



# National Differences in the Management of Change

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# **Introduction**

The context of change processes **differs** fundamentally across national environments.

The attitudes of participants towards:

- **Its management,**
- **The powers that actors enjoy to manage or constrain change,**
- **The legal and political context within which change is managed;**

All of these aspects of national contexts have an impact on change.

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# Cultural values and the management of change

Geert Hofstede (1980) devised a model to understand organisations in relation to **national differences**.

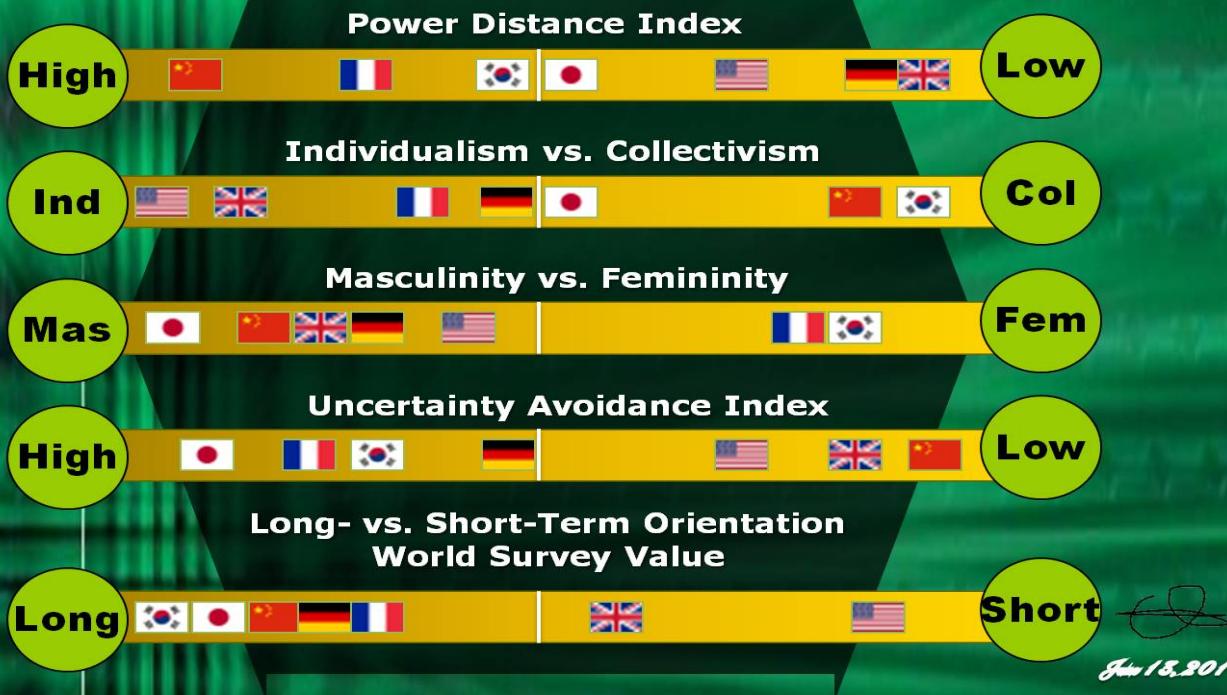
His study consisted of a large US multinational which had branches and facilities in over **50 countries**.

This multinational was known for its **strong corporate culture**.

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# Cultural dimensions

Source: Hofstede, G., & Minkov, M. (2010).  
Long- / short-term orientation: new perspectives.  
*Asia Pacific Business Review*, 16 (4), 493-504.



Hofstede identified four cultural attributes which in his view varied between national contexts:

**Power distance:** the extent to which a society accepts the **unequal distribution** of power in organisations.

**Uncertainty avoidance:** the degree to which individuals within a society feel discomfort in the face of **uncertainty** and prefer **predictability and stability**.

**Individualism/collectivism:** the extent to which people prefer to **take care of themselves** and their immediate families, as opposed to **looking to the state** or the firm to provide for them.

**Masculinity/femininity:** **assertiveness** and **commitment** to work above family or social life; as opposed to a **balance between work and family life**.

