

# LEADING IN AN INTERCULTURAL WORLD

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Skills covered: Intercultural and communication skills

Estimated number of lectures/teaching sessions needed: 8 hours

**Aim:** Sensitize participants to the existence of cultural differences, to the importance of understanding and accepting them, and to the importance of having the appropriate behaviours to the specificities of each cultural context.

**Brief Abstract:** Management in the global village. Features of the multicultural mosaic and the transcultural leadership requirements: models of Hofstede and GLOBE. Communicate, manage and lead in different cultures: cultural intelligence.

**Methods applied:** The course wants to give the students the tools to understand their behaviour and the behaviour of others from different cultures, so there will be addressed theoretical issues that help to understand the different behaviours, but the main centre will be working in case studies with concrete, applied situations, and in exercises to promote self-knowledge.

**Type of class:** It can be integrated in the curricula of Management, Economics and Engineering studies, in courses as Organizational Behaviour, Human Resource, International Business, Leadership or Corporate Management.

**Type of students:** Students from all scientific areas. Teachers and other academic staff, mainly those who interact with foreigner students or partners. Professionals who work with foreigners.

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	3
<b>LIST OF FIGURES</b> .....	4
<b>INTRODUCTION</b> .....	5
<b>PART 1 - MANAGEMENT IN THE GLOBAL VILLAGE</b> .....	6
1.1. The Global Village .....	6
1.2. Challenges and Opportunities of Leadership in the Global Village.....	6
1.3. Tasks proposed for reflection .....	7
Task 1.3.1 Grooming Global Leaders .....	7
Task 1.3.2 Diversity Questionnaire.....	8
<b>PART 2 FEATURES OF THE MULTICULTURAL MOSAIC AND THE TRANSCULTURAL LEADERSHIP REQUIREMENT</b> .....	9
2.1. The Classic Model of Hofstede .....	9
2.2. The Project GLOBE .....	10
2.3. Tasks proposed for reflection.....	14
Task 2.3.1 Your cultural values .....	14
Task 2.3.2 Power in Chinese and British Organizations.....	16
Task 2.3.3 Business Negotiations in Mexico .....	16
Task 2.3.4 How would you behave in the US and in India? .....	17
<b>PART 3 COMMUNICATE, MANAGE AND LEAD IN DIFFERENT CULTURES</b> .....	19
3.1. Cultural intelligence .....	19
3.2. Communicate in Different Cultural Frameworks.....	19
3.3. Lead in Different Cultures.....	20
3.4. Tasks proposed for reflection.....	21
3.4.1 How do you relate with people from other cultures? .....	21
3.4.2 Business Communication with Arabs .....	22
3.4.3 Role-playing – Business Communication with Chinese .....	23
<b>REFERENCES</b> .....	24



## LIST OF FIGURES

Figure 1 – Countries high and low in each variable from the project GLOBE..... 13

Figure 2 – Cultural clusters in the GLOBE study ..... 13

## INTRODUCTION

The purpose of this learning material is to raise awareness of the importance of knowing the peculiarities of different national cultures and help the reader to understand them, so she/he can lead in a more adjusted way when inserted in different cultural backgrounds.

Initially we draw attention to the central role of globalization in today's world and to the opportunities and challenges that it implies for leaders. After that we present two of the most internationally recognized models to understand different national cultures. Finally, the importance of cultural intelligence is addressed and we set out some guidelines for effective communication and leadership in multicultural context.

At the end of each chapter, some tasks are presented to help readers to reflect on the issues discussed, either through case studies or presentation of small self-assessment questionnaires, and help them to check the acquired knowledge.

## PART 1 - MANAGEMENT IN THE GLOBAL VILLAGE

### 1.1. The Global Village

Until the industrial revolution international trade was little significant, occurring within the empires, and there was no interest in cultural differences, because people from other cultures were viewed with condescension and most of times they only have two options: join the dominant culture or die. With the Enlightenment, and its humanistic view of man, with the Industrial Revolution, and its changes in transportation and telecommunications and growth in production, with the formation of trading blocs (GATT, EU, NAFTA, Mercosul, ASEAN) and deregulation of many economic activities, there was a significant increase in trade and, therefore, in contacts between persons and organizations from many different cultural backgrounds (Schneider & Barsoux. 1997).

On a global scale, between the late 60s and 90s, intra-regional trade increased from 10% to 18% of world GDP, and outside the region trade increased of 10 to 16%; in the last 20 years, world merchandise exports increased from 11% of world GDP to 18%, becoming the foreign trade a powerful growth factor (Finuras, 1999). In 1992 trade in services exceeded, in absolute terms, trade in primary products (agricultural, minerals and fuels) (Finuras, 1999). Competition is no longer the prerogative of some sectors nor an elite of large multinational companies (Finuras, 1999).

The economic globalization brought the need to create cross-cultural products, services, brands and messages or to adapt these products, services, brands and messages to different nations' tastes and preferences. The customers are now spread worldwide, as well as suppliers and subcontractors. Companies have plants, offices and shops all around the world, working with people from much diversified cultures, languages and religions. The internationalization of human resources is a natural consequence of globalization of business (Bilhim, 2006). Furthermore, the formation of blocks with facilitation of movement of human resources increases the national staff diversity of companies, mergers and acquisitions bring foreigners for companies and partnerships and more occasional cooperation involving the contact with foreigners (Bilhim, 2006).

