

Richard M. Steers
Joyce S. Osland

Management Across Cultures

Challenges, Strategies, and Skills

Fourth Edition





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In today's highly competitive global economy, it is said that most managers are – or soon will be – *global* managers. They may work in their home country, but they are still influenced by global events and have to manage a diverse workforce. As such, they need both multicultural competence and global management skills to work and manage successfully across cultures.

This new edition pairs a richly illustrated text with management applications, key concepts, discussion questions, and web-based cases and exercises aimed at current and aspiring managers. Each chapter is accompanied by a Manager's Notebook, highlighting field strategies and encouraging students to develop multicultural competence that will be highly valued by future employers.

Exploring the challenges and opportunities facing global managers, the authors examine the global manager's cultural, organizational, and managerial environments and help the reader to develop a range of skills, from communication and leadership to negotiation and global team management.

This text is designed for courses in International Management, Cross-Cultural Management, and International HRM at advanced undergraduate, Master's, and MBA levels.

Richard M. Steers is the Kazumitsu Shiomi Professor of Management and former Vice Provost for International Affairs at the University of Oregon, USA. A past President and Fellow of the Academy of Management, he has authored over two dozen books and numerous research articles on topics ranging from employee motivation and organizational behavior to cross-cultural management. He served as senior editor for the *Journal of World Business* and co-editor of *The Global Mindset* (2007) and the *Cambridge Handbook of Culture, Organization, and Work* (2009). He has lectured extensively and served as a visiting professor at Oxford University, Erasmus University, Nyenrode Business University, Hanyang University, Yonsei University, University of California, Irvine, and the University of Cape Town.

Joyce S. Osland is the Lucas Endowed Professor of Global Leadership and Executive Director of the Global Leadership Advancement Center at San José State University, USA. A Past President of the Western Academy of Management, she has authored over 150 publications on topics ranging from global leadership to intercultural communication and women in management. She coauthored *Global Leadership: Research, Practice, and Development* (2017) and co-edits *Advances in Global Leadership* (2018) and the *Sage Handbook of Contemporary Cross-Cultural Management*. She has lived and worked in seven countries over sixteen years, including work in international development in Latin America and West Africa, served as a faculty member at INCAE, and is a consultant to universities and global organizations worldwide.

There has never been a time in the history of the world when cross-cultural understanding and skills were more important or more necessary. *Management Across Cultures* is written by two of the luminaries of the field and could not be a better guide for managing in a global economy.

Nancy Adler, *S. Bronfman Chair in Management*
McGill University, Canada

It is a truism that there is no one theory of management that fits all situations. The manager of today needs critical analytical skills that take into consideration diverse operating environments and cultural differences. This book provides a spectrum of cultural perspectives in which contradictions are discussed rather than rationalized, to emphasize the need for flexibility, in contrast to reliance on traditional axioms.

Soon Ang, *Goh Tjoel Kok Chair and Professor of Management*,
Nanyang Technological University, Singapore

Management Across Cultures is a must read for any current or aspiring leader. The days when leaders could just think about domestic business are gone. Only those who understand and have the skills to manage across cultures have any hope of success. As a consequence, this book is one they should read and have on their desk for frequent reference.

Stewart Black, *Professor of Global Leadership and Strategy*,
INSEAD, France

Steers and Osland are rock stars of research and teaching on global management. A veritable dream team with years of experience in writing texts, they joined forces for the latest edition of *Management Across Cultures* and the result is simply superb! I give this book my highest possible recommendation.

Nakiye Boyacigiller, *Emerita Professor and former dean*,
Sabanci University, Turkey;
Past President of Academy of International Business

In this fourth edition, the authors have brought all their expertise from their distinguished careers and created a masterpiece of a textbook. I am especially impressed with its strong focus on cross-cultural skill-building in addition to knowledge conveyance and case analysis. For any instructor who teaches an international management course that focuses on developing skills in addition to imparting knowledge, this book is the entire package.

Mark Mendenhall,
J. Burton Frierson Chair of Excellence in Business Leadership,
University of Tennessee, Chattanooga, USA

With theoretically sophisticated content and cutting-edge management applications, this is likely the best cross-cultural management textbook on the market. With its interdisciplinary focus, a wealth of real-life examples, captivating cases and practical exercises, the book is timely, relevant, and engaging for both novice and expert audiences.

