Cultural Classifications of Societies and How They Affect Cross-Cultural Management

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Abstract

Because different cultures hold different views, a managerial style that is effective in one culture will not necessarily be effective in another. Thus, style adaptations must be made accordingly. For example, a system that rewards individual efforts (or group efforts) might be quite effective in some cultures, but resented in others. In this context, this article describes numerous cultural classifications of societies and the ways they might affect managerial styles. These descriptions may serve as useful aids in training and developing expatriate managers for foreign assignments and/or to understand why foreign managers behave as they do.

Introduction

In the past, in some nations, such as the United States, most business enterprises were able to maintain a steady growth rate or at least survive in their home-country market. However, since costs have steadily increased in those nations and foreign competitors with lower costs have rapidly emerged, many of those businesses lost that market stability and have been or are now being forced to compete in the international market arena. And, as technologies continue to transfer across countries, businesses in more and more nations will become active and competitive participants in the global economy. These developments will continue to generate not only new global competitors, but new business opportunities in foreign markets as well. This means that more and more firms will have to, or choose to, become involved in international business, and will assign employees (expatriates) to manage subsidiaries and/or to deal with host- country managers of subsidiaries in foreign countries.

Thus, more and more managers will need to understand how enterprises are managed across diverse cultures; they must be made aware that because of cultural differences, the managerial style that works in one society often does not work well in others. For example, in a study of how Russian workers respond to American managerial practices, Welsh, Luthans, and Sommer (1993) found that performance decreased, rather than increased, in response to participative management. The researchers attributed this to cultural differences - as well as to a long history of Russian managers ignoring employees' ideas. Therefore, to be effective in cross-cultural management, expatriate managers need to understand the nature of the culture of the country where they are going to be managing, and how

CULTURAL CLASSIFICATIONS	MANAGERIAL INFLUENCES
Figure 1	
Cultural Classifications and Some of Their Influences on Management	
CULTURAL CLASSIFICATIONS	MANAGERIAL INFLUENCES
Large power distance	Authoritative decision-making and leadership styles may work best
Small power distance	Participative/consultative decision-making and leadership styles may work best
Collectivism	Heavy reliance on informal controls; team approach highly applicable
Individualism	Heavy reliance on formal controls; team approach not very applicable
Strong uncertainty avoidance	Mechanistic organisation may work best
Weak uncertainty avoidance	Organic organisational structures may work best
Masculinity	Equal employment opportunity programmes may be resisted by males
Femininity	Equal employment opportunity programmes may be resisted relatively less by males
Confucianism	Organisations may rely more on informal than on formal controls; individuals prefer authoritative decision making and leadership
Master-of-destiny	With the right rewards, there is likely to be high employee commitment to plans
Fatalism	There is likely to be low commitment to plans; strong formal controls may be required; greater use of expatriates may be needed
Quest for improvement	Planning and implementing change may be feasible
Maintaining status quo	Planning and implementing change may not be feasible, and strong motivational incentives and control mechanisms may be required
Enterprise is important	Managers may be able to delegate a high degree of authority to subordinates
Relationships are important	Managers might be able to delegate only a low degree of authority to subordinates, and strong control mechanisms may be required; greater use of expatriates may be required.
Selection based on merit	Employees may be highly motivated to work
Selection based on relationships	Employees in outer circle may be lowly motivated to work, and so may family members and members of the inner circle; strong work incentives and controls may be needed; greater use of expatriates may be required
Accumulation of wealth	A higher commitment to the organisation's goals and objectives may be obtained
"Just enough"	There may be a lower commitment to the organisation's goals and objectives; strong controls may be needed; greater use of expatriates may be needed
Sharing in decision-making	Participative decision-making and leadership styles may work best, and substantial authority may have to be delegated to subordinates
Few people make decisions	Authoritative decision-making and leadership styles may work best
Decisions based on data	Looser control mechanisms can be applied
Decision based on emotions	Stronger control mechanisms may have to be applied; greater use of expatriates may be required
High-context cultures	Business transactions and negotiations may have to be slow paced
Low-context cultures	Business transactions and negotiations may have to be fast paced

to adapt their managerial style accordingly. To aid managers in this respect, this article, based on existing literature, describes numerous cultural classifications of societies and some of the ways they might influence managerial styles. Figure 1 outlines the classifications and their potential influence on cross-cultural management.