### 1.2. Challenges and Opportunities of Leadership in the Global Village

Individuals of different nationalities tend to have different values, i.e., they tend to have the predominant values in their society, being that these vary from society to society.

Furthermore, nationality also influences the cognitive scheme of individuals, i.e., each society has a different way of viewing the world, makes different assumptions about other people, sees in different ways the implications of the various decision alternatives and the causal links between events, and interprets differently the others' behaviour.

All these differences are also visible in the behaviours that individuals exhibit, such as in how they do or no eye contact, the way they communicate with each other, what kind of sign

language is used, the pattern of interactions between group members and between the leader and his/hers subordinates, the value they attribute to punctuality and physical contact (Rego & Cunha, 2009).

The diversity of values, mindsets and behaviours can lead to misunderstandings, communication difficulties, problems of cooperation and integration, clicks, conflicts and even stereotypes.

Despite all the problems that can arise with increasing cultural diversity and consequent heterogeneity of human resources in companies, it should be noted that these can also be a source of constructive synergies. The diversity of perspectives, experiences and ways of doing things can lead to increased creativity and dynamism and thus it can improve the quality of decisions, and group and organizational performance (Rego & Cunha, 2009). Thus, the benefits of administration in the global village are particularly relevant when the group activity involves solving new problems and requires creative responses.

### **1.3. Tasks proposed for reflection <sup>1</sup>**

#### **Task 1.3.1 Grooming Global Leaders**

When King Camp Gillette founded the Gillette Company in 1903, he laid the foundation for the company that not only would be renowned the world over, but also would be guided by two principles: quality and market dominance. Over 70 percent of Gillette's more than \$6 billion in annual revenues are derived outside the United States.

In an effort to achieve world-class leadership, Gillette recruits people who hold university degrees, have good social skills, are mobile and globally career-oriented, are fluent in English and at least one other language, and are young, enthusiastic and aggressive.

The management trainee is paired with a Gillette senior manager in one of its business in a foreign country. The trainee will spend as long as eighteen months learning about marketing, finance, and manufacturing and how to work within Gillette's organization in that country. Trainees typically work in two or three areas during their training assignments. In addition to their daily assignments, trainees participate in monthly seminars on topics such as business practices in a particular country, finance for nonfinancial managers, and presentation skills. Upon completion of their training program, graduates can either return home to take entry-level positions or go to another country. Subsequent assignments in other countries are made for those moving up in the company. Eventually, the most successful graduates return to their home countries as general managers. These general managers have spent ten years or more in various countries honing their leadership competencies.

- 1.** What kind of benefits these training procedures for new managers conducted by Gillette have for the company?
- 2.** And for the new managers?

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<sup>1</sup> Adapted from Hellriegel, Slocum and Woodman (1998)

3. What kind of problems can Gillette be faced because of these training procedures?
4. What can Gillette do to avoid or mitigate those problems?

### Task 1.3.2 Diversity Questionnaire

Answer the following questions true (T) or False (F).

	T	F
I know about the rules and customs of several different cultures		
I know that I hold stereotypes about other groups		
I feel comfortable with people of different backgrounds from my own		
I associate with people who are different from me		
I find working on a multicultural team satisfying		
I find change stimulating and exciting		
I enjoy learning about other cultures		
When dealing with someone whose English (or my own language) is limited, I show patience and understanding		
I find that spending time building relationships with others is useful because more gets done		

How to interpret your scores:

The more true responses you have, the more adaptable and open you are to diversity. If you have five or more true responses, you probably are someone who finds value in cross-cultural experiences.

If you have less than five true responses, you may be resistant to interacting with people who are different from you. If that is the case, you may find that your interactions with others are sometimes blocked.



## PART 2 FEATURES OF THE MULTICULTURAL MOSAIC AND THE TRANSCULTURAL LEADERSHIP REQUIREMENT

### 2.1. The Classic Model of Hofstede

One of the classic models aimed at understanding the cultural differences between nations is the model of Hofstede (Gomes, 2000). The original version of the model defined four basic characteristics of national cultures that allowed to describe and to differentiate them (Buchanan & Huczynski, 1997; Gomes, 2000; Hofstede, 1997). The scores for each dimension of a few dozen countries can be found in the site [www.geert-hofstede.com](http://www.geert-hofstede.com).

One of the dimensions is the Hierarchical Distance or Power Distance: "[...] extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally" (Hofstede, 1997, p. 28). When the distance is high (e.g., Portugal, Spain, Latin America, Asia and Africa), employees have a huge respect for authority figures, and titles, position and status weigh heavily in their perception of leaders, and only respect leaders who take clear decisions without hesitation, not delegating responsibilities. There is a strong stratification of the people regarding the power, authority, prestige, status, wealth and material possessions, the social and emotional distance between subordinates and leaders is appreciated, and leaders tend to communicate in a formal and directive way. In societies with little distance (USA, Great Britain and not European Latin countries) there is a greater egalitarianism and it is expected that management consult and discuss directives before making a decision, subordinates tend to be empowered and they have no problem in contradict their bosses (Rego & Cunha, 2009). While Latinos have respect for authority in principle and indiscipline in execution, the Germans have discussion on ideas and discipline in their application (Hofstede, 1997).