Betina Szkudlarek, *Associate Professor of Management*,
University of Sydney, Australia

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FOURTH EDITION

Richard M. Steers
Joyce S. Osland



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Cases, Exercises, and Inventories

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2. Anna Håkansson – from Sweden to Bahrain
3. Can European-style Codetermination Be Exported?
4. Samsung's Management Challenge in Mexico
5. Building Relationships at a Japanese *Kaiseki*
6. Leadership Succession at Alibaba, China
7. The World Runs on Batteries, Congo
8. Negotiating Energy Contracts in Nigeria
9. Building Global Teams at L'Oréal, France
10. Living the Dream in Hong Kong
11. Flexible Security in the French Workplace
12. Managing the Daichi Sankyo-Ranbaxy Partnership, India
13. Women, Work, and Economic Security in Germany
14. Playing Hide and SEEK, Australia and China
15. Developing Local Communities at Dilmah Tea, Sri Lanka
16. Perils of Being a Junior Manager, Japan and USA
17. The Rise and Fall of Carlos Ghosn
18. Garment Manufacturing in Bangladesh
19. Working with Virtual Partners, Netherlands and Argentina
20. Strategic Leadership at Toyota and Hyundai

Exercises

1. Mapping the Multicultural Classroom into Learning Teams
2. Cultural Preferences Baseline and Teamwork Implications
3. The Donor Services Role Play
4. Decision-making and Organizational Models

5. Mastering Direct and Indirect Communication
6. The Perfect Square
7. Global Business Code of Ethics
8. Growers versus Agribusiness
9. The Inner-outer Circle
10. The Expatriate Interview

Inventories

Information regarding third-party inventories is available on the instructor's website.

- **Diversity Icebreakers.** Incorporates a questionnaire assessing individual preferences for interaction, communication, and problem-solving styles with a set of unique group processes to develop a shared understanding of how to capitalize on group diversity. Available in nineteen languages.
- **GlobeSmart Profile.** An online inventory to assess and compare an individual's preferred work style across five cultural dimensions, and how this profile compares with people from other cultures, countries, colleagues, and teams. Available in thirteen languages.
- **Intercultural Effectiveness Scale.** An online inventory to assess an individual's global management skills for interacting with people from other cultures. Dimensions include continuous learning, interpersonal engagement, and hardiness. Includes pre- and post-measurements for changes in multicultural competence. Available in seven languages.



Preface

Success in the global economy requires a number of ingredients, including innovative ideas and products, cutting-edge technologies, access to raw materials and competitive labor, solid financing, savvy marketing strategies, and sustainable supply chains. The central driver in this complex endeavor, however, is the manager – who is perpetually caught in the middle of these various forces. Indeed, no one ever said being a manager was easy, but it seems to get more difficult with each passing year. As competitive pressures increase across most industries and services, so too do the pressures on managers to deliver results. Succeeding against the odds often catapults a manager into the higher echelons of an organization, with a concomitant increase in personal rewards. Failure to deliver, however, often slows one’s career advancement if it doesn’t stop it altogether. The stakes are very high for managers and organizations alike.

In this pursuit, the difference between winners and losers is often the ability of managers both to prepare for upcoming challenges and opportunities and to recognize such opportunities when they emerge. Seeing opportunities for the future without adequate preparation or preparing for the future without adequate study of emerging opportunities are both recipes for finishing in second or third place.

Rationale for this Book

With this in mind, a logical question emerges: *What do managers need to know to survive and succeed in today’s complex and turbulent global business environment?* Certainly, they need the business skills mentioned above, but there is something else. Managers must understand how to work with other people and organizations around the world to get the jobs done. They need a capacity to build working relationships that facilitate mutual benefit. We refer to this quality as *multicultural competence*, and it is the focus of this book.

