CROSS-CULTURAL MANAGEMENT

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Goal of the course

• To examine and to analyze the main theoretical frameworks and models in cross-cultural management
• To develop competences and practical skills for effectively managing across cultures and borders:
  ➢ Cultural competence
  ➢ Communicative competence
Learning outcomes
After the course students will:

- Increase cross-cultural awareness;

- Understand and adequately interpret culturally conditioned managerial behaviors, attitudes and values;

- Obtain skills for establishing relationships with potential international business counterparts in future;

- Be able to effectively communicate across cultures.
Objectives

• **Recognize When Culture Counts**
  ▫ Understand how culture affects business

• **Know Yourself & Others**
  ▫ Utilize tools to increase awareness of both your own and your potential foreign colleagues cultural profiles and business styles

• **Identify & Bridge Gaps**
  ▫ Gain knowledge of local cultures & business practices
  ▫ Analyze impact of cultural “gaps” between you and your potential international colleagues
  ▫ Identify strategies to make more informed decisions
Fundament of the course

The course is based on the modern theory and applications of:

- cross-cultural management
- business anthropology
- cultural studies
- communication studies
Program of the course

I. Culture as an embedded institution: advantages and disadvantages for international business and management

II. Culturally adaptive strategies for managing across cultures and borders
I. Culture as an embedded institution

- Culture as an advantage and limitation in the international business and management.
- Conceptual models in CCM.
- Russia and Finland: general overview and comparative analysis. Core values and assumptions, implications for business.
I. Culture as an embedded institution

- Issues in contemporary cross-cultural management: corporate culture, managerial style, leadership, professional skills and cultural competences of managers.
Culturally adaptive organizational strategies for managing across cultures

- Culturally adaptive organizational strategies for doing business across cultures: internal and external functions.
- Cultural know-how and knowledge transfer as a core competence of a company.
- Intercultural marketing: business anthropology perspective.
Culturally adaptive strategies for managing across cultures

- Personal strategies for effectively working and communicating across cultures:
  - dealing with culture shock,
  - building relationships,
  - obtaining information,
  - giving and receiving feedback.
Format:

- 15 hours
- Lectures
- Discussions
- Case exercises
- Video
- Case as a final exam
Final Exam

Individual written case analysis

Criteria for evaluation:
• To demonstrate knowledge of theoretical foundations of the course
• An ability to apply them to the case analysis.
• To reflect upon the readings and use them as a guide for analysis.
• To apply cross-cultural skills and competences gained within the course to the case analysis.
• To proactively think.
Readings

• For reflecting and thinking on each topic, discussing in class, applying to case analysis in final exam

• To use as a fundament for further research and activities
Contact info:

Assignment and final exam are to be emailed:

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Subject line: MITIM CCM Fall 09
Why Culture Matters in Business ???
“Despite popular beliefs to the contrary, the single greatest barrier to business success is the one erected by culture”

E.T. Hall and M.R. Hall
Why Culture Matters in Business

Why it Matters?
• We know our own business culture values and norms
• We may presume that what works “here” works everywhere
• Our perception and interpretation of the other person can be negative or judgmental and may affect business in a negative way

Cross-Cultural Management Implications
• Not only do’s & don’ts; also to know yourself & others and uncover the “why” behind the behavior
• Individuals interacting, not countries
• Recognizing similarities and differences, then applying appropriate solutions and strategies
Reason behind X-Culture

- Soft issues in management
- People Management
- Talent development and retention
- Cultural know-how as a core competence of a company
- Cultural and communicative competence as a key-competence of human capital
- Factor of effectiveness and competitiveness of the company
- Localization of products
Approach to Culture

- **Application**
- **Evaluation**
- **Acceptance**
- **Understanding**
- **Awareness**

- **“What”** – be aware, understand and accept Cultural Differences
- **“So What”** – evaluate the Impact
- **“Now What”** – develop and apply Strategies
What is culture?
Culture Defined

Culture is the shared ways in which groups of people understand and interpret the world.

– Fons Trompenaars
Riding the Waves of Culture

[Culture] is the collective programming of the mind which distinguishes the members of one group ... from another.

– Geert Hofstede
Cultures and Organizations

Culture hides more than what it reveals, and strangely enough what it hides, it hides most effectively from its own participants.

– Edward Hall
The Silent Language
On stereotypes and typizations

• Give some examples (words, associations) of what Russians or other nationals are.