Other dimension is Collectivism versus Individualism: "Individualism pertains to societies [e.g., Australia, Great Britain, USA, Canada, and Netherlands] in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family. Collectivism as its opposite pertains to societies [e.g., Colombia, Pakistan, Venezuela, and Guatemala] in which people from birth onwards are integrated into strong, cohesive ingroups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty" (Hofstede, 1997, p. 51). People put the group interests above their own. For example, in collectivist societies conflict is avoided and treated indirectly, while in individualistic cultures direct confrontation is preferred (Hofstede, 1997).

A third dimension is Masculinity versus Femininity: acquisition of money and material possessions versus enhancement of relations and sensitivity and concern for the well-being of others (Hofstede, 1997). In masculine cultures (e.g., Japan, Austria, Venezuela, and Switzerland) the centre is the achievement of objectives and the ambition; in female societies (e.g., Sweden, Denmark, Norway, and Netherlands) the emphasis is on interpersonal harmony (Almeida, 1990). "[...] masculinity pertains to societies in which social gender roles are clearly distinct (e.g., men are supposed to be assertive, tough, and focused on material success whereas women are supposed to be more modest, tender, and concerned with the quality of life); femininity pertains

to societies in which social gender roles overlap (e.g., both men and women are supposed to be modest, tender, and concerned with the quality of life)" (Hofstede, 1997, p. 82).

Finally, there is a fourth dimension, Uncertainty Avoidance: "[...] extent to which the members of a culture feel threatened by uncertain or unknown situations" (Hofstede, 1997, p. 113). In what measure people get comfortable with risks and uncertainties, and tolerate different behaviours and opinions without feeling threatened by them, as well the importance attached to stability and planning (Hofstede, 1997). High avoidance (e.g., Greece, Portugal, Japan, and Uruguay) translates into high anxiety, stress and aggression, with the creation of mechanisms to give security and reduce the risk, which implies formalism, many rules, little tolerance for unusual ideas and behaviours, belief in absolute truths, low mobility in employment and desire for a job for life. In countries with low avoidance of uncertainty (e.g., Singapore, Denmark, and Sweden) there tends to be an aversion to formal rules, "deviant" behaviours are more easily tolerated (Rego & Cunha, 2009).

To these four dimensions was later aggregate a fifth, the Confucian Dynamism. The societies with high Confucian dynamism have a long-term orientation, they accept easily the change, they have a pragmatic perspective forward-looking, an adapted vision the time and circumstances, perseverance, and they stress the perseverance, thrift and saving the money to the future (Rego & Cunha, 2009).

## 2.2. The Project GLOBE

GLOBE is the acronym of the project Global Leadership and Organizational Behaviour Effectiveness. It covers 62 societies, and its basic goal is to describe, understand and predict the impact of specific cultural variables in leadership and organizational processes, as well as the effectiveness of these processes (House, Hanges, Javidan, Dorfman, & Gupta, 2004). This project identified nine dimensions as the main cultural features of societies.

The Uncertainty Avoidance is the degree to which society trust in social norms, rules and procedures to smooth the unpredictability of future events, and corresponds to the homonymous dimension of the Hofstede model (Rego & Cunha, 2009). Countries like Switzerland, Sweden and Germany have high avoidance of uncertainty, and Greece and Venezuela are examples of countries with low avoidance.

The Power Distance is the degree to which the society accepts that power is distributed unequally, and corresponds to the homonymous dimension of the Hofstede model (Rego & Cunha, 2009). Countries like Morocco, Argentina and Thailand have high power distance, and Denmark and the Netherlands are examples of countries with low power distance.

The Societal/Institutional Collectivism reflects the degree to which organizational practices and societal institutions encourage and reward collective distribution of resources and collective action (Rego & Cunha, 2009). In societies with high societal collectivism (e.g., Sweden, South Korea and Japan) provide opportunities for its members to participate in the societal procedures, and the group harmony and cooperation are valued. In societies with low societal collectivism, or more individualistic (e.g., Greece, Italy and Argentina), the individual freedom is highly valued.

The In-Group Collectivism reflects the degree to which individuals express pride, loyalty and cohesion in small groups as their families, their groups of friends and the organizations where they work (Rego & Cunha, 2009). In collectivist countries (e.g., Iran, India, and China) is particularly relevant the family individual belongs and what circle of friends he/she has, because that determines the kind of jobs he/she has, the opportunities and handicaps he/she will have. In individualistic societies (e.g., Denmark, Sweden, and New Zealand), there is no special treatment for family members and friends, rules are applied to all (Virkus, 2009).

The Gender Egalitarianism is the degree to which the organization or society minimizes the role of sex differences and sex discrimination (Rego & Cunha, 2009). In egalitarian countries (e.g., Hungary, Poland, and Denmark), women tend to have social status, opportunities, roles in decision making, participation in the work life and are invested in positions of authority in a way more similar to those of men than they have in less egalitarian societies (e.g., South Korea, Egypt, and China).