Cultural Classifications of Societies

Currently one of the most widely cited theories addressing the affect of culture on cross-cultural management is that developed by Geert Hofstede (1980). Based on research, he developed a typology consisting of five cultural dimensions by which a society may be classified: power distance, uncertainty avoidance, individualism, masculinity, and Confucianism (Hofstede & Bond, 1988; Adler, 1997; Rodrigues, 1997). A review of the literature, however, reveals that there are many other (some bearing similarities) cultural classifications. Hofstede's and the other classifications (not all inclusive) and their potential influence on cross-cultural management are discussed below.

Large versus Small Power Distance

Hofstede classified the culture of many of the countries included in his study as "large power distance." Individuals dominated by this cultural dimension, according to him, tend to accept centralised power and depend heavily on superiors for structure and direction. Hofstede also noted that laws and rules which differ for superiors and subordinates are accepted. An authoritative decision-making and leadership style may thus work best because it is expected in these societies (Stevens, 1980; Rodrigues, 1990; Adler, 1997). On the other hand, Hofstede classified the culture of some nations as "small power distance." Individuals dominated by this dimension do not tolerate highly centralised power and at least expect to be consulted in decision making. Further, Hofstede remarked that status differences (large power distance) in these countries are suspect. Thus, a participative, or at least consultative, decision-making and leadership style may work best because it is expected in these cultures (Rodrigues, 1990; Adler, 1997). For example, Renwick and Witham (1997) found that individuals in Malaysia, a high power distance country, did not receive delegated authority easily. On the other hand, in Israel and Denmark (small power distance cultures) individuals often make organisational decisions without the boss's input (Adler, 1997).

Collectivism versus Individualism

Hofstede classified the culture of many nations as "low- individualism (collectivistic)." Collectivisitic societies are tighly integrated, and individuals belong to "in-groups" from which they cannot detach themselves. People think in "we," as opposed to "me," terms and obtain satisfaction from a job well done by the group. On the other hand, Hofstede classified the culture of some societies as "high individualism." Individuals in these societies look primarily after their own interests. Since people in collectivistic cultures (e.g. Japan) tend to take care of their organisations, their managers probably apply less formalised organisational controls than managers of organisations in cultures with the individualistic (e.g. United States) cultural dimension (Weisz, et al., 1984; Bellah, et al., 1987; Rodrigues, 1995). Furthermore, the application of teamwork is more applicable in collectivistic than in individualistic societies (Hackman, 1987).

Strong versus Weak Uncertainty Avoidance

Hofstede classified many nations as "strong uncertainty avoidance" cultures (e.g. France, Germany). Individuals in these cultures feel uneasy in situations of uncertainty and ambiguity and prefer structure and direction. Hofstede (1984) has proposed that improving the quality of life for employees in these societies implies offering more security and perhaps more task structure on the job. Thus, a machanistic organisational structure (see Weber, 1947), which tends to provide security, probably works best in these societies (Rodrigues, 1995). On the other hand, Hofstede (1980) classified the culture of some countries as "weak uncertainty avoidance" (e.g. United Kingdom). People in these cultures tend to be relatively tolerant of uncertainty and ambiguity and require considerable autonomy and lower structure. Hence, an organic organisational structure (see Miner, 1973), which tends to provide relatively more challenge, probably works best in these societies (Rodrigues, 1995).

Masculine versus Feminine Societies

Hofstede classified many societies as "masculine" cultures (e.g. Japan). Societies classified by this dimension stress material success and assertiveness and assign different roles to males and females. Males are expected to carry out the assertive, ambitious, and competitive roles in the society; females are expected to care for the nonmaterial quality of life, for children, and for the weak - to perform the society's caring roles. In such societies a male might be the manager of finance, and a female might be his secretary; a role reversal would be an exception to the rule. Equal employment opportunity programmes may be resisted more so by males in these societies than by males in cultures holding the opposite view. On the other hand, Hofstede classified some nations as "feminine" cultures (e.g. Norway). Societies classified by this dimension stress interpersonal and interdependent relationships, a concern for others, the overall quality of life, and define relatively overlapping social roles for males and females. In these cultures, neither male nor female need be ambitious or competitive; both may aspire to a life which does not assign great value to material success and which respects others - both may perform the society's caring roles. Male secretaries, female truck drivers, and male nurses would be far more acceptable in such societies than they would in societies classified by a strong masculine cultural dimension. Equal employment opportunity programmes are probably resisted less by males in these cultures than by males in societies holding the opposite view.