To develop multicultural competence, managers must improve their proficiencies in working across cultures, because this is where most future threats and opportunities will be found. They must develop an ability to distinguish between cultural differences and similarities across borders, as well as differences within single countries. They must develop an ability to tease out the subtle contradictions and dualities that are rooted in various cultures, and accept that easy answers may not

exist. They must also develop an ability to adapt traditional management skills, such as leadership, negotiation, and communication, to fit cross-cultural or multicultural venues. We refer to these as *global management skills*, and herein lies the essence of effective global management.

This book is aimed at managers from around the world. It aims to explore managerial processes and practices from the standpoint of managers from all regions of the globe – China and Brazil, India and Germany, Australia and Singapore – as they pursue their goals and objectives in the field. This is done in the belief that the fundamental managerial role around the world is a relative constant, even though the details and specifics of managerial cognitions, situations, and actions may often vary – sometimes significantly – across cultures. Our goal in this book is to help managers develop an enhanced behavioral repertoire of cross-cultural management skills that can be used in a timely fashion when they are confronted with challenging and at times confusing situations. It is our hope that, by better understanding cultural realities on the ground and then using this understanding to develop improved coping strategies, future managers will succeed where many of their predecessors did not.

We draw heavily in this book on recent research in cultural anthropology, psychology, economics, and management as they relate to how managers structure their enterprises and pursue the day-to-day work necessary to make a venture succeed. We further emphasize differences and similarities across cultures, since we believe that this approach mirrors reality. We explore the psychological underpinnings that help shape the attitudes and behaviors of managers, as well as their approaches to people from other regions of the world. Most of all, though, we focus on learning and providing a useful guide to both the intellectual and the practical development of managers seeking global experience.

Our aim here was not to write a bias-free volume, as we believe this would have been an impossible task. Indeed, the decision to write this book in English, largely for reasons of audience, market, and personal competence, does itself introduce some bias into the learning process. Rather, our intent was to write a book that simultaneously reflects differing national, cultural, and personal viewpoints, in which biases are identified and discussed openly instead of being hidden or rationalized. As a result, this book contains few certainties and many contradictions, reflecting our views on the life of global managers.

Learning Strategy

Throughout this book, our emphasis is on developing critical analysis skills, not drawing arbitrary conclusions or selecting favorites. This is done in the belief that

successful global managers will focus more on understanding and flexibility than evaluation and dogmatism. Such understanding can facilitate a manager's ability to prepare and act in ways that are more in tune with local environments. As a result, managers who are better prepared for future events are more likely to succeed – period. By integrating these two perspectives – explorations into both the cultural drivers underlying managerial action and common management strategies used in the field – it is our intention to present a more process-oriented look at global managers at work.

To accomplish this, we propose a *three-stage learning strategy* to guide managers in their developmental activities:

- **Stage 1.** This strategy begins in Chapter 1 with an exploration of the challenges and opportunities facing global managers. Here we examine the changing nature of global business and global managers. Basic global business understanding represents the foundation upon which management development is built. Various types of global managers are reviewed. Finally, we introduce the twin concepts of multicultural competence and global management skills that form the basis for the remainder of the book.
- **Stage 2.** In Chapters 2–4, we explore the global manager's workplace, which incorporates three interrelated parts: the cultural, organizational, and managerial environments. Added to this is the need to recognize a variety of situational contingencies or context variables that serve to make virtually any global work environment unique.
- **Stage 3.** Finally, in Chapters 5–10, we explore six critical global management skills that are important for interpersonal, as well as managerial, success in the global workplace. These are cross-cultural communication, global leadership, managerial ethics, global partnerships, global teams, and global assignments. Chapter 11 then summarizes what has been learned throughout the book and discusses where we go from here. What are the future challenges facing global managers?

Each chapter begins with clear learning objectives, and concludes with a Manager's Notebook that highlights specific strategies for successful skill development and implementation and a Chapter Review section that includes a summary, key concepts, and discussion questions. Management applications are incorporated into each chapter to illustrate how concepts work in the field. Cases, exercises, and video clips are available on a companion website for use with this book. Three third-party self-assessment inventories are also available for added learning. Taken together, it is our hope that we have provided a useful guide to developing the skill set managers will require to tackle the challenges – and opportunities – in the coming years.

