

Fundamentals of International Information Systems Management

2.4 – Intercultural Management

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Course Agenda

3. International Information Systems Management

3.1 Managing
International
Information Systems

3.2 Managing
Offshore IT
Outsourcing

3.3 Ethics and
Sustainability Issues

1. Information Systems Management

1.1 Introduction ✓

1.2 Strategic
IS Management ✓

1.3 Tactical
IS Management ✓

1.4 Operational
IS Management ✓

2. International Management

2.1 Foundations of
International
Management ✓

2.2 Intercultural
Management

2.3 Organization of
international Firms

2.4 Foreign Market
Entry Strategies

Schedule (tentative)

Session	Chapter	Topic	
1	18/04	1.1	Introduction
2	25/04	1.2	Strategic IS Management
3	02/05	1.3	Tactical IS Management
4	16/05	1.4	Operational IS Management
5	23/05	2.1	Foundations of International Management
6	06/06	2.2	Intercultural Management
7	13/06	2.3	Organization of International Firms
8	20/06	2.4	Foreign Market Entry Strategies (ONLINE!)
9	27/06	3.1	Managing International Information Systems
10	04/07	3.2	Managing Offshore IT Outsourcing
11	11/07	3.3	Ethics and Sustainability Issues of IISM
12	18/07		Buffer/Wrap-up
	23/07		Final Exam

1. Information systems management

2. International management

3. International information systems management

Session Agenda and Key Learnings

- Be able to understand the relevance of intercultural management
- Be able to understand and explain the term culture
- Evaluate cultural differences and their impact on individual, group, and organizational behavior

Introduction to Intercultural Management

Intercultural Encounters



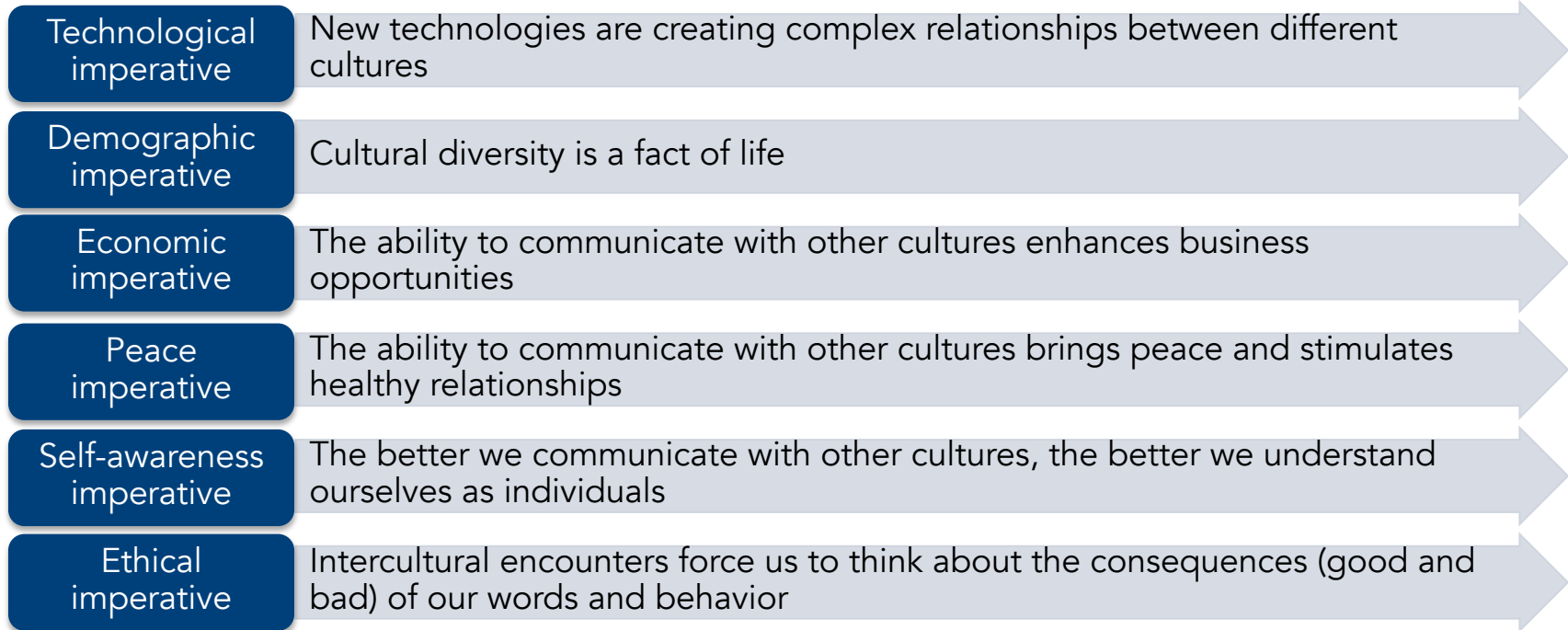
[Burggraaf, 1998]

