional rather than national identities; which means that considerable attention should be paid to the introduction, socialization, and follow-up of new members. I shall come back to this in the next section.

Managing Multicultural Organizations

Some common problems of the management of multicultural organizations are creating the organization's own subculture, choosing partner cultures, organizing international headquarters, forming international teams, and whether to accept or try to change local cultural habits in host countries.

Creating the organization's own subculture is a vitally important task of the management of any organization, but even more in those organizations dealing with cultural diversity among their own members. Every organization has its subculture, whether intended or not; this can also be labeled "character" (Harrison, 1972) or "style" (Hedlund, 1978). Organization subcultures, once established, are hard to

change; just like national cultures, they tend to be very stable. They find their origin usually in the personalities and beliefs of the organization's founders and the history of its formation. Organizational subcultures are crystallized in the kind of phenomena that anthropologists study in primitive cultures and which acquire special meanings for the organization's members: symbols, a special language, rituals, and myths (Pettigrew, 1977). Organizational subcultures arise around task-relevant issues. A shared company subculture between people of otherwise different national cultures considerably facilitates communication and motivation. In general, we find that outstandingly successful organizations usually have strong and unique subcultures; the successes themselves contribute to the company mythology which reinforces the subculture. Unsuccessful organizations have weak, indifferent subcultures or old subcultures that became sclerosed and can actually prevent the organization's adaptation to changed circumstances. In-company management development programs have a subculture-building effect which is usually more important than the cognitive content of such programs. Employee introduction programs are a socialization to the organization's subculture, marking the boundary between those inside and those outside.

Choosing partner cultures is a problem for the organization which wants to start a foreign venture, alone or jointly, with a local partner. A key question, of course, is who controls the venture: whether control is shared or remains with one partner culture. For the case of shared control, we find examples of more and less successful partnerships in the transnational business corporations which were created by a merger of two partners of roughly equal strength but with different home cultures. The oldest and most successful date from long before World War II: Unilever and Shell (both British-Dutch). Post-World War II examples are Agfa-Gevaert (Belgian-German man) and Estel Steel (Dutch-German). On the basis of the dimensions of national culture demonstrated in this book it is likely that some cultures can be combined more easily than others. The two British-Dutch mergers seem to function very well. The two cultures hardly differ on power distance and individualism, somewhat on uncertainty avoidance (Netherlands higher), but strongly on masculinity. Britain scores quite masculine and Netherlands quite feminine. The British-Dutch mergers thus represent true marriages. The Belgian-German merger of Agfa-Gevaert has not led to an integration of the two companies in the way this has happened in Unilever or Shell. In fact, the two companies have divided the product range between themselves and continue to function as independent entities; not even their management training is combined. In this case, the two countries show large differences on several dimensions—in particular, power distance—which means that they are likely to view the role of management completely differently. An integration must be difficult. The number of cases of transnational mergers discussed here is obviously small (three), but suggests that some combinations of countries work better than others.

For the case of unilateral control, an interesting study was published by McKinsey (1978) at the request of the Dutch Ministry of Economic Affairs. It deals with the attractiveness of the Netherlands for foreign investors, and used an informal polling of businessmen in various countries. The image of the Netherlands as an investment country appeared negative among American businessmen but positive among Norwegian and Swedish businessmen. In the family tree of cultures (Figure 7.8) Nor-

way, Sweden, and the Netherlands belong to the same cluster, which explains why, as the report states, the management style developed in the Nordic countries works well in the Netherlands. The United States and the Netherlands differ sharply on the Masculinity dimension, and the societal consequences of this (less interest in performance, more in welfare) seem to discourage U.S. investors.

The country clusters on the basis of values in Figure 7.8 can be used as guidelines for the size of cultural conflicts to be expected. They can also help to define culturally homogeneous operating regions for multinational organizations already operating in many countries. Americans sometimes treat "Europe" or "Asia" as countries. In fact, these continents contain wide cultural divergencies and the differences within them are larger than between some of their countries and, for example, the United States. If cultural proximity (rather than geographic, economic, or political criteria) is a relevant criterion, the country clusters found suggest how to divide the world.