The Assertiveness dimension is the extent to which individuals in organizations or societies are assertive, confrontational, aggressive and competitive in social relations, and not modest or gentle (Rego & Cunha, 2009). In assertive countries (e.g., US and Austria), people value the competition and denote sympathy for the strongest and winners. In less assertive countries (e.g., Sweden), people value the opposite: interpersonal harmony, cooperative relations, loyalty and solidarity with the weakest.

The Future Orientation represents the degree to which individuals in organizations or societies value thinking in the long term, have planning behaviours, postpone gratification and invest in the future. Singapore, Switzerland and Netherlands are examples of societies future oriented, and Russia, Argentina and Italy are examples of countries with low future orientation (Rego & Cunha, 2009).

The Performance Orientation refers to the degree to which an organization or society encourages and rewards individuals for performance improvement and excellence (Rego & Cunha, 2009). In countries like Singapore and USA, with high performance orientation, people strongly value the training and development, believe in taking initiative, prefer a direct style of communication and tend to have a sense of urgency (Rego & Cunha, 2009). In countries like Russia, Italy and Argentina, with low future orientation, people do not appreciate performance feedback; they value tradition and the familiar background over performance.

The Humane Orientation reflects the degree to which individuals in organizations and societies encourage and reward the righteous individuals, altruistic, friendly, generous and zealous (Rego & Cunha, 2009). Societies with high humane orientation (e.g., Malaysia, Ireland, and Philippines) value human relationships, sympathy and support to the weak and vulnerable. In societies with low humane orientation (e.g., France and Singapore) the most valued are personal success, power, material possessions, and competitive and independent persons (Rego & Cunha, 2009).

In Figure 1, we can see the highest and lowest scores obtained in each variable by the 62 societies studied in the GLOBE project.

Low uncertainly avoidance	High uncertainly avoidance
Russia Hungary Bolivia Greece Venezuela	Austria Denmark Germany (ex-West) Sweden Switzerland
Low power distance	High power distance
Denmark Netherlands South Africa (black sample) Israel Costa Rica	Russia Spain Thailand Argentina Morocco
Low societal collectivism	High societal collectivism
Greece Hungary Germany (ex-East) Argentina Italy	Denmark Singapore Japan South Korea Sweden
Low in-group collectivism	High in-group collectivism
Denmark Sweden New Zealand Netherland Finland	Egypt China Morocco India Iran
Low gender egalitarianism	High gender egalitarianism
South Korea Egypt Morocco India China	Sweden Denmark Slovenia Poland Hungary
Low assertiveness	High assertiveness
Sweden New Zealand Switzerland Japan Kuwait	Spain USA Greece Austria Germany (ex-East)
Low future orientation	High future orientation
Russia Argentina Poland Italy Kuwait	Denmark Canada (English speakers) Netherlands Switzerland Singapore
Low performance orientation	High performance orientation
Russia Argentina Greece Venezuela Italy	USA Taiwan New Zealand Hong Kong Singapore

Low humane orientation	High humane orientation
Germany (ex-West)	Indonesia
Spain	Egypt
France	Malaysia
Singapore	Ireland
Brazil	Philippines

Figure 1 – Countries high and low in each variable from the project GLOBE (Adapted from Rego & Cunha, 2009)

The project GLOBE found that the features of the studied societies made possible to group them in 10 clusters (Figure 2).