Definition of Intercultural Management

Intercultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures, at the several management levels within and between organisations.

[Burggraaf, 1998]

Relevance of Intercultural Management



[Martin & Nakayama, 2004]

Session Agenda and Key Learnings

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- Be able to understand and explain the term culture
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Definition and Characteristics of Culture

Culture = Traditions ?



Culture = Art ?



Culture = Society ?



Culture = Religion ?



"Culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values."

[Kluckhohn, 1951]

Culture and Its Effects on Organizations

Culture

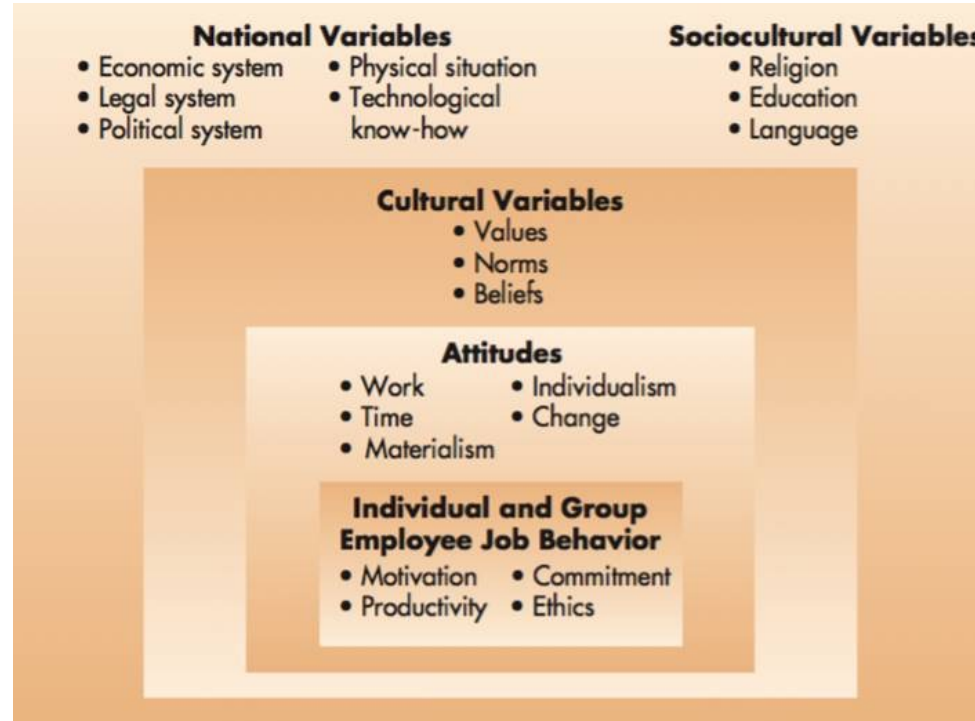
- A set of shared values, understandings, assumptions, and goals that are learned from earlier generations, imposed by present members of a society, and passed on to succeeding generations

Cultural Sensitivity or Cultural Empathy?