• What do you notice about these words?
Stereotypes vs. Generalizations

A fixed, oversimplified opinion or superficial judgment

A principle, statement or idea having general application
Culture as an Iceberg

Culture Influences:

- Work Patterns
- Socializing Outside of Work
- Views of Gender-appropriate Behavior
- Concepts of Right and Wrong
- Ways of Handling Problems or Disagreements
- Interaction Between Leaders and Subordinates
- Communication and Meeting Styles
Cross-Cultural Management: Conceptual Models
Geert Hofstede’s 5 Cultural Dimensions

A model to assist with differentiating cultures:

1. Power Distance (PDI)
2. Individualism (IDV)
3. Masculinity (MAS)
4. Uncertainty Avoidance (UAV)
5. Long Term Orientation (LTO)

For more information: http://www.geert-hofstede.com
THE SEVEN CULTURAL DIMENSIONS
OF FONS TROMPENAARS

- Dutch Anthropologist
- 15 years of academic and field research involving 30 countries and 30,000 participants
- 75% participants belong to management & 25% administrative

for more information: http://www.7-dculture.nl/
Trompenaars’s Model of Culture: 7 Cultural Dimensions

1) Universalism vs Particularism
   What is more important; rules or relationships?

2) Individualism vs Collectivism
   Do you see yourself as an individual or as part of a group?

3) Specific vs Diffuse
   Are you subjective or objective when it comes to dealing with others?

4) Neutral vs Affective
   How much do you display your emotions?
5) Achievement vs Ascription
Should one gain recognition by doing things well or based on their status?

6) Sequential vs Synchronic
Do you do things one at a time or do you do several things at the same time?

7) Inner-directed vs Outer-directed
Do you attempt to control your environment or do you work within it?
Work Place Culture

National

Professional/Personal

Corporate
Challenges of Working Across Cultures and Borders

- Language Barrier
- Different Expectations about Team Work
- Building Relationships across cultural differences
- Solving Problems and Conflict resolution
- Decision Making
- Business Protocol
- Time zones and distances
- Virtual Communication
- Meeting Deadlines and following agreements
- Achieving an Effective Global-Local Balance
Global Challenges

- Consider the challenges you might face working in a global environment.
- From the items above, select 2 areas that could be the greatest challenges for you and circle them.
- Turn to the person next to you and share examples of the challenges that you could face related to this topic.
- Be ready to report to the group.
People Global Skills

Global Expatriation Skills

SUCCESSFUL INTEGRATION

Community
- Getting Around
- Pursuing Local Activities
- Embracing the New Country
- Contributing/Being Productive

Family/Friends
- Creating a Home
- Developing New Routines
- Making New Friends
- Staying in Touch

Individual
- Respecting Difference
- Communicating Effectively
- Thriving in Transition
- Preparing for Re-entry

BUILDING RELATIONSHIPS

- Leadership
  - Organizational
    - Managing Change
    - Innovating
    - Transferring Knowledge
    - Strategic Planning
  - Group
    - Negotiating
    - Selling
    - Training & Development
    - Building Global Teamwork
  - Interpersonal
    - Evaluating People
    - Obtaining Information
    - Giving & Receiving Feedback
    - Establishing Credibility

Relationship building
Dimensions of Cultural Differences for the Current Course

- Individualism - Collectivism
- Egalitarianism - Status
- Task – Relationship Orientation
- Time: Linear - Fluid
- Control – Adaptation towards Environment

- Direct – Indirect Communication Style
- Low- High Context Communication Style
- Low – High Comfort with Silence
Culture and Organization
Geert Hofstede

Village market
- Small power distance
- Weak uncertainty avoidance

Family
- Large power distance
- Weak uncertainty avoidance

Well-oiled machine
- Small power distance
- Strong uncertainty avoidance

Pyramid of people
- Large power distance
- Strong uncertainty avoidance
Resource-based model of the firm: cross-cultural approach
(N. Holden)

Cultural knowledge
Cultural know-how
as
an organizational capability
and core competence
of the company

Cultural competence
Communicative competence
as
key competence of managers
Model of cultural knowledge as an organizational resource

Organizational Strategic Assets

Management activities

Generic / specific cultural knowledge & a cross-cultural know-how as organizational capabilities

Cross-cultural know-how as core competence

Organizational culture

Cultural and geographical diversity

Cultural knowledge domain

Domains of knowledge and business action
ROCOLOR: Doing business in Middle East (www.rocolor.ru)

**Product:** Hair Color  
**Strategy:** Entering the Middle East Market

**Implementation mechanism:** the specialist with the key competences
Edgar Shein: Iceberg of Organizational Culture

Organizational culture – a set of basic assumptions – shared solutions to universal problems of external adaptation (how to survive) and internal integration (how to stay together) – which have evolved over time and handed down from one generation to the next (E. Shein, 1985)

Organizational culture:
- Gives a sense of identity
- Promotes commitment
- Enhances stability
- Makes sense of behavior