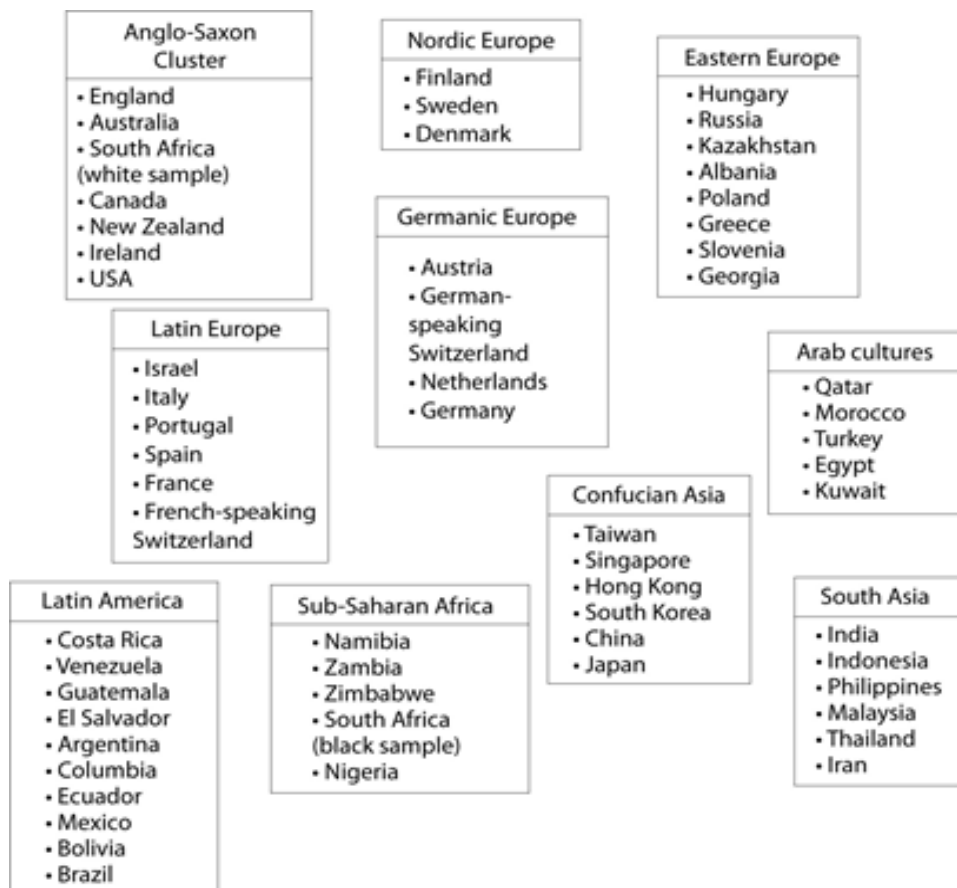


Figure 2 – Cultural clusters in the GLOBE study (Adapted from Rego & Cunha, 2009)

## 2.3. Tasks proposed for reflection<sup>2</sup>

### Task 2.3.1 Your cultural values

You can find below 22 statements about the functioning of organizations and how organizational members interrelate. We invite you to state which is your level of agreement with these statements. Answer according to what, from your point of view, it should occur, and not in terms of what actually occurs in your organization. Use please the five-point scale set out here.

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

1. The well-being and interpersonal harmony within the group are more important than individual rewards.	
2. Administrators should take most of the decisions without consulting subordinates.	
3. It is important to detail the job requirements and work instructions so that employees know what is expected from them.	
4. The meetings tend to take place more effectively when they are coordinated by a man (and not by a woman).	
5. The success of the group is more important than individual success.	
6. It is necessary that managers often use their authority and their power when dealing with subordinates.	
7. Managers should require employees to follow closely the instructions and procedures.	
8. Having a professional career is more important to a man than to a woman.	
9. It is very important that a person is accepted by the working group.	
10. Managers should rarely solicit opinions to their employees.	
11. The rules and regulations are important because they inform employees about what is expected from them.	
12. Men usually solve problems through logical analysis; the women usually solve them with intuition.	
13. Employees must pursue their individual goals only after taking in mind the welfare of the group.	
14. Managers should avoid social contact with their employees off of the workplace.	
15. The standard operating procedures are useful for employees to exercise their functions.	
16. The organizational problem-solving usually requires an energetic and active approach, which is typical of men.	
17. Managers should encourage the loyalty of individuals to the group, even if this means the sacrifice of individual objectives.	
18. Employees should not disagree with the managers' decisions.	

<sup>2</sup> Adapted from Rego & Cunha (2009) and Hellriegel, Slocum and Woodman (1998).

19. The instructions for employees to carry out their work are important.	
20. It is preferable that a high-level position is occupied by a man than by a woman.	
21. Individuals must put aside their individual goals for the benefit of the group's success.	
22. Managers should not delegate important responsibilities on employees.	

How to interpret your scores:

This questionnaire measures your cultural values in four areas: (1) individualism/collectivism; (2) power distance; (3) uncertainty avoidance; (4) masculinity/femininity. To calculate your score, follow these steps:

1. For the statements 1, 5, 9, 13, 17 and 21 reverse scores according to the next table

Original score	1	2	3	4	5
New score	5	4	3	2	1

2. From now on, the scores of these statements become the new and not the original.

3. Keep the original quotes in the remaining statements.

4. Transpose the scores for the following tables, and make the sums and divisions.

Individualism/Collectivism

Item	Score
1	
5	
9	
13	
17	
21	
Sum	
Divide by 6	

Power distance

Item	Score
2	
6	
10	
14	
18	
22	
Sum	
Divide by 6	

Uncertainty avoidance

Item	Score
3	
7	
11	
15	
19	
Sum	
Divide by 5	

Masculinity/Femininity

Item	Score
4	
8	
12	
16	
20	
Sum	
Divide by 5	

### Task 2.3.2 Power in Chinese and British Organizations

Relationships between power and decision making were examined in several Chinese and British companies. Data were collected about making decisions in eighteen areas, such as assigning employees to training, selecting supervisors, and assigning specific tasks to be performed. Organizations studied represented both manufacturing and service industries. Patterns of decision making revealed both organizational and cultural differences.

In the Chinese organizations, decision-making power was more decentralized in manufacturing firms than in the service organizations. The reverse was true in British firms, with power being more decentralized in the service organizations than in the manufacturing firms. Organizational and cultural differences were more pronounced for medium and long-range decisions than for short-term decisions.

In the British firms, managers and trade union representatives had larger differences in perceptions of which individuals had decision-making power than did their counterparts in the Chinese firms. Chinese management and trade unions seemed to have more common objectives, and they more readily agreed about who held power and who didn't. In part because of the strong influence of the Communist party, management and unions cooperate more in Chinese organizations than is typical of British organizations.