- An awareness of and an honest caring about another individual's culture

[Deresky/Miller, 2022]

Environmental Variables Affecting Management Functions



[Deresky/Miller, 2022]

Organizational Culture

1. Exists within and interacts with societal culture
 2. Varies a great deal from one organization, company, institution, or group to another
 3. Represents those expectations, norms, and goals held in common by members of that group
- Example:
 - Apple—informal organizational culture

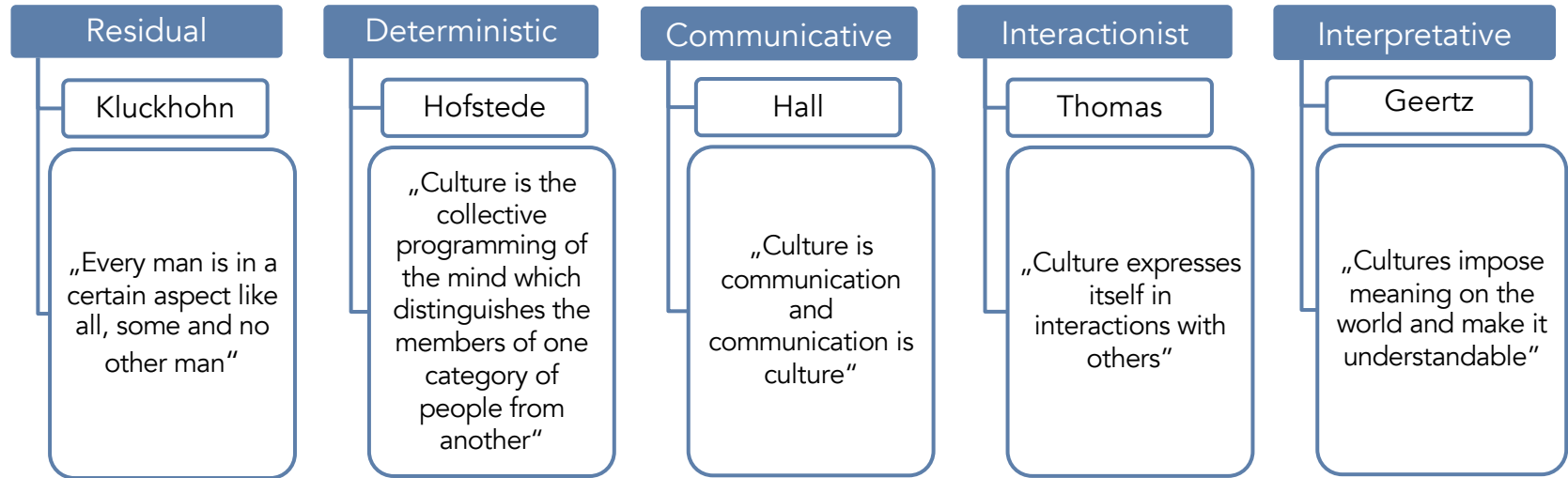
[Deresky/Miller, 2022]

The Effect of Culture on Organizational Process

U.S. Culture	Alternative	Function Affected
Individual influences future	Life is preordained	Planning, scheduling
The environment is changeable	People adjust to the environment	Morale, productivity
Hard work leads to success	Wisdom and luck are also needed	Motivation, rewards
Employment can be ended	Employment is for a lifetime	Promotions, recruitment

Concepts of Culture

Culture can be viewed from different theoretical perspectives.



[Morschett et al. 2015]

Characteristics of Culture

Integral

- Culture as an integrated system can be divided into several subsystems. When a subsystem changes, the integrated system is affected.

Learnable

- To become integrated and accepted as a member in a cultural group, the individual must undergo a learning