Organizing, staffing, and rewarding international headquarters operations for dealing optimally with cultural diversity: Earlier (Hofstede, 1976c), I used survey data from a multinational business corporation to show that personnel of the international headquarters felt considerable doubt about the usefulness of their contributions to the corporation's success; I identified these H.Q. people—managers, professionals, and clerical personnel—as relatively alienated compared with their counterparts in the country subsidiaries. The key to a reduction of alienation appeared to be in the ability to give effective support to the subsidiaries. As possible measures for a reduction of alienation, I suggested four Rs: Reflecting, Recruiting, Rewarding, and Restructuring. Reflecting means the creation of feedback channels by which the H.Q. departments can learn about the subsidiaries' point of view on the support they receive from headquarters. Recruiting means the establishment of such criteria as the ability to effectively support the subsidiaries and cross-cultural sensitivity as conditions for an H.Q. job. Rewarding of H.Q. staff is extremely crucial:

The formal reward structure of headquarters operations often prevents the building up of a support relationship. Headquarters people typically face upward—they are magnetically drawn toward the power center of the organization, which is physically close to them and from which they expect their rewards in the form of decisions on their careers. It is important to be visible to one's headquarters boss and to the higher bosses, up to the president.

A support relationship with the subsidiaries, however, means a facing outward and mostly downward in the hierarchy. Many headquarters people believe—with ample justification—they are not rewarded for that. They are not against support but, because their rewards lie elsewhere, they accord it low priority. Top management in headquarters communicates through its reward policy the kind of behavior it considers desirable. If the way to be promoted is to serve your boss ("He needs this report before Monday") rather than serve your clients in the subsidiaries, this will be the headquarters' priority; but the price to be paid is alienation [Hofstede, 1976c: 58].

Restructuring, finally, means an elimination of H.Q. roles that appear to be alienating.

Forming international teams: When we compose task forces of people from different national cultures, or when we fill international H.Q. jobs, the question presents itself which nationals are likely to work well together and which are likely to be good at what tasks. Data about national cultures should be used with utmost mod-

esty in predicting the behavior of individuals, because values vary widely within cultures, and even different national cultures overlap in many respects (see Figure 1.5). Given this caution, a few propositions can still be made:

- If people are to work together in hierarchical structures, differences in power distance are the most likely source of trouble (more so than on the other dimensions).
- For ambiguous tasks (like strategic planning), people from low uncertainty avoidance cultures perform better than from high uncertainty avoidance cultures. If an ambiguous task is given to a group, the chairman preferably should be chosen from a low uncertainty avoidance culture. At the INSEAD International Business School, discussion groups with British chairmen do better on average than with chairmen of other nationalities.
- For clearly defined and urgent tasks, people from high uncertainty avoidance cultures are likely to perform better.
- Other factors being equal, people from low uncertainty avoidance cultures can more easily acquire cross-cultural sensitivity than those from high uncertainty avoidance countries (see Edwards, 1978: 36). However, personal factors play an important role. In general, persons who have lived abroad, have parents from different nationalities, married a foreign wife or husband, or studied foreign languages are more likely to be culturally sensitive.
- Latin Europeans ("dependent individualists"—see page 157) are usually less productive in nonhierarchical monocultural peer groups: Such groups usually engage in a fight for leadership or the avoidance of such a fight; both go at the expense of task performance. However, Latin Europeans can be just as productive as anyone else in multicultural groups in which their initial reactions are not reinforced.

Accept or change local cultural habits? This is a major dilemma for the organization operating in a foreign culture. There are examples of successful changes. Laurent (1978; see Chapter 4) found that the mental maps of French managers make the introduction of matrix organization difficult in France. However, in one U.S.-based corporation with a long experience in matrix organization, their French managers had changed their mental maps; and in this organization's French subsidiary, matrix organization functioned quite well. Many Third World countries want to transfer new technologies from more economically advanced countries. In order to work at all, these technologies presuppose values that may be counter to local traditions, such as a certain discretion of subordinates versus superiors (lower power distance) or of individuals versus ingroups (more individualism). In this case the local culture has to be changed; but this is a difficult task which should not be taken lightly and which calls for a conscious strategy based on insight into the local culture, in which acculturated locals should be involved. Often, the original policy will have to be adapted to fit the local culture in order to lead to the desired effect; we saw earlier in this chapter how in the case of Management By Objectives this has succeeded in Germany but mostly failed in France.