Decision-making power was more centralized at the middle and top levels of Chinese firms than it was in British organizations. This condition, too, may reflect important cultural differences between China and the United Kingdom. In general, Chinese society relies more on strong central authority than does British society.

1. How the differences found in this study can be interpreted using the Hofstede model?
2. Using the GLOBE model, what kind of different variables can explain the differences found?
3. Using the GLOBE model, which other differences would be expected between Chinese companies and those from the United Kingdom?

### Task 2.3.3 Business Negotiations in Mexico

Personal relationships are an important part of business negotiations in Mexico. Hospitality is a first priority in doing business, and negotiations are initiated with social graces. Trust and respect must be secured for successful negotiations. Executives in Mexico express strong objections to U.S. negotiators' tendency to "get to the point". They find this urgency to produce results distasteful and ill-mannered.

Mexican negotiators initially tend to be cautious, perhaps even suspicious. Their wanting not to appear ill-informed and not to be taken advantage of may slow the opening phases of negotiations. Therefore the opening conversations should be indirect, cautious, and exploratory. Direct questions or statements should be postponed until later. Consequently, although talk will be plentiful, little time will be spent on substantive negotiations.



Mexican negotiators prefer to start with a general proposal and then define the issues. The ultimate conclusions will be arrived at with minimal consideration of details. Mexican negotiators prefer agreements that are bound by a strong oral understanding. They believe that the written agreement is secondary and only represents the strong bound of the oral obligation. At times, however, the seemingly positive oral statements during negotiations are simply used to save face. A negative decision may come later by mail.

Equality in union-management relations in Mexico is valued by employees, management and union. This norm is sometimes difficult for U.S. managers to understand because they are accustomed to union and management being adversaries. Under Mexican labour law, union and management roles often are complementary and equal. They both strive to maintain a "foundation of employment", one accountable for workers and the other for managing the business. However, day-to-day relations often fall short of this ideal. Direct management communications to the work force are welcomed by unions as a way to cement relations, and management solicitation of grievances is encouraged. The union cooperates in disciplining workers, and management's role is to discipline supervisors. Few significant problems arise so long as wages don't fall below the legal minimum, supervisors act reasonably, and recreational or other social activities are available. Mexican employees view peaceful relations between the union and management as normal and desirable. The recognition of an individual's place through symbolic formalities or a bit of flattery is the bedrock of human relations and negotiations in Mexico. For example, a union president was deeply insulted when a U.S. plant manager failed to introduce him to visitors from the home office. The plant manager regarded him as just another employee. However, the union leader's place was that of commander of the entire labour force and, under labour law, he and the employer had equal status.

1. Compare the way Mexican negotiate with what happens in your country. What are the main differences?
2. How can these differences be explained with Hofstede and GLOBE models?

#### Task 2.3.4 How would you behave in the US and in India?

Suppose you are entrusted with a mission in the United States. After three years, it is assigned to you a mission in India. How to behave in each country? To answer, take note that the model of Hofstede states that US is an individualistic country (91 points), and India one collectivist country (48 points). Read the following statements and tell to what extent you would adopt this behaviour or attitude. Refer to the following scale:

It was very unlikely to me to adopt this behaviour or attitude	1	2	3	4	5	6	It was very likely to me to adopt this behaviour or attitude
--	---	---	---	---	---	---	--

	My likely posture in US	My likely posture in India
1. When I would disagree with the group where I am, I would prefer to show my		

disagreement than changing my position on the important matters.		
2. I would give way my seat on the bus to my boss.		
3. I would prefer to be direct and honest with the people I dealt with.		
4. It would please me develop long-term relationships with the people with whom I work.		
5. I would seek to be modest when speaking of my accomplishments.		
6. I would prefer express opinions that help people to "save face" (i.e., "not look bad") than express true statements.		
7. I would say "No" when necessary.		
8. To increase sales, I would be able to award the prize of "Salesman with distinction" to the individual with higher sales volume.		
9. I would like to be emotionally close of people with whom I work.		
10. I would like to feel that it was treated as equal to my superiors.		
11. I would have respect for authority figures with whom I relate		
12. When I would intend that a person perform a given task, I would try to show him/her that it would be beneficial to the group to which he/she belongs.		

How to interpret your scores:

Compare your scores to those obtained by students in USA and India.

Item	American students	Indian students
1	4.2	3.6
2	3.5	5.1
3	5.3	5.0
4	4.6	4.6
5	4.3	4.2
6	3.3	3.6
7	4.9	4.4
8	4.5	4.8
9	4.0	3.9
10	5.5	5.3
11	5.5	5.2
12	4.8	4.6



## PART 3 COMMUNICATE, MANAGE AND LEAD IN DIFFERENT CULTURES

### 3.1. Cultural intelligence

In several countries a growing number of companies have at its service employees of different nationalities. It is important that their leaders denote cultural sensitivity because only then the professional relationship can be positive and fruitful. This means (Rego & Cunha, 2009):

- Understand the values, ambitions and motivations of those foreign employees;
- Disclose the values underlying their behaviour and attitudes;
- Learn the real meanings of verbal and nonverbal communication;
- Understand that the measures considered desirable in one culture can be taken as incorrect by another and vice versa;
- To act in different ways with employees from different cultural backgrounds.