Dynamic

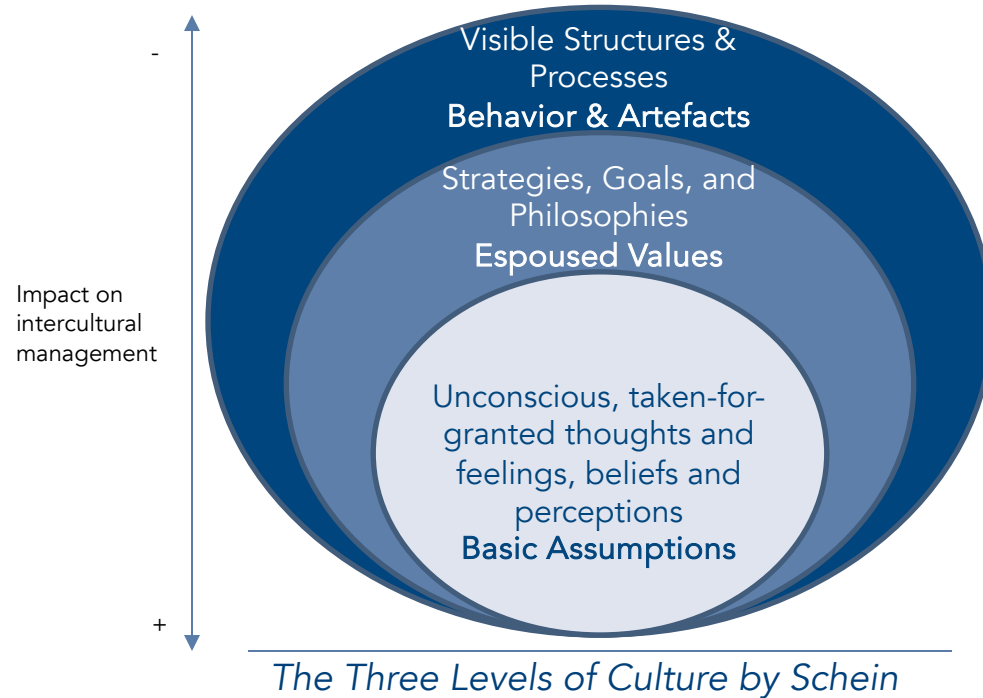
- Different mechanisms can cause change in culture.

Dominant

- Culture permeates all aspects of our lives and influences our thoughts.

[Morschett et al. 2015]

How to Know the Three Levels of Culture



Artefacts refer to visible manifestations – the „outward view“ – that are observable but hard to interpret. (ex. brand, workspace, dress code)

Espoused values refer to how an organization explains its culture– the „inward perspective“ – that can be inferred from how employees’ articulate what they do and how they do it. (ex. philosophy, mindset, expressed values)

Basic and tacit assumptions refer to deeply embedded essence at the core of a company’s culture that – often unconsciously – guide employee behavior and how work is done.

[Schein 1988]

Functions of Culture

Orientation

Culture conveys to the individuals what is considered as right or wrong (normative function of culture).

Complexity reduction

Culture facilitates the coexistence of individuals in a social entity by simplifying and canalizing particular actions with complex causes and effects through a cultural filter.

Endowment with meaning

Culture allocates deeper sense to the actions of individuals.

Identity establishment

Culture conveys inward unity and creates an outward border towards other social groups.

Coordination

Culture directs the behavior of individuals in a particular direction.

Legitimation

Culture contains deeper contexts of justification which legitimate inward and outward behavior and actions.

[Morschett et al. 2015]

Limits of national culture to determine organizational behavior

Subcultures	Stereotyping
<ul style="list-style-type: none">Many countries comprise diverse subcultures whose constituents conform only in varying degrees to the national character. Example: Canada	<ul style="list-style-type: none">A cultural profile that tends to develop some tentative expectations—some cultural context—as a backdrop to managing in a specific international setting

Convergence?

[Deresky/Miller, 2022]

Debate

- In our age of global technology and media, are cultural differences getting less important?
- Work with your neighbor, prepare your arguments for your “assigned view”
- Take notes!

The Concept of Hofstede

Geert Hofstede

- Dutch organizational psychologist
- Approach is based on an extensive empirical study at IBM between 1968 and 1972
- basic assumption: „culture is the collective programming of the mind which distinguishes one category of people from another“ (culture as “software of the mind”)
- one of the most cited authors in intercultural and international management literature



[Hofstede, 1984]

The Concept of Hofstede

1

Power distance

acceptation and expectation that power is distributed unequally



2

Uncertainty
avoidance

feeling uncomfortable in unstructured situations, trying to control the uncontrollable



3

Individualism

individuals are supposed to look after themselves or remain integrated into basic groups, usually around the family



4

Masculinity

distribution of emotional roles between the genders and relevance of status vs. personal relationships



5

Long-term
orientation

acceptation delayed gratification of their material, social, and emotional needs

[Hofstede, 1984]

The Concept of Hofstede - Evaluation

Advantages

- well arranged
- sophisticated methodology
- easy to understand and to apply
- provides concrete data (numbers)
- supported by a large body of additional materials (books, intercultural trainings, etc.)
- widely known and applied in practice and subsequent empirical studies
- many replica studies produce similar results