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Responding in a way that **does not** ‘fit’ will create conflict and problems. For example:

**Power distance:** in societies with **low power distance**, employees expect to be **consulted** about change.

They do not consider that senior managers have the **right** and **authority** to make change without a process of consultation.

Similarly managers themselves **would expect** to manage change in this way!

Deciding on the nature of change cannot be a rapid process; it has to be slow as the various groups are consulted.

In high power distance societies, senior managers are considered a class apart, for example:

- **on the basis of birth or,**
- **on the basis of a distinctive elite education.**

They expect to be able to **shape** the organisation as they **see fit**, exercising the power to bring change with little regard to the interest or opinions of others.

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**Uncertainty avoidance:** in societies that are high on UA, there tends to be a **high level of formalisation** in practices and procedures.

Jobs and functions have to be **tightly defined**.

Thus, on-the-job monitoring and supervision is low!

Overall approach is one of **avoiding risks**.

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In this context, **change is incremental**, deriving from the improvements **generated by specialists** as they meet new problems or learn new techniques.

Large-scale programmes are **more likely to arise** and to be perceived by stakeholders as having a **realistic chance of success**.

UA firms will be concerned to be **proactive**, shaping the future by developing new products and moving out of product areas that are easily copied.

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Firms that are more willing to accept uncertainty try to ensure that they can be flexible in response to market changes.

They will want to be able to:

**hire and fire quickly,  
to raise new capital rapidly and;  
to acquire the skills on the labour market for new technologies.**

They will become experts in managing **rapid change situations**.

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- **Individualism/collectivism:** in societies that are **highly collective**, change management will have to be concerned with **winning the approval** of the key groups in the organisation.

This will be partly about ensuring that decision-making over change is itself **collective and involving**.

It will also involve change processes that build on **existing teamwork processes**.

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Motivation derives from a sense of **belonging** and the change process must be managed to foster this.

In individualistic societies it will be much easier to:

- **move individuals around the organisation,**
- **to re-shape teams ad groups as required.**

The building block of the change process will be seen as **the individual, not the group.**

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## Key Differences Between Individualist and Collectivist Societies

Individualist	Collectivist
Everyone grows up to look after him/herself and his/her immediate family only.	People are born into extended families or in other groups that continue protecting them in exchange for loyalty.
Children learn to think in terms of “I”.	Children learn to think in terms of “we”.
Individual ownership of resources.	Resources should be shared with relatives.
Low-context communication prevails.	High context communication prevails.
Media is the primary source of information.	Social networks are the primary source of information.
Self-actualization by every individual is a ultimate goal.	Harmony and consensus in society are ultimate goal.
Occupation mobility is higher.	Occupation mobility is lower.
Task prevails over relationship.	Relationship prevails over task.
Individual interests prevail over collective.	Collective interest prevail over individual.
Per capita GDP tends to be higher.	Per capital GDP tends to be lower.

- **Masculinity/femininity:** ‘masculine’ societies assume the **full commitment** of their employees to change processes.

They make **no compromises** about work/life balance; these considerations enter into:

- neither **the change process** itself (where change agents and others may be expected to work extra long hours in the transition).
  - nor **the type of change** (where conditions of work will be changed according to the expectations of the senior managers and with no consideration for the out-of-work life of their employees).
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## Key Differences Between Masculine and Feminine Societies

Masculine	Feminine
Challenge, earnings, recognition, and advancement are important.	Relationships and quality of life are important.
Men should be assertive, ambitious, and though.	Both men and women should be modest.
Women are supposed to be tender and take care of relationships.	Both men and women can be tender and focus on relationships.
Being responsible, decisive, and ambitious is for men ; Being caring and gentle is for women.	Being responsible, decisive, ambitious, caring, and gentle is for women and man.
Double standards ; Men are subjects, women are objects.	Single standards ; Both sexes are subjects.
Aggression by children is acceptable.	Children are socialized to be nonaggressive.
People live in order to work.	People work in order to live.
There is a lower share of working women in profesional jobs.	There is a higher share of working women in profesional jobs.
Performance society ideal – Support for the strong.	Welfare society ideal – Help for the needy.
Environment – Big is beautiful.	Environment – Small is beautiful.