To have cultural sensitivity is to learn not to judge prejudicially the other country's premises, uses, values and idiosyncrasies. Only then a leader can better manage their employees and at least not raise them dislike or repulse reactions with ethnocentric and/or ethnophobic behaviours or attitudes.

High cultural intelligence implies that "an outsider has a seemingly natural ability to interpret someone's unfamiliar and ambiguous gestures in just a way that person's compatriots and colleagues would" (Earley & Mosakowski, 2004, p. 139).

If cultural intelligence is important when interacting with foreigners, it is particularly important when a manager simultaneously works with individuals of various different cultural backgrounds, that is, when the manager is someone who must get results from people who are very different from him/herself, and from each other as well (Schneider & Barsoux, 1997).

Managers with cross-cultural training, denoting certain personal characteristics (e.g., open-minded, high communication skills, cosmopolitan attitude, diplomatic sensitivity) and knowing the cultural peculiarities of their actual context, are better able to manage in an international context, whether in his/her country or in a host country (Rego & Cunha, 2009).

### 3.2. Communicate in Different Cultural Frameworks

Leaders to manage their teams effectively need to communicate effectively, i.e., they must be able to listen, able to formulate perfectly understandable messages to recipients and to understand the feedback (verbal or nonverbal) that they give them. All of this becomes much more difficult when individuals from different cultures are involved. For example, if in a culture is expected that leaders are direct and assertive and a leader from another cultural context opts for more indirect and diplomatic behaviours, he/she can be perceived by his/hers team as weak and unable to communicate effectively (Rego & Cunha, 2009 ). When the leader insists on a style that has always worked well in its cultural context and that therefore he/she considers right, but that clashes with the style expected in the context where he/she is that time, the result will inevitably be ineffective. Only the understanding of local idiosyncrasies and adjustment enable

him to reach the respect and the best performance of its employees (Rego & Cunha, 2009). Models of national cultures can therefore be quite useful for the leader to choose the most effective communication style in the cultural context in which it is at any given time.

As for the uncertainty avoidance, in countries where the avoidance is high communication should be clear, structured, formal, evidence-based, and the rules and procedures that each employee should follow must be explicitly presented. On the other hand, when the avoidance of the uncertainty is reduced, the effective communication tends to be much less structured and the rules tend to be more implicit (Rego & Cunha, 2009).

Also the power distance influences the communication efficiency. When the distance is high, communication is predominantly downward (from the team leader to the team), the leader does not seek, and usually do not want or accept, any kind of feedback from their subordinates, as suggestions, proposals or criticism. In fact, it may even be offended when this happens. And subordinates did not feel motivated to do so (Rego & Cunha, 2009).

In collectivist cultures, it is expected that the leader's communication maintain and strengthen the cohesion and harmony of the team. To do so, the leader uses a polite and indirect language, and must avoid anything that generates discomfort or conflict. In individualist cultures, it is expected that the manager use a language more focus in the individual than in the group cohesion (Rego & Cunha, 2009).

In cultures with high humane orientation, it is expected that the manager communicates paternalistically, with care and avoiding the conflict. In cultures low in humane orientation, it is accepted that communication is more direct and less focused on supporting the team (Rego & Cunha, 2009).

### **3.3. Lead in Different Cultures**

The effects of leadership styles vary between different cultural contexts, therefore, the effective leader is one who is able to adapt his/hers leadership to the cultural background of those around him/her.

When there is low power distance, leaders who encourage the staff participation in decision-making processes tend to generate in its members satisfaction, commitment and performance. On the other hand, the controlling and paternal leaders raise better performances of his team in cultures of high power distance (Rego & Cunha, 2009). While in the latter case team members tend to expect and prefer a more directive leadership, closer, controlling and focused on formal rules, in the first case, the expected leadership should use primarily delegation and empowerment.

Effective leaders in cultures with high uncertainty avoidance tend to be more controlling, more oriented to work and less to the human dimension of work, and subordinates tend to value career stability and the existence of formal rules. Individuals in cultures with low uncertainty avoidance tend to value more the flexibility, dynamism and improvisation, and less the punctuality, routine, planning and detail (Rego & Cunha, 2009).

In collectivist cultures, effective leaders tend to be those who reward the loyalty of its employees, the led tend to identify with the goals of the leader and they tend to strive to achieve them. In individualist cultures, team members are more focused on meeting their own objectives and a leader will only be effective if he/she take it into account (Rego & Cunha, 2009).

In more masculine countries is expected that the leaders are more assertive, competitive, ambitious and energetic; in predominantly feminine cultures, they are expected to be more modest, affable, cooperative and consensual (Rego & Cunha, 2009).

Cultures where there is more emphasis in gender equality, tends to present a greater number of women in management positions, they are more easily accepted by their subordinates, and effective leaders are intuitive, empower the members of his/her team, and value their relationship with the team. In cultures with increased sexual inequality, the effective leader value more rationality and logic, and less interpersonal relationships (Rego & Cunha, 2009).