The Confucian Dynamism

Hofstede and Bond (1988), with the aid of a questionnaire labelled the Chinese Value Survey, identified another national cultural classification, labelled "the Confucian Dynamism." This dimension applies mainly to East Asian cultures based on Confucian philosophy (the People's Republic of China, S. Korea, Japan, Hong Kong and Singapore). Basically, Confucianism generates a group orientation (collectivism). Thus, organisations in these societies rely less (more on informal) on formal controls than organisations in Western societies. This contention is supported by Redding and Pugh (1986) who found that organisations in China, where the Confucian influ-

ence is still strong, tend to be far less formalised than Western organisations.

Individuals in Confucian societies also prefer authoritative leadership and decision making. Support for this contention is provided by Chung (1978) and Nam (1971), who found that South Korean managers demonstrate the Confucian virtues of loyalty and obedience to authorities, by England and Lee (1971) and by Harbron (1979), who observed that South Korean managers tend not to adopt systems of shared management and power equalisation within organisations. It is also supported by Pye (1968) and Solomon (1971), who described Chinese subordinates as passive and as preferring that others make decisions for them.

Master-of-Destiny versus Fatalistic

The "master-of-destiny," also referred to as "free will" (Kluckhohn & Stodtbeck, 1961), viewpoint, which in a broad sense is somewhat similar to the small power distance dimension, is prominent in many cultures, such as the United States, United Kingdom, and Australia. Individuals holding this viewpoint believe that they can substantially influence the future, that they can control their destiny, and that through work they can make things happen (Newman, Summer & Warren, 1977; Kluckhohn & Stodtbeck, 1961; Renwick & Witham, 1997). This cultural dimension affects the managerial planning process. Planning in such cultures may be feasible because individuals in them, with the right motivational incentives, are willing to work to achieve objectives (Adler, 1997).

On the other hand, the "fatalistic," also referred to as "determinism" (Kluckhohn & Stodtbeck, 1961), viewpoint, which in a broad sense is somewhat similar to the large power distance dimension, is part of the cultural fabric in many societies, including Muslim faith Malaysia and Indonesia (Renwick & Witham, 1997). Individuals influenced by this viewpoint believe that they cannot control their destiny; that God has predetermined their existence and willed what they are to do during their lives (Newman et al., 1977; Kluckhohn & Stodtbeck, 1961; Renwick & Witham, 1997). Managers may therefore encounter more difficulty in obtaining a commitment to their organisational plans and would require stronger formal controls in fatalistic cultures than they would in master-of-destiny cultures (Adler, 1997; Kluckhohn & Stodtbeck, 1961). And in staffing, international corporations establishing subsidiaries in these cultures may need to use expatriate managers (as opposed to locals) to a greater extent than in cultures holding the opposite view.

Improvement versus Maintenance of Status Quo

Individuals in some cultures (e.g. United States) adhere to the "never-ending quest for improvement" viewpoint; a belief that change is normal and necessary, and that no aspects of an enterprise are above improvement. Organisations' current practices, therefore, are constantly evaluated in hopes that improvements can be made (Newman et al., 1977). On the other hand, in many cultures (e.g. the Middle East), a manager's power arises not from change, but from the maintenance of stability in the status quo. Managers in these cultures will interpret a suggestion for improvement as a threat and an implication that they have failed (Newman et al., 1977). Plan-

ning and implementing change may therefore be more feasible in the former than in the latter cultures. Thus, cross-cultural managers are likely to obtain lower commitment to their organisations' planned goals and objectives in the latter than in the former societies. And organisations probably require stronger control mechanisms and motivational incentives in the latter than in the former societies.