Training for Productive Collaboration Across Cultures

Forced exposure to an alien cultural environment can put people under heavy stress. The phenomenon of "acculturative stress" is known from anthropology (Berry and Annis, 1974): Members of traditional cultures subject to sudden modern-

ization and migrant workers and their families are likely to show an increase in mental disturbances. In the case of people working and living temporarily abroad we speak rather of "culture shock." An American book on the subject states:

The symptoms of culture shock include excessive preoccupation with the cleanliness of one's drinking water, food and surroundings; great concern over minor pains; excessive anger over delays and other minor frustrations; a fixed idea that people are taking advantage of or cheating one; reluctance to learn the language of the host country; a feeling of hopelessness; and a strong desire to associate with persons of one's own nationality . . . Victims of culture shock also experience a decline in inventiveness, spontaneity, and flexibility to the extent that it interferes with their normal behavior [Brislin and Pedersen, 1976: 13].²⁴

Apart from its effect on the individuals, lack of adaptation when operating in alien cultural environments leads obviously to communication breakdowns and loss of effectiveness. Hall (1960) describes some of the cultural pitfalls for Americans trying to do business overseas; Smith and Jessee (1970), the dilemmas of UNESCO experts in Thailand, as seen by their Thai counterparts.

In the United States especially, since the early 1960s, considerable efforts have been spent to develop cross-cultural orientation and training programs. One driving force toward such training is the high rate of failure of assignments of American personnel overseas (Edwards, 1978). Often it is not so much the assignee as his wife and children who are unable to support the new environment (female assignees are rarely mentioned in the literature). Another driving force, especially in the case of U.S. military personnel abroad, is fighting the image of the "ugly American" in the host country. The Americans, however, are not necessarily the "ugliest" foreigners; Russians and Japanese seem to have even greater trouble adapting abroad (I proposed earlier that sensitivity abroad is negatively correlated with UAI). A review of cross-cultural orientation programs to date was presented by Brislin and Pedersen (1976), and a classification of approaches is found in Gudykunst et al. (1977).

The main distinction among cross-cultural training programs is between culture-general and culture-specific approaches. One of the oldest and best-tested culture-specific training approaches is the Culture Assimilator (Fiedler et al., 1970; O'Brien, 1978). Each Culture Assimilator is specific to *both* the sending and the receiving culture; so we cannot use it without adaptation to any other pair of countries. It consists of a programmed instruction using 75 to 100 critical incidents to which the trainees must respond with forced-choice answers. Developing one Culture Assimilator takes about 800 manhours. Other cross-cultural training programs are of widely varying content and quality. Kraemer (1978) warns against the hidden ethnocentrism of such programs: "Ethnocentrism is usually more difficult to recognize when it comes wrapped up in good intentions" (1978: 3). Amir (1978) draws attention to the selection and motivation of the trainees; frequently, these are self-selected, and "if motivation is really strong, even a placebo will do the trick" (Amir, 1978: 6).

There is no doubt that culture-specific training is to be preferred over culture-general training in those cases where it can be used—that is, when persons from one culture have to interact with one specific other culture. Culture shock phenomena are also culture-specific: Someone acculturated to one foreign culture may still experience culture shock in another. Culture-specific training should, where possible, be

given with regard to the culture of the foreign country where a person will live, and it should include the members of that person's family as much as possible.

There is, however, a need for culture-general training for those persons who in their work interact with a multitude of foreign cultures: members of the international staffs of the multinational and international organizations referred to earlier. In this case, the very number of different contact cultures makes culture-specific training impossible. What can be attempted in these cases is the development of a number of general cross-cultural communication skills. Ruben (1977) suggests that these include:

- (1) the capacity to communicate respect,
- (2) the capacity to be nonjudgmental,
- (3) the capacity to accept the relativity of one's own knowledge and perceptions,²⁵
- (4) the capacity to display empathy,
- (5) the capacity to be flexible,
- (6) the capacity for turn-taking (letting everyone take turns in discussions), and
- (7) tolerance for ambiguity.

In fact, the reader will recognize that at least numbers 3, 5, and 7 are conceptually related to the UAI syndrome (Figure 4.3), suggesting, again, that people from lower UAI cultures will tend to do better in cross-cultural contacts.

