## Rules and Relationships

Building on the work of Laurent and Hofstede, Trompenaars and Hampden-Turner (20) conducted a major survey of more than 15,000 managers in 40 countries. In addition to results that corroborate those of their colleagues, they went beyond the prior work to document additional dimensions and to highlight some of the ethical issues posed by managers misinterpreting conflicting cultural signals.

Trompenaars and Hampden-Turner (20:34), for example, asked managers from around the world to consider what they would do in the following situation:

> You are riding in a car driven by a close friend. He hits a pedestrian. You know he was going at least 35 miles per hour in an area of the city where the maximum allowed speed is 20 miles per hour. There are no witnesses. His lawyer says that if you testify under oath that he was only driving 20 miles per hour it may save him from serious consequences. What right has your friend to expect you to protect him?
>
> a. My friend has a definite right as a friend to expect me to testify to the lower figure.
> b. He has some right as a friend to expect me to testify to the lower figure.
> c. He has no right as a friend to expect me to testify to the lower figure.
>
> What do you think you would do in view of the obligations of a sworn witness and the obligation to your friend?
>
> d. Testify that he was going 20 miles an hour.
> e. Not testify that he was going 20 miles an hour.

In response to this situation, managers expressed a wide range of opinions. More than 90 percent of managers in Canada (96%), the United States (95%), Switzerland (94%), Australia (93%), Sweden (93%), Norway (93%), and Western Germany (91%) said that society's rules were made for everyone and that, therefore, their friend had no right to expect them to testify falsely (20:35). They consequently would not testify that their friend was driving at 20 miles per hour when the truth was that he was driving faster (20:35). By contrast, fewer than half the managers in South Korea (26%), Venezuela (34%), Russia (42%), Indonesia (47%), and China (48%) would refuse to support their friend and would therefore testify for him (20:35).

Why do such extreme differences characterize the managers' responses? The underlying dimension separating those who would and would not testify is whether the society believes more in universalism or particularism. Managers who refuse to testify adhere to more universalistic values. Universalistic societies, such as Canada and the United States, believe that laws apply to everyone and they therefore must be upheld by everyone at all times. The general (or universalistic) principle of what is legal, or illegal, takes precedence over the particular details of who is involved in the specific situation. By contrast, in particularist societies, such as South Korea and Venezuela, the nature of the relationship determines how someone will act in a particular situation. To a person from a particularist culture, it makes a difference if someone is a best friend or family member. For a person from a universalistic culture, it makes no difference what my relationship is to a particular person; rules are seen as applying equally to everyone. Ask yourself what you would do in the situation. Then ask yourself, if it had been your mother or daughter driving the car, would you be more or less likely to testify than you would be for a friend? How much difference does relationship make for you? When is loyalty more important than truth? When is truth more important than loyalty?



Although firms tend to become more universalistic as they operate more globally, clashes between universalistic and particularistic cultures remain legendary. Universalistic cultures, for example, rely on extensive and specific contracts to document the "rules" of doing business together, whereas particularistic cultures use much more loosely written agreements and rely on the strength of their personal relationships to maintain the commitment. Particularists view detailed contracts, and especially penalty clauses, as a sign that they are not trusted and that therefore no relationship exists. They consequently feel little need to adhere to the contract. Interestingly, as many Asian, Middle Eastern, and Latin cultures have shown, personal relationships can, at times, be more durable than contracts, as well as more flexible.

Clearly, joint ventures, strategic alliances, and overall business negotiations between universalists and particularists raise ethical questions, from both cultures' perspectives:

> Businesspeople from both societies . . . tend to think [of] each other [as] corrupt. A universalist will say of particularists, "they cannot be trusted because they will always help their friends"; a particularist, conversely, will say of universalists, "you cannot trust them: they would not even help a friend" (20:32).

Coming from a particularistic culture, a team of Brazilian negotiators explained to us that they only tell the truth once they have gotten to know the other party; that is, once they have developed a personal relationship.

They described American and Canadian negotiators, who often accused Brazilians of lying, as naïve for not understanding how negotiating really works. The Americans, for whom truth is an absolute—a "universal" that is unrelated to the particular negotiation or the particular people involved—accused Brazilians of acting deceitfully. Americans tell the same "truth" to everyone, without regard for the nature or depth of the relationship. Brazilians tailor their comments, their "truth," to the particular individuals involved. Both sides consider truth and relationship to be important, however the relative emphasis on truth telling versus loyalty causes marked differences in behavior.

## ARE ORGANIZATIONS BECOMING MORE SIMILAR?

Are organizations becoming more similar worldwide or are they maintaining their cultural dissimilarities? Is the world gradually creating one way to conduct business or is the world maintaining a set of distinct markets defined by equally distinct national boundaries, each with its own culturally distinct approach to business?