Enterprise as an Instrument of Social Action versus a Place to Maintain Relationship

The "independent enterprise as an instrument of social action" viewpoint is widely accepted in some cultures. In these cultures, a corporation is viewed as an entity that has rules, continuous existence, and a separate and important social institution that must be protected and developed. As a result, individuals develop strong feelings of obligation to serve the company, and the enterprise can take priority over their personal preferences and social obligations, including family and friends, and other activities which may detract from that what is best for the corporation (Newman et al., 1977). American and British managers, for example, assume that each member of the organisation will give primary effort to carrying out assigned tasks in the interests of that firm, that they will be loyal and conforming to the enterprise's managerial systems. Thus, managers in organisations in these cultures can probably delegate substantial authority to subordinates.

On the other hand, individuals in many cultures (e.g. Mexico) consider "personal relationships more important than the enterprise" (Newman et al, 1977). In organising, there is likely to be less delegation of authority and application of stronger control mechanisms in the "personal relationships" culture than in the "independent enterprise" culture. And in managerial staffing strategy, international enterprises may need to make greater use of the expatriate staffing approach in these cultures than in cultures holding the opposite view.

Personnel Selection Based on Merit versus on Relationships

"Personnel selection is based on merit" is a managerial view dominant (at least in theory) in some cultures (e.g. United States). Managers holding this view select, promote, or dismiss meritorious personnel; they select the best qualified people for jobs and keep them as long as their performance standards meet the firm's expectations (Newman et al., 1977). Employees in organisations in these cultures are thus likely to be more motivated to work hard because of the opportunities available to them than employees in organisations in societies holding an opposite viewpoint. On the other hand, in many societies (e.g. Mexico and Malaysia) friends and family are considered more important than the enterprise's vitality; organisations expand to accommodate the maximum number of friends and relatives. Thus, in organisations in these cultures, individuals who are not members of the family or in the circle of friends and are aware of this behaviour may therefore be less motivated to work hard or work harder to make themselves indispensable, and family members and members of the circle may not work as hard since work is guaranteed (Newman et al., 1977). Strong work incentives and controls may thus have to be implemented in organisations in these cultures, and greater use of the expatriate staffing strategy may be needed.

Accumulation of Wealth versus "Just Enough"

In many cultures, e.g. "doing cultures" (Kluckhohn & Stodtbeck, 1961) such as Australia, wealth is generally considered desirable. Thus, in these cultures the prospect of tangible gains serves as a substantial motivator (see Farmer & Richman, 1965; Adler, 1997). Therefore, managers in organisations in these cultures can probably obtain a commitment to their organisational goals and objectives through the opportunity for material gains. On the other hand, the worker motivation in some cultures, e.g. "being cultures" (Kluckhohn & Stodtbeck, 1961) such as Mexico and Malaysia, is to go to a job only until he or she earns a desired amount of money ("just enough") and then not return to work until the money has been spent (Adler, 1997). Thus, in these cultures the prospect of tangible gains does not serve as a very strong motivator (see Farmer & Richman, 1965). Therefore, the opportunity for material gains probably will not help obtain as high a commitment to organisational goals and objectives as in societies holding the opposite view. And strong controls are probably required in organisations in these cultures, and greater use of expatriates may be required.

Wide Sharing versus Non-Sharing in Decision Making

In some cultures, similar to the small power distance dimension, managers adhere to "the wide sharing in decision making" viewpoint. They believe that personnel in an organisation need the responsibility of making decisions for ongoing development, and they give subordinates the opportunity to grow and to prove their ability, and decentralise decision making as employees grow (Newman et al., 1977). Thus, managers of organisations in these societies probably apply a participative leadership style and delegate substantial authority to subordinates. On the other hand, in many cultures, similar to the large power distance dimension, managers believe that only a few people in the organisation have the right to make decisions, and they do not offer subordinates the opportunity to grow and prove their decision making ability (Newman et al., 1977). Managers of organisations in these societies probably centralise decision making and delegate little authority to subordinates.