Acknowledgements

In writing this book, we were able to draw on our research, teaching, and consulting experiences in thirty-five countries around the world. We also learned from our global colleagues, strategic partners, and students, and believe that these experiences have made this a better book. The field is fortunate in having so many knowledgeable and committed scholars who are dedicated to quality research and conscientious teaching. Indeed, few projects of this magnitude could be successful without their many contributions.

Any successful book is a joint venture between authors, colleagues, instructors, students, and publishers. In this regard, we were fortunate to have received help and support from colleagues, instructors, and outside reviewers aimed at making this volume useful for readers interested in global management. This includes Luciara Nardon and Carlos Sanchez-Runde, who helped create earlier editions of this volume but are now pursuing other academic endeavors. We also thank Ramanie Samaratunge, Subamaniam Ananthram, Di Fan, and Ying Lu, who helped develop cases in support of this text. Student comments, both in our own classes and those of others, have helped us improve the final work.

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Richard M. Steers
Joyce S. Osland

PART 1

Global Managers: Challenges and Opportunities

1

Global Managers in a Changing World

LEARNING OBJECTIVES

- Examine the changing business environment.
- Examine the changing management environment.
- Explore different global management career options, both at home and abroad.
- Review learning strategies for developing multicultural competence and global management skills.

CHAPTER OUTLINE

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In the future, the ability to learn faster than your competitors may be the only sustainable competitive advantage.¹

Arie de Geus
Royal Dutch Shell

During a dinner meeting in Prague between marketing representative Hiroko Numata and her Czech host, Irena Novák, confusion quickly emerged when the Japanese guest went off to find the restroom. She began to open the door to the men's room when her host stopped her. "Don't you see the sign?" Novák asked. "Of course I do," Numata responded, "but it is red. In our country, a red-colored sign means it's the ladies' room. For men, it should be blue or black." Novák returned to her table, remembering that she too had looked at the sign but had focused on what was written, not its color. She wondered how many other things she and her Japanese colleague had seen or discussed but interpreted very differently.²

Hiroko Numata and Irena Novák face the same challenge that is shared by many others. We live in a contradictory and turbulent world, in which there are few certainties and change is constant. Over time, we increasingly come to realize that much of what we think we see around us can, in reality, be something entirely different. We require greater perceptual insight just as the horizons become cloudier. Business cycles are becoming more dynamic and unpredictable, and companies, institutions, and employees come and go with increasing regularity. Much of this uncertainty is the result of economic forces that are beyond the control of individuals and companies. Much results from recent waves of technological change that resist pressures for stability and predictability. Even more results from the failures of individuals and corporations to understand the realities on the ground when they pit themselves against local institutions, competitors, and cultures. Knowledge is definitely power when it comes to global business and, as our knowledge base becomes more uncertain, companies and their managers seek help wherever they can find it.

Considering the amount of knowledge required to succeed in today's global business environment and the speed with which this knowledge becomes obsolete, it is the thesis of this book that mastering learning skills and developing an ability to work successfully with partners in different parts of the world may well be the best strategy available to managers who want to succeed. Business and institutional knowledge is transmitted through interpersonal interactions. If managers are able to build mutually beneficial interpersonal and multicultural relationships with partners around the world, they may be able to overcome their knowledge gaps. *The aim of this book, then, is to develop information, learning models, and global skills that managers can build upon to successfully pursue their job responsibilities, corporate missions, and careers in the global workplace.*

As managers increasingly find themselves working across borders, their list of cultural contradictions continues to grow. Consider just a few examples. Most French

and Germans refer to Europeans as “we,” while many British refer to Europeans as “they.” To some Europeans, Japan is part of the “Far East,” while, to some Japanese, Europe is part of the “Far East”; it all depends on where you are standing. Many Central American organizations do not define Belize as part of Central America, despite the English-speaking country’s shared border with Guatemala and southern Mexico. Criticizing heads of state is a favorite pastime in many countries around the world but criticizing the king in Thailand is a felony punishable by fifteen years in jail. Every time Nigerian-born oncologist Nkechi Mba fills in her name on a form somewhere, she is politely told to write her name, not her degree. In South Korea, a world leader in IT networks, supervisors often assume employees are not working unless they are physically sitting at their desks in the office. When you sink a hole in one while playing golf with friends in North America and Europe, it is often customary for your partners to pay you a cash prize; in Japan, you pay them. The head of Nigeria’s Niger Delta Development Corporation was fired from his job after it was discovered that he had paid millions of dollars of public money to a local witch doctor to vanquish a rival. Finally, dressing for global business meetings can be challenging: wearing anything made of leather can be offensive to many Hindus in India; wearing yellow is reserved for the royal family in Malaysia; and white is the color of mourning in many parts of Asia.