In assertive cultures with low humane orientation, the ideal leader is direct, frank and communicates clearly. In cultures with low assertiveness, indirect and diplomatic leader tends to be the most valued.

### 3.4. Tasks proposed for reflection<sup>3</sup>

#### 3.4.1 How do you relate with people from other cultures?

They are then presented some statements about how do you relate with people from other cultures. We invite you to refer to the degree to which these statements apply to you. For this purpose, use the following five-point scale, placing in front of each statement the number corresponding to your answer.

1. The statement does not apply absolutely nothing to me
2. The statement does not apply to me
3. The statement applies a bit to me
4. The statement applies to me
5. The statement applies completely to me

1. Before getting along with people in a new culture, I ask myself what I expect to find.	
2. It's easy for me to change my body language (e.g., eye contact and body posture) in order to adjust myself to a different culture.	
3. I'm sure that I can deal well with people from a culture different from mine.	
4. If something unexpected happens when I am working in a given culture, in the future, I will use this experience to learn new ways of dealing with it in another culture.	
5. I am able to change my expression when this is necessary to meet with people from another culture.	
6. I am sure that I can establish friendly relations with people of	

<sup>3</sup> Adapted from Rego and Cunha (2009) and Hellriegel, Slocum and Woodman (1998).

different cultural backgrounds from mine.	
7. Before meeting people from another culture, I study the way I should relate myself with them.	
8. I change my way of speaking (e.g., tone) to adjust to people from a different culture.	
9. I can adapt myself with relative ease to the way of life of a different culture.	
10. When I arrive to a new cultural situation, I can immediately understand if something is going well or badly.	
11. I can easily change the way I act when this is required in a meeting with people from another culture.	
12. I am sure that I can handle a cultural situation that is not familiar.	

How to interpret your scores:

This questionnaire seeks to measure three aspects of your cultural intelligence: cognitive, physical and emotional. Place your scores in the following tables. Do the sums.

Physical intelligence		Cognitive intelligence		Emotional intelligence	
Item	Score	Item	Score	Item	Score
1		2		3	
4		5		6	
7		8		9	
10		11		12	
Sum		Sum		Sum	

### 3.4.2 Business Communication with Arabs

Richard Larson, an American businessman, wanted to sell a large quantity of automobile parts to his Arab client, Mohammed Al-Salaami. Larson faxed and phoned his client several times, but Al-Salaami postponed his decision. Eager to close the sale, Larson set a twenty-four-hour deadline for Al-Salaami to decide. Deeply offended by the deadline, he took his business elsewhere. Why did Larson lose this deal? Because he didn't understand Al-Salaami's cultural background and inclinations. Al-Salaami delayed a decision in order to establish trust and to investigate Larson's references – a common practice of Arab businessmen, who strive to create personal friendships with their business acquaintances.

Franz Kerr, a German executive, was transferred to Syria to manage a manufacturing plant. During his first week on the job, Kerr noticed that his employees socialized and drank tea every morning for between ten and twenty minutes – leading many to arrive well after the 8 A.M. starting time. Accustomed to punctual employees, Kerr posted a notice on the bulletin board informing the employees that their wages would be docked if they didn't begin promptly on time. Soon thereafter, Kerr began to notice that the employees weren't working as hard as they used to. In fact, they seemed to resent his presence in the plant. Kerr's mistake was not to recognize that he needed to accommodate the Arab employees' desire to socialize each morning. Kerr didn't realize that Arabs commonly socialize at the beginning of each shift. By compelling them to eliminate their morning ritual, Kerr lost their respect. Kerr should have joined the employees as they enjoyed a cup of tea during their morning gathering.

Pierre LeBlanc, a French negotiator, was invited home for dinner by Ahmet Faud, a Saudi businessman. Eager to display his appreciation for Arab culture, LeBlanc arrived in an Arab shirt that he had purchased at the market. He was carrying a US \$100 bottle of perfume and a bouquet of flowers for Faud's wife. For a while things seemed to go well. Faud and his family were very cordial that evening, and LeBlanc departed with the conviction that he was close to sealing the deal. LeBlanc was shocked the next morning when he received a call from Faud's assistant, informing him that the deal had been cancelled. LeBlanc shouldn't have offered the bottle of perfume or flowers to Faud's wife. Family privacy is important to Arabs, and the gift made Faud very uncomfortable. A more appropriate gift would have been chocolates for the entire family.

1. What could companies have done to prevent their representatives from committing the kind of mistakes described in the text?
2. If companies do not take those measures, what employees can do to avoid making these mistakes?

### 3.4.3 Role-playing – Business Communication with Chinese

Imagine you are going to meet a potential Chinese customer, in order to identify his/hers needs and how your company can meet them.

If you are doing the exercise alone: Draw up a plan with the topics that you will seek to address in your meeting, in the sequence they should be addressed, in order to be compatible with Chinese culture.

If you are doing the exercise with someone else: One of the actors must behave as if he/she was Chinese and the other with his/her original nationality. After that, the parties should discuss the positive and negative aspects of how the communication took place and how it should be different to achieve the goals.

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