Decisions Based on Objective Analysis versus Emotional and Mystical Considerations

A belief in making "decisions based on objective analysis" is widely held by managers in many cultures. Managers who practice this belief make decisions based on accurate and relevant information, and they are prompt in reporting accurate data to all levels in the organisation (Newman et al., 1977). Multinational corporations' controls over their subsidiaries in these societies are probably much looser than the controls over subsidiaries in societies which adhere to the opposite viewpoint. And central managers probably feel more comfortable in making decisions based on information received from those subsidiaries than on information received from subsidiaries in societies with the opposite view. On the other hand, in many cultures managers do not place much value on factual and rational support for decisions, and the reporting of details is unimportant. These decision makers do not seek out facts; they often rely on emotional and mystical consideration, rather than on objective analysis; and when they are asked to explain the rationale for their decisions, they will interpret it as a lack of respect and of confidence in their judgement (Newman et al., 1977). Multina-

tional corporations' controls over their subsidiaries in these societies are likely to be rigid, and, lacking rigid controls, central managers probably feel uneasy in making decisions based on information received from those subsidiaries. And greater use of expatriates may be required.

High-Context versus Low-Context Cultures

In business negotiatons, people in high-context cultures, including the Chinese, Korean, Japanese, Vietnamese, Arab, Greek, and Spanish cultures, establish social trust first, value personal relations and goodwill, make agreements on the basis of general trust, and like to conduct slow and ritualistic negotiations (Hall, 1976). And in communication, people in these cultures prefer that messages not be structured directly, that they do not get right to the point and state conclusions or bottom lines first. Instead, they prefer that a message be indirect, building up to the point and stating conclusions or bottom lines last (Munter, 1993). On the other hand, individuals in low-context cultures, including the Italian, English, North American, Scandinavian, Swiss, and German cultures, get down to business first, value expertise and performance, like agreement by specific, legalistic contract, and like to conduct negotiations as efficient as possible (Hall, 1976). And in communication, individuals in these cultures prefer that messages be structured directly; that they get immediately to the point and state conclusions or bottom lines first (Munter, 1993).

Discussion

The above has briefly described numerous existing (not all inclusive) cultural classifications of societies and proposed some of the ways they might affect cross-cultural management. The presentation of the classifications, which is based on the "culture-specific" theory, which assumes that different societies possess distinct and relatively stable cultures (Hofstede, 1980; Hickson, Hinings, and Schwitter, 1974), can serve as a useful aid to cross-cultural trainers in developing programmes to prepare prospective expatriate managers. Fundamentally, the classifications tell us that because different societies hold different views, a managerial style that works in one culture will not necessarily work in another, and adaptations must be made accordingly. However, there are some problems with this framework.

One problem is how to manage in a culture whose members are governed by multiple classifications. For instance, how does a manager organise in a culture dominated by both a small power distance dimension and a strong uncertainty avoidance dimension (for example, Germany)? Subordinates in such a culture dislike too much involvement by managers, and at the same time they dislike taking too much risk. In Germany, a mechanistic organisational structure solves the problem. Another problem is that in reality individual situations must be assessed. For example, not all individuals in France are high power distance, nor are all Americans individualistic. And not all individuals in "fatalistic" societies adhere to this view, nor do all individuals in "master-of-destiny" societies adhere to this view. Furthermore, some people in, for instance, "fatalistic" societies, may behave as such in some situations, and behave "master-of-destiny" in other situations.

Also, many managers do not adhere to the "culture- specific" theory. Instead, they adhere to the "culture-free" theory, which assumes that certain situational factors, such as economics and technology, affect managerial behaviour in all cultures (Hickson et al., 1974). For example, cash manage-

ment- like functions tend to be highly centralised and controlled in all cultures (Rodrigues, 1995). And when the development of a subsidiary in a foreign country is in an early stage, the parent company tends to use expatriates in all cultures, and in a later stage they employ locals (Franko, 1973). Hence, the prospective expatriates must be made aware that while national cultural classifications serve as important guides in determining the appropriate managerial style in a culture, situational factors confronting the enterprise must also be considered. In other words, these classifications can serve mainly as a starting point for decision making analysis; ultimately specific situations must be taken into account.

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