Disadvantages

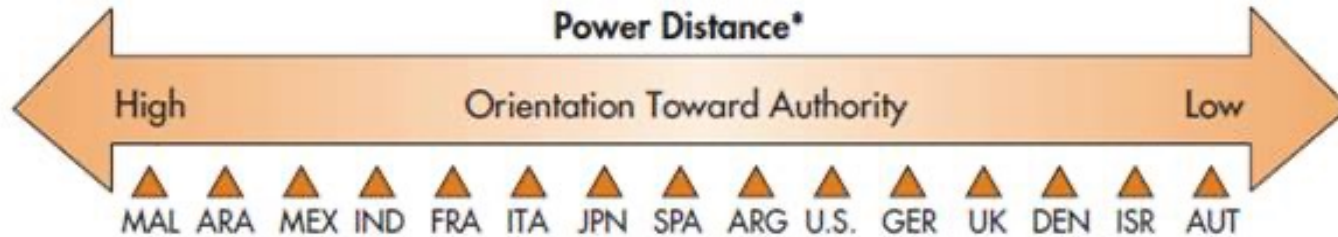
- age of empirical study
- internal differentiation of many countries (e.g. Russia)
- „Westernization“ of many emerging markets (e.g. China)
- restricted to one company (IBM)
- restricted to the level of values – symbols and basic assumptions (see Schein) are not considered
- considers countries and not cultures
 - multi-cultural countries (e.g. U.S., India, Belgium, Russia, Switzerland, South Africa)
 - country-spanning cultures (e.g. Chinese, Armenians, Kurds)

[Hofstede, 1984]

Hofstede's value dimensions 1/5

Power Distance

The level of acceptance by a society of the unequal distribution of power in institutions



*Not to scale—indicates relative magnitude.

Note: ARA = Arab Countries

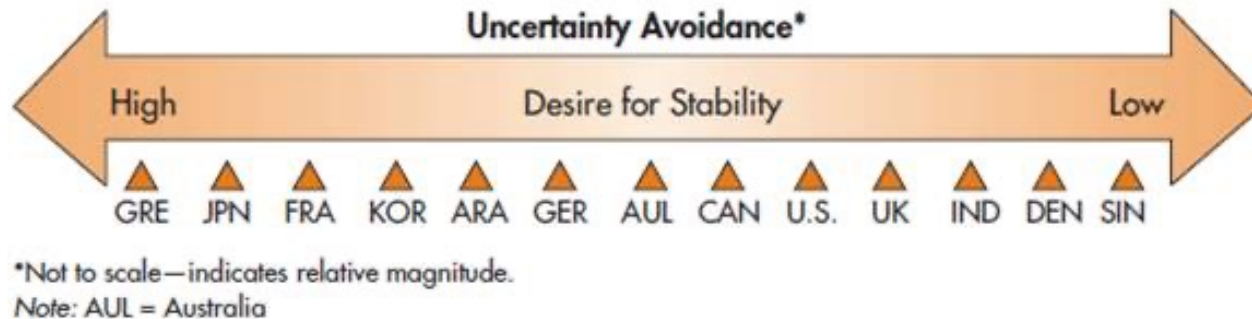
AUT = Austria

[Deresky/Miller, 2022]

Hofstede's value dimensions 2/5

Uncertainty Avoidance

The extent to which people in a society feel threatened by ambiguous situations

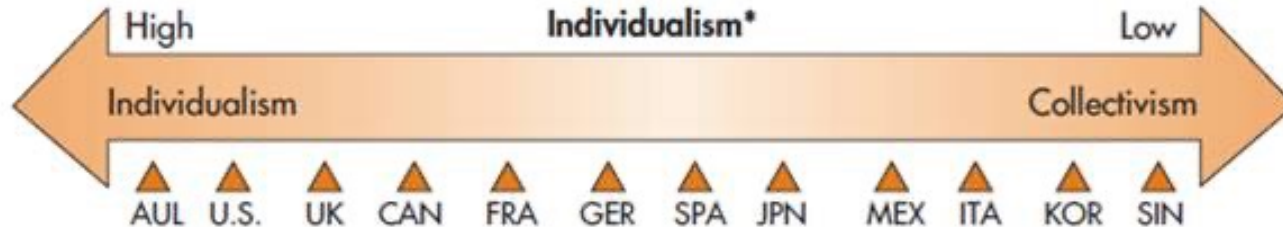


[Deresky/Miller, 2022]