Together with André Laurent, I have developed an experimental three-day course module on "Managing in the multi-cultural organization." Our main objective in this case is to increase cross-cultural communication skills by increasing awareness of the extent to which people are "programmed" by their own cultures. The latter may be a rather painful process which is likely to raise some defenses (Kraemer, 1978: 7). This course is intended for international staff members from multicultural organizations; participant groups are themselves a mixture of many nationalities. We try to make maximal use of this cultural variety in the groups, using cognitive inputs based on the research of others and ourselves, group discussions around culturally sensitive issues, case studies generated by the participants from their own experiences, and techniques derived from sensitivity training in which the question "How do I come through to you?" is replaced by "How would a person from my country behaving like me be perceived by most people in your country?"²⁶

Six Areas for Continued Research

This book is, to a large extent, an exploration into new territory: specifically, the territory that lies between the various rather neatly defined disciplines of the sciences of man: anthropology, sociology, psychology, economics, political science, law, and medicine. I personally consider as the book's primary asset the development of a broad conceptual framework related to fundamental problems of human society, which allows qualitative analysis and quantitative measurement; in this way it is able to tie together a large number of studies by others, in the vast majority of cases hitherto unrelated (see page 220). Thus, it offers a beginning of synergy in a field where such synergy has been rare, in which individual studies are often like the proverbial needles in a haystack.

Most respectable research reports end with a call for more research, and in my case such a call is absolutely essential. This book has produced unfinished business,

wrapped up because it should urgently be exposed to a wider readership. Below are listed the steps I feel must be taken next:

- (1) The concept of dimensions of national culture in general and the particular four dimensions, Power Distance, Uncertainty Avoidance, Individualism, and Masculinity, should be further underpinned, criticized, and complemented by reference to additional literature—in particular to literature of non-Anglo origins—and by exposure to the comments of scholars and practitioners from a variety of national backgrounds.
- (2) The set of countries covered should be expanded from the present 40 to include others as well—the Socialist world, the smaller Third World countries. Eventually it should include all except the very small countries (the 1976 World Bank Atlas counts 125 countries with a population over one million).
- (3) The time dimension should be expanded: both by historical analysis of meaningful indicators (such as those by Lynn and Hampson, see Chapter 8) and by repeat surveys. It is to be hoped that the HERMES corporation will repeat its surveys in the future, including the questions which this book revealed to be most relevant for cross-cultural comparison. However, other international organizations—public, private, and voluntary—can provide longitudinal attitude survey data about values.
- (4) The analysis of differences in national cultures should be complemented with a further differentiation of regional, ethnic, occupational, and organizational subcultures. One aspect on which the present study provides no clues at all—which I know surprises many people—is the subculture of the HERMES corporation: for the simple reason that I have nothing to compare it against. I have only been able to compare HERMES employees in one country with those in another country. Surveys of other international organizations as suggested under point 3 above could contribute to the development of a typology of organizational subcultures—assuming, of course, that questions about values are included and that a minimum set of identical questions is used from one organization to another.
- (5) Most important, the consequences for organizational, national, and international policy of a better insight into dimensions of national culture should be elaborated. My theory of cultural differentiation is like a product of the research laboratory, which awaits the efforts of the development technicians to elaborate it into something of practical use. The present chapter is clearly incomplete. I count on the critical support of enlightened and creative practitioners to, for example, learn about how the new insights can contribute to turning cultural conflict in multicultural organizations into cultural synergy.
- (6) Beyond the consequences for policy—that is, for practice—the cultural relativism which my findings support calls for an effort at theory-building, especially in those countries in which theories of modern man, management, organization, and society have been imported wholesale from abroad. In the past 30 years there has been altogether too much reliance on American-made management and theories for countries in which neither the societal conditions nor the mental programming of the population were similar to those in the United States. There is a great lack of locally valid theories of management and organization in which the universally human, the globally imposed, and the culturally specific elements will be wisely recognized.

Two Questionnaires

My present modest contribution to continued research consists of two questionnaires. One is a Values Survey Module, and I recommend it for cross-cultural survey studies. It is reproduced in Appendix 1. It contains the questions from the HERMES survey which proved most meaningful for cross-cultural differentiation, sometimes