When confronted by such examples, many observers are dismissive, suggesting that the world is getting smaller and that many of these troublesome habits and customs will likely disappear over time as globalization pressures work to homogenize how business is done – properly, they believe – across national boundaries. This may be incorrect, however. *The world is not getting smaller; it is getting faster, and managers ignore this fact at their own peril.* Many globalization pressures are currently bypassing – and, indeed, in some cases actually accentuating – divergent local customs, conventions, and business practices, if for no other reason than to protect local societies from the ravages of economic warfare. What this means for managers is that many of these and other local customs will likely be around for a long time, and wise managers will prepare themselves to capitalize on these differences, not ignore them.

With this in mind, in this chapter we begin our exploration of management across cultures by exploring four key topics aimed at laying the foundation for developing global management skills:

- the changing nature of business, with new relationships, challenges, and uncertainties
- the changing nature of management, with new strategies, responsibilities, and opportunities
- the diversity of global managers, with different skill sets, locations, and responsibilities
- a learning strategy for developing multicultural competence and global management skills.

The Changing World of Business

Much of what is being written today about the changing global landscape is characterized by a sense of energy, urgency, and opportunity. We hear about developing global leaders, building strategic alliances, launching global product platforms, leveraging technological breakthroughs, first-mover advantages, global venturing, outsourcing, sustainable supply chains, and, most of all, making money. Action and winning seem to be the operational words. Discussions about global business assume a sense of perpetual dynamic equilibrium. We are told that nothing is certain except change, and that winners are always prepared for change; we are also told that global business is like white water rafting – always on the edge; and so forth. Everything is in motion, and opportunities abound.

At the same time, however, there is another, somewhat more troublesome side to this story of globalization that is discussed far less often, yet it is equally important. This side is characterized by seemingly endless conflicts with partners, continual misunderstandings with suppliers and distributors, mutual distrust, perpetual delays, ongoing cost overruns, political and economic risks and setbacks, constant travel, personal stress, and, in some cases, lost careers. Indeed, *over 50 percent of international joint ventures fail within the first five years of operation*. The principal reasons cited for these failures are cultural differences and conflicts between partners.³

Problems such as these have several potentially severe consequences for organizational success, especially in the area of building workable global partnerships. Although it is not easy to get a handle on all the changes occurring in the global environment, three prominent changes stand out: the evolution from intermittent to continual change, from isolation to increasing interconnectedness, and from biculturalism to multiculturalism (see Exhibit 1.1).

Continuous Change

Change is everywhere. Companies, products, and managers come and go. This turbulence increasingly requires almost everyone, from investors to consumers, to pay greater heed to the nature, scope, and speed of world events, both economically and politically. Details of contracts and agreements have become more important. Personal relationships in business, even though they are under increasing strain due to the pace and nature of global work, remain one of the last safe havens in an otherwise largely unpredictable world. Across this changing environment – indeed, as one of the principal causes of these changes – we can see the relentless development and application of new technologies, especially with regard to the digital revolution. Technology is largely held to be a principal driver of globalization and the key to national economic