Hofstede's value dimensions 3/5

Individualism

The tendency of people to look after themselves and their immediate families only and to neglect the needs of society



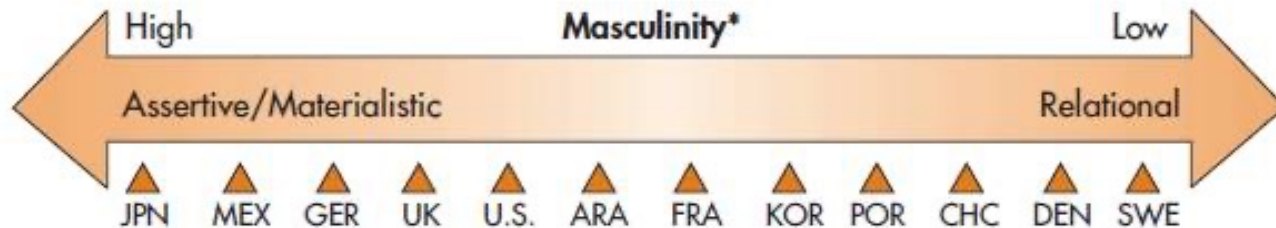
*Not to scale—indicates relative magnitude.

[Deresky/Miller, 2022]

Hofstede's value dimensions 4/5

Masculinity

The degree to which traditionally masculine values—assertiveness, materialism, and lack of concern for others—prevail



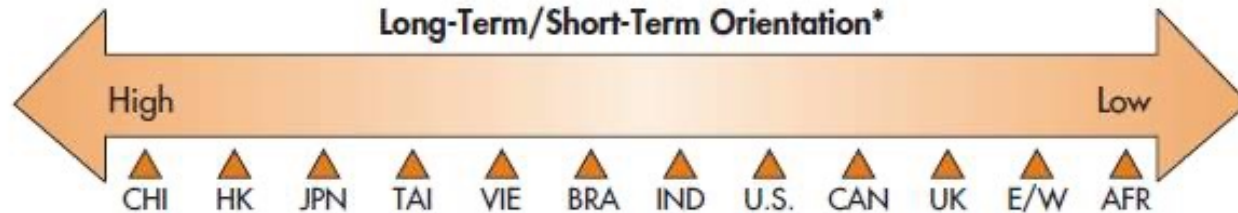
*Not to scale—indicates relative magnitude.

[Deresky/Miller, 2022]

Hofstede's value dimensions 5/5

Long-term/short-term orientation

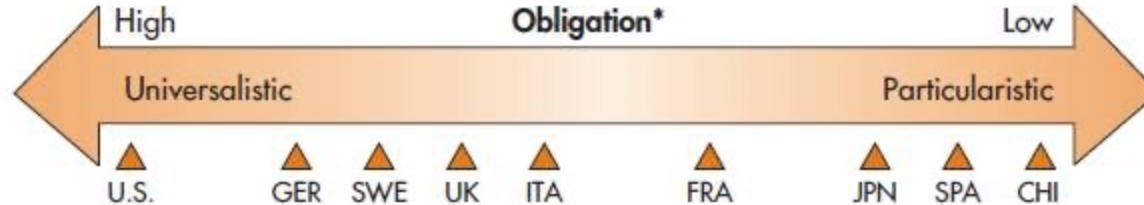
The extent to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs



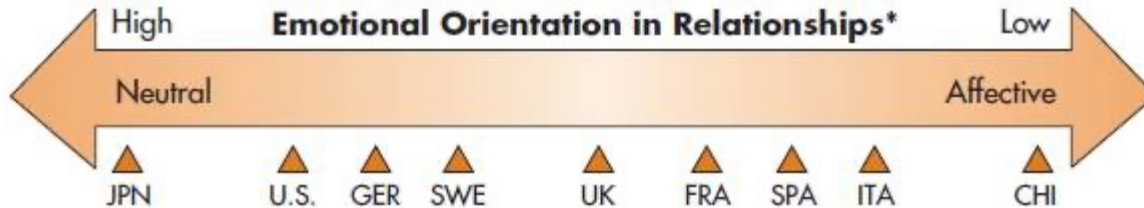
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[Deresky/Miller, 2022]