The question of convergence versus divergence has puzzled global managers for years. If people around the world are becoming more similar, then understanding cross-cultural differences should become less important. If people are remaining dissimilar, then understanding cross-cultural differences in organizations will become increasingly important.

To clarify this dilemma, John Child (4), a leading British management scholar, compared research on organizations across cultures. Reviewing a myriad of cross-cultural studies, he found one group of highly reputable management scholars repeatedly concluding that the world is becoming more similar and another equally reputable group of scholars concluding the opposite—that the world's organizations are maintaining their dissimilarity. Looking more closely, Child discovered that most studies concluding convergence focused on macrolevel issues—such as the organization's structure and its technology—whereas most studies concluding divergence focus on microlevel issues—in particular, the behavior of people within organizations. We can therefore conclude that organizations worldwide are growing more similar, while the behavior of people within them is maintaining its cultural uniqueness. Organizational structures and strategies in Canada and Germany may look increasingly similar from the outside, but Canadians and Germans continue to behave in their own culturally distinct fashion within each organization. Although both Germans and Canadians, for example, install robots in their factories, each culture interacts differently with the robots.



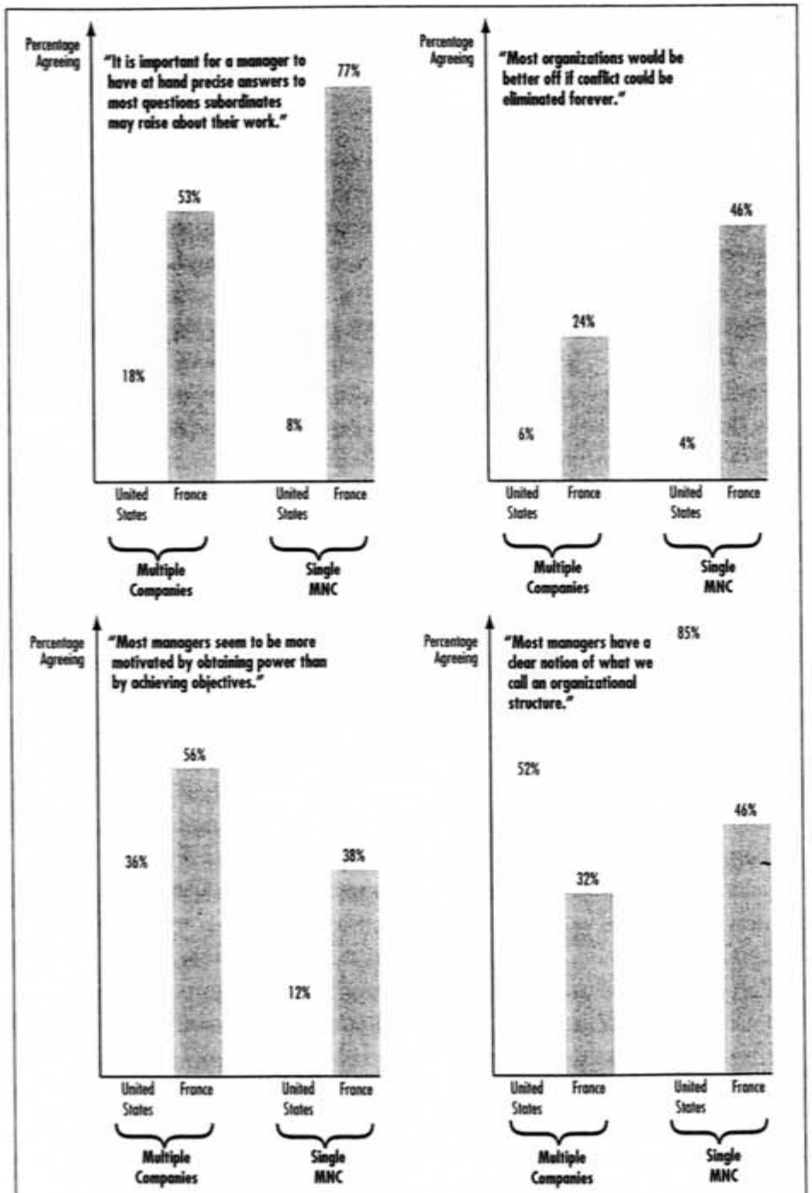
## ORGANIZATIONAL CULTURE AND NATIONAL CULTURE

Over the last decade, managers and researchers have increasingly recognized the importance of organizational culture as a socializing influence and climate creator (2;3;13;21). Unfortunately, rather than enhancing our understanding of national cultures (1;19), our understanding of organizational culture has often tended to limit it. Many managers believe that organizational culture moderates or erases the influence of national culture. They assume that employees working for the same organization—even if they come from different countries—will behave more similarly than differently. They implicitly believe that national cultural differences only become important in working with foreign clients, not in working with international colleagues within their own organization.