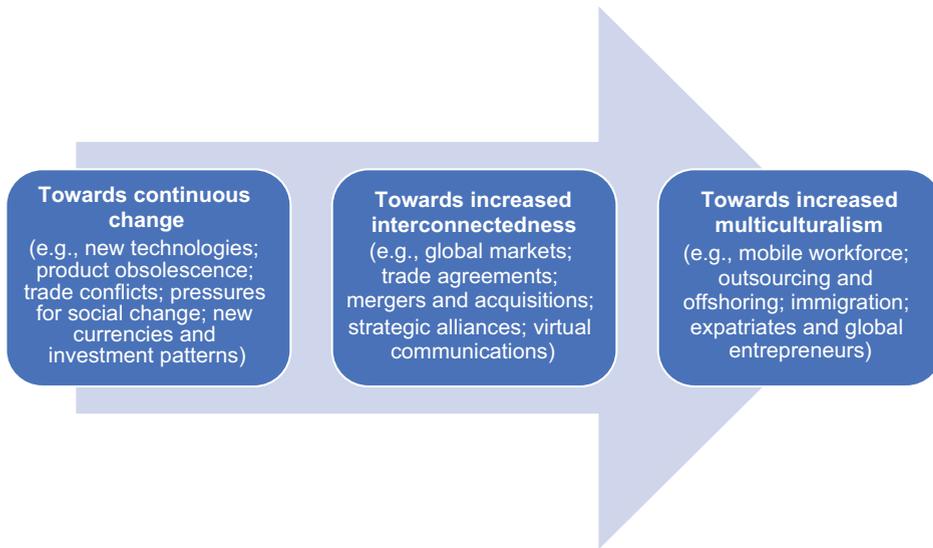


Exhibit 1.1 Changing world of business

development and competitiveness. At the same time, globalization has resulted in an increase in the transfer and diffusion of technological innovation across borders, as well as competition among nations to develop and adopt advanced technologies. As business becomes more global, the need for better and cheaper technology increases, pushing technological development to new heights.

Increased Interconnectedness

Globalization is not a debate; it is a reality. This is not to say that the challenges and potential perils of globalization are a recent phenomenon. Indeed, quite the contrary is true; globalization has always been a major part of commerce. What is new, however, is the magnitude of globalization today and its impact on standards of living, international trade, labor conditions, governments, social welfare, culture and community, and environmental sustainability. The economic and political power of India and China continues to grow exponentially, and both are struggling to manage the positive and negative consequences of growth and development. Russia is trying to reassert itself politically and economically in the world, overcome rampant corruption in its business sector, and reform its economic system in order to build local companies that can compete effectively in the global economy. Arab nations are struggling for greater democracy and human rights, while South Africa continues to struggle to shed the vestiges of its old apartheid system and build a new stronger economy based on more egalitarian principles. Brazil, once known for its leadership and economic strength as an emerging BRICS economy, is currently

retrenching due to recession and political turmoil.⁴ Throughout, there is a swelling consumer demand for high-quality but low-cost goods and services that challenge most governments and corporations. In a nutshell, welcome to today's increasingly global economy. What are the ramifications of this increase for organizations and their managers? What are the implications for developed and less developed countries? Is there a role for governments and public policy in this revolution?

Increased Multiculturalism

In the past, international business relied largely on expatriates who were sent by their companies to live and work in foreign countries, some of whom became bicultural as a result. Today, however, the increasing intensity and diversity that characterize the global business environment require managers to succeed simultaneously in multiple cultures, not just one, regardless of where they live. What exactly does this mean? **Multiculturalism** is the view that cultures, races, and ethnicities, particularly those of minority groups, deserve recognition of their differences within a dominant social culture.⁵ That acknowledgement can take the forms of recognition of contributions to the cultural life of the community as a whole, a demand for special protection under the law for certain cultural groups, or autonomous rights of governance in cultures. Multiculturalism is both a response to the existence of cultural pluralism in modern societies and a way of compensating cultural groups for past exclusions. It seeks the inclusion of the views and contributions of diverse members of society while maintaining respect for their differences and withholding the demand for their assimilation into the dominant culture. And, perhaps most important for companies, it provides an underutilized human resource in support of a company's mission and goals.

Local Consequences of Global Connectivity: Some examples

To better understand how the increasingly complex business environment can have local consequences and not just a global one, take a look at some recent examples:

- **Postal strike in Canada.** When unionized Canada Post workers went on strike for better wages and working conditions, their goal was to create sufficient customer hardships that would force management to settle.⁶ Local and international mail deliveries were halted for several weeks. As a result, millions of people who were accustomed to paying their bills through the mail simply converted to electronic bill pay. E-mails replaced traditional letter-writing. As a result, when the strike was settled, Canada Post had lost millions of customers