Trompenaar's dimensions 1/2



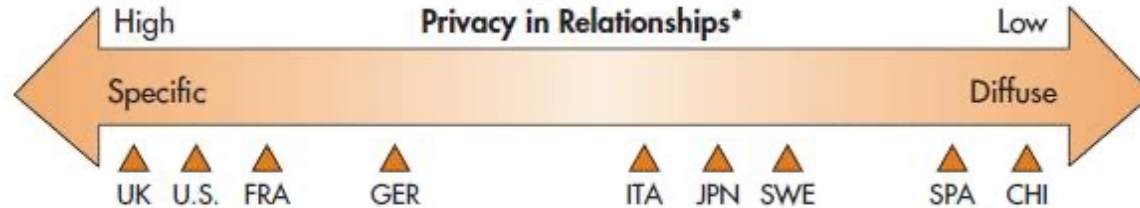
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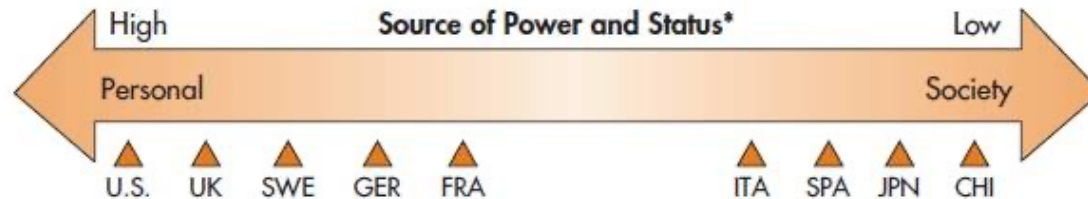
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[Deresky/Miller, 2022]

Trompenaar's dimensions (2/2)



*Not to scale—indicates relative magnitude.



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[Deresky/Miller, 2022]

Project GLOBE Cultural dimensions 1/2

Assertiveness

- Low: Sweden, Japan, Switzerland
- High: Greece, Austria, the United States

Performance Orientation

- Low: Venezuela, Argentina, Italy
- High: the United States, Hong Kong, Netherlands

[Deresky/Miller, 2022]

Project GLOBE Cultural dimensions 1/2

Future Orientation

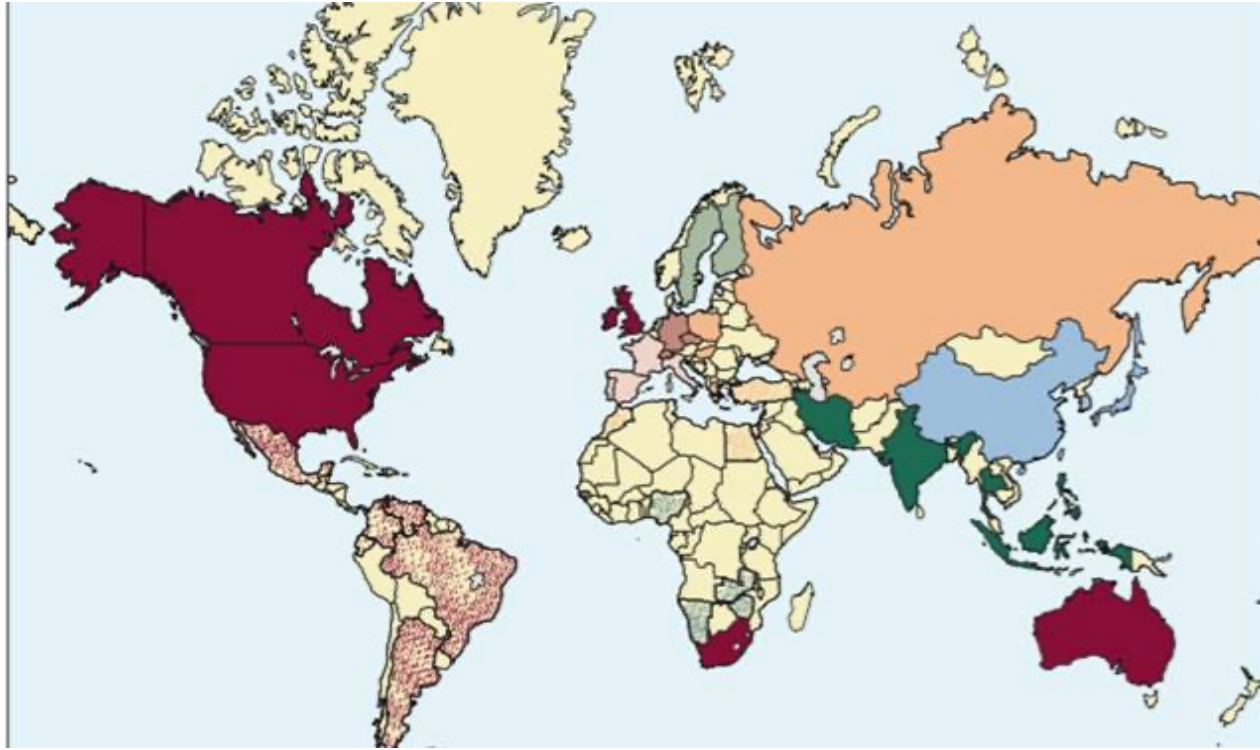
- Low: Russia, Argentina, Italy
- High: Netherlands, Canada, Singapore