Does organizational culture erase or at least diminish national culture? Surprisingly, the answer is no (15). Employees and managers bring their cultural background and ethnicity to the workplace. As described earlier, Hofstede found striking cultural differences within a single multinational corporation. In his study, national culture explained 50 percent of the differences in employees' attitudes and behaviors. National culture explained more of the differences than did professional role, age, gender, or race (10).

Even more strikingly, Laurent found more pronounced cultural differences among employees from around the world working within the same multinational company than among those working for organizations in their native lands. After observing managers from nine Western European countries and the United States who were working for companies in their native countries (e.g., Swedish managers working for Swedish companies, Italian managers working for Italian companies), Laurent replicated his research in a single multinational corporation with subsidiaries in each of the ten original countries. He assumed that managers working for the same multinational corporation would behave more similarly than their domestically employed colleagues. Instead, as shown in Figure 2-6, he found the managers employed by the multinational maintaining and even strengthening their cultural differences. The cultural differences were significantly greater among managers working within the same multinational

**FIGURE 2-6** *Organization Culture Magnifies Cross-Cultural Differences*




Source: From André Laurent, INSEAD, Fontainebleau, France, 1981. Adapted by Adler.



corporation than they were among managers working for companies in their own native country. When working for multinational companies, Germans seemingly became more German, Americans more American, Swedes more Swedish, and so on. Surprised by these results, Laurent replicated his research in two additional multinational corporations, each with subsidiaries in the same nine Western European countries and the United States. Similar to the results from the first company, corporate culture did not reduce or eliminate national differences in the second and third corporations. Far from reducing national differences, organizational culture maintains and enhances them.

Why might organizational culture enhance national cultural differences? Neither managers nor researchers know the answer with certainty. Perhaps pressure to conform to the organization culture of a foreign-owned company brings out employees' resistance, causing them to cling more firmly to their own national identities. Perhaps our ethnic culture is so deeply ingrained in us by the time we reach adulthood that the company's organizational culture cannot erase it. Perhaps other as-yet-unexplained forces are operating. The unambiguous conclusion remains, however, that employees maintain or enhance their culturally specific ways of working even when employed by multinational or global organizations.

## SUMMARY

Laurent's research documents a wide range of cultural differences in work-related values, attitudes, and behavior. Hofstede's five dimensions—individualism/collectivism, power distance, uncertainty avoidance, career success/quality of life, and Confucian dynamism—along with Trompenaars and Hampden-Turner's additional dimensions, highlight the most important cultural differences influencing organizations. To manage effectively in either a global or a domestic-multicultural environment, we must recognize which differences are operating and learn to use them to our advantage, rather than either attempting to ignore the differences or simply allowing them to cause problems. Chapter 3 presents various ways in which we perceive, describe, interpret, and evaluate cultural differences. Chapter 4 then explores approaches organizations can take to benefit from the diversity of cultural backgrounds among their employees. The myth that organizations can operate "beyond nationality" remains, in reality, a myth.

## QUESTIONS FOR REFLECTION

1. ***Cultural Self-Awareness.*** Where is your culture on Hofstede's original four dimensions and on universalism/particularism? How does your organizational culture differ from your national culture on each dimension?
2. ***Cross-Cultural Awareness.*** Select a culture with which you have had contact. How does it differ from your own culture on Hofstede's four dimensions and on universalism/particularism? How might these differences show up in negotiations or ongoing business relationships?
3. ***Cultural Self-Identity.*** In which ways are you a product of the culture in which you grew up? How does your personal cultural background affect your values, attitudes, thinking, and behavior? How does your cultural background make it easier for you to work internationally? How does your cultural background hinder your effectiveness in working internationally?
4. ***Cross-Cultural Interpretation.*** Select a situation described in the international press involving two or more cultures. Analyze the situation using Hofstede's original four dimensions, plus universalism/particularism and task/relationship. How does your cultural analysis help to explain the situation? Given your understanding of the cultural similarities and differences, what would you recommend each side do (or avoid doing) to resolve the situation?
5. ***Cross-Cultural Analysis and Action.*** Ask a colleague to describe a cross-cultural situation in which he or she is currently involved. Analyze it from a cross-cultural perspective using any relevant dimension discussed in Chapters 1 or 2. Based on your cross-cultural analysis, what would you recommend your colleague do? What would you recommend your colleague avoid doing?

## NOTES

1. Ken Dang, MBA, McGill University.
2. Hofstede (1980) originally labeled this dimension as masculinity/femininity. However, since the dimension does not correspond with contemporary understandings of masculinity and femininity, Adler changed the labels to more accurately reflect their underlying meanings. It should be noted that Hofstede never intended to suggest that today's male and female students or managers possess or lack certain attributes that would make one a better manager than the other.
3. Shigeki Iwashita, MBA, McGill University.
4. Jennifer Oakes, MBA, McGill University.
5. Anne H. Whetham, MBA, McGill University.
6. See note 2.
7. Matts Franck, MBA, McGill University.



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