# The Japanese Society

In Hofstede's terms, Japan ranks **number one** on the masculinity index.

This reflects the fact that the employee in the large-firm sector is in effect **taken on for life**.

In return, the employee **owes total loyalty** to the firm.

Japanese workers work **extremely long hours**; they take **few holidays** and they are very **reluctant to take any sick leave**.

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Once women are married they are expected to **leave work** and devote themselves full time to looking after the needs of their families.

Japanese firms cannot respond quickly to market changes by **reducing their labour force**; thus they want to reduce any uncertainties in markets by **being proactive in developing new technologies**.

Employees are **trained internally** to identify new areas for improvements or new products.

Their future depends on the ability of the firm to be **successful**.

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There is a strong incentive to **work as a group** in a **collectivist manner**, which is reflected in the strong traditions of **teamwork** in Japan.

Japanese large firms are characterised by change processes which are:

- **Long term,**
  - **Incremental and;**
  - **Generally participative and teamwork based.**
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# The U.S.A Society

US firms are characterised by individualism; the US is ranked **number one** on Hofstede's individualism index.

Change programmes are likely to be much more characterised by an **individualistic orientation**.

Managers can focus on determining which people will **fit** and which will not.

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The firm cannot be expected to look after the **individual** and the **family**.

This relates to a **high acceptance of risk** and **low uncertainty avoidance**.

Individuals recognise that they may have to:

- **Move jobs,**
- **Areas,**
- **Industries and;**
- **~~Occupations in the US society.~~**

The lack of a social safety net (either provided by the firm or the state) means that **risk is inevitable**.

This is built into the individual's expectation that **mobility and flexibility** are of crucial importance to surviving and prospering in this society.

Failure is therefore **not a permanent stigma** it is an inevitable result of a context where people take risks.

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Corporations do not need to be so **sensitive about the expectations** of their employees when it comes to change processes.

It is recognised that these may lead to **redundancies or changed work patterns**.

In the US context these are presented **not as negative forces**, but as **positive opportunities**.

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The firm itself is therefore able to change much more

# **Skills and competencies of managers in national contexts**

- **Senior managers with high-level engineering skills:** firms in Germany and Japan are characterized by these sorts of senior managers.

In Germany, this comes from the long-established **technical training system** in which school-leavers are trained in **apprenticeship systems**.

This can lead on to **further skill development**, either in **University equivalent institutions** or through becoming **Meister (master craftsmen)** in an area.

German firms are **high on uncertainty avoidance**; they prefer to **anticipate market changes** by placing themselves at the forefront of these changes, rather than **be reactive**.

Unlike the Germans, Japanese senior managers do not have an apprenticeship system, they do still **acquire high-level engineering skills**.

These are entirely moulded by the context of the firm itself. As with Germans, change is **slow, participative, incremental and product-focused**.

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**Senior managers with high-level analytical skills:** in the French system, top managers of large firms are the product of **a highly elitist system of education.**

In France, the top positions in government, industry, finance and the civil service are reserved for the graduates of **grandes écoles**.

These **graduates are not specialists** in the sense of the German or the Japanese.

They may move between government and industry, a process referred to as pantouflage (spinning doors).

- **Senior managers with financial skills:** in the British and American context, senior management has been dominated by accounting and finance professionals in the last 20 years.

Senior managers have to **manage the market directly**, ensuring that earnings per share are continuously improved.

Without this, the firm's share price tends to drop, making it a potential victim to takeover, as well as making it more difficult to raise funds for expansion.

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On the one hand, there is change to do with incorporating new acquisitions into the firm, which will involve restructuring and possibly some closures.

On the other hand, in response to falling share prices, it will involve either a large-scale change programme or rapid down sizing and closures, to cut costs and restore profitability.

Change is going to be top-down, driven by senior management attempting to meet the demands of the capital market.

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The UK and the US allow managers the greatest leeway in terms of change, with little countervailing power exercisable by others inside the company.

The greatest constraint though is convincing the shareholders of the value of what they are doing.

In France there is also a high amount of power vested in the senior management, though here it is a connection with the elite as a whole that is crucial for sustaining large-scale change.

German and Japanese companies, tend to be more incremental and participative in their change process.