Humane Orientation

- Low: Germany, Brazil, France
- High: Malaysia, Ireland, Philippines

[Deresky/Miller, 2022]

Project GLOBE Cultural clusters



[Deresky/Miller, 2022]

Comparative Management in Focus 1/2

Japan	Germany
<ul style="list-style-type: none">• “Wa”-peace and harmony• A mix of authoritarian and humanism in the workplace• Emphasis on participative management, consensus, and duty• Open expression and conflict discouraged	<ul style="list-style-type: none">• Preference for rules and order, privacy• Dislike of inefficiency and tardiness• Assertive, but not aggressive• Organizations are centralized but still favor consensus decision making

[Deresky/Miller, 2022]

Comparative Management in Focus 2/2

Latin America

- Not homogenous, but common similarities
- “Being-oriented” compared with “doing-oriented”
- Work and private lives are more closely integrated
- Very important to maintain harmony and save face

[Deresky/Miller, 2022]

Doing Business in Brazil

- Almost everyone has a combination of European, African, and indigenous ancestry
- Individual relationships are important
- Brazilians take time when negotiating
- Brazilian business is hierarchical, and meetings are required
- Brazilians avoid confrontations
- They dress well and conservatively
- Business cards are exchanged
 - Having your business card printed in Portuguese on the opposite side is a good idea

[Deresky/Miller, 2022]

Developing Management Styles and Ways of Doing Business: Saudi Arabia

Tribal and family loyalty	<ul style="list-style-type: none">• Paternal sociability• Nepotism
Close and warm friendships	<ul style="list-style-type: none">• People orientation• Theory Y management
Islam and Arabic language	<ul style="list-style-type: none">• Sensitivity to Islamic virtues• Access to employees and peers
Honor and shame	<ul style="list-style-type: none">• Conflict avoidance• Positive reinforcement
Polychronic use of time	<ul style="list-style-type: none">• Right- and left-brain facility• Action oriented
Male domination	<ul style="list-style-type: none">• Separation of sexes• Open work life; closed family life

[Deresky/Miller, 2022]

Developing Management Styles and Ways of Doing Business: Chinese Family Small Businesses

- Small, family businesses predominate
- “Guanxi” connections
- People are put ahead of business—human-centered management style
- Globalization has resulted in more competitive management styles: the new generation manager is more individualistic, more independent and takes more risks

[Deresky/Miller, 2022]

Conclusion

- Each society has its own unique culture
- Managers must develop cultural sensitivity
- Researchers such as Hofstede and Trompenaar have created studies which help describe cultural profiles; GLOBE study created a body of data on cultural dimensions
- Managers can use research results and personal observations to develop cultural profiles of countries

[Deresky/Miller, 2022]

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