

Management & Organizational Theory in
Cross-Cultural Work Environments

By

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Abstract

Ultimately, through my research, I will provide an in-depth analysis of cross-cultural management style and structure. This analysis will definitely work to help the new, young American manager in a multinational company who is placed in charge of a foreign office and staff. In getting a better idea of how other cultures interact in workplace environments, a business manager can be more productive and avoid various types of awkwardness or confrontations that may ultimately hurt productivity. By a thorough understanding of the behavior and psychology of workers in different countries, an American business executive will flourish in his or her business relationships with foreign workers. Practically, this research will be more desirable for managers going on foreign assignment. My focus, advice and conclusions will be based on how other nations' management contexts differ from the American context.

I plan to organize my research in a very practical manner. The management styles and culture of most of the major developed and developing regions of the world will be discussed. In discussing the business culture of these areas, I will go through the various factors (space, perception of time, etc.) and analyze why a particular culture has the ideas that it does. By understanding the reasoning behind each other's behavior, there will be less room for inaccurate generalizations. Fewer generalizations and better understanding will ultimately work to facilitate greater success for American managers and executives working abroad. However, with the constant exportation of work and the daily communication with managers in other countries (via email, phone, etc.), all managers should receive some type of education in cross-cultural organization styles.

The type of research that is presented here will also work to train and educate workers, not just their supervisors and managers.

Executive Summary

The way in which I will go about researching the business style/structure of various cultures will be through an investigation of the following ideas: perception of space and distance, time, sensory inputs, communication, and most importantly, the interpretations of the foreign workers' behavioral patterns. I will develop a thorough analysis of these ideas for most of the major regions where American multinational companies have opened up factories, offices, and have exported white collar work. As noted, much of my research will concentrate on the awareness in interpreting the style and behavior of other cultures. Even similar cultures such as the Germans, English, and Americans still manage to clash due to the lack of awareness of the differences among the cultures. As an introductory example, we can briefly discuss Dr. Edward T. Hall's observation about the difference between how the loudness of the voice is perceived between the English and Americans (Hall, *Cultural Differences* 139). In England and in Europe in general, Americans are continually accused of "loud talking." In many situations, Americans simply do not care if their voice can be overheard. The English, however, do care. They have developed skills in their culture that allow them to beam their voice toward the person they are talking to and carefully adjust it so that it just barely goes above the background noise. However, from an American perspective, the way in which the English modulate their voices may look conspiratorial, and Americans may label them as "troublemakers."

By examining these types of behavioral patterns, it is possible to reveal hidden cultural frames that determine the structure of a given culture's perceptual world. The different perceptions of the world lead to different definitions of what constitutes crowded space, close interpersonal relations, and productive communication. An American manager who has a firm grasp on the culture of another nation's workplace will hopefully see an improvement in a setting outside his or her native country.

The paper is organized as follows. A discussion of the earlier methodologies and approaches to cross-cultural management are presented below, and is followed by the role of culture in management theory. Then, comparative cultural data are discussed. This is followed by an in-depth analysis of the various' countries ideas of time, space and a discussion of their respective perceptions of ideas. An investigation into the transferability of management theory follows. The paper concludes with a summarization of the study's applicability as well as ideas for further research.

Earlier Methodologies & Approaches to Cross-Cultural Management Research

Cross-cultural management research is rooted in the study of the behavior of people in organizations located in cultures and nations around the world. According to Adler of [1983], the United States has always been in the forefront of the development of management theory, practice, and research. Because of the current internationalization of business, the United States should be leading the development of a cross-cultural perspective to management.

Earlier and more primitive studies of management in cross-cultural settings used the approach of transferring advanced management practices, techniques, methods, and know-how from industrialized to developing countries. The logic of this approach was to

hasten the economic development of these “third-world” countries. However, during the last 20 years or so, cross-cultural management researchers have been moving towards the psychological surface, by investigating the attitudes, motivations, and aspirations of human beings around the world; particularly those located in the third-world countries.

The field of cross-cultural studies on organizational functioning is a result of partial integration between the cross-cultural comparative management field and organization theory areas. Scholars from the various social disciplines of psychology, sociology, social and cultural anthropology, economics, and political sciences have also contributed to the efforts of organizational theory research. The differing backgrounds of these scholars are reflected in their different methodologies and in their specific findings. The conceptual and methodological approaches used by most management theorists can be divided into the following categories: the economic development approach, the behavioral approach, and the environmental approach.

Let us first briefly discuss the economic development approach to comparative management research. This approach was one of the early methods used for cross-cultural management study, and it basically found that managerial input plays an important role in achieving rapid industrial and economic development in underdeveloped countries. The approach was essentially a macro approach and simply focused on the basic trends of overall managerial development rather than an analysis of organizational practices at the micro (or firm) level. The field of economic development was actually found to be too general for any major conclusions to come about as far as the research of management techniques (Negandhi 17). So, with the economic

development approach, the cross-cultural management field was *only* able to identify and note the importance of managerial input on the development of poor economies.

The behavioral approach allows researchers to get a better analysis of how individuals and groups interact in organizational settings. In this approach, researchers have concentrated on three different aspects: 1) “National Character Profiles,” which are linked with organizational behavior profiles, 2) Perceptions and attitudes of managers concerning key management concepts and activities, and 3) prevalent beliefs, value systems, and need hierarchies in a given society. By evaluating the connections between these aspects and managerial practices, one can figure out the impact of behavioral variables to management practices and techniques. From the data that has been gathered in the last 20 years of research, we can deduce that beliefs, perceptions, and profiles are different for different nations. The value systems are also different among various subgroups within specific nations.

However, a problem does exist using the behavioral approach. This problem arises if one is interested in examining and explaining interfirm and intercountry differences in management practices and effectiveness. There is increasing evidence to support the contention that management practices, behavior, and effectiveness are as much functions of environmental variables as they are of simply just behavioral ones.

The environmental approach attempts to highlight the impact of external environmental factors (socio-economic, political, and legal) on management practices and effectiveness. The basic hypothesis of this approach is that managerial techniques are the result of the functions of environmental variables. In other words, interfirm differences in both practices and effectiveness can be explained on the basis of

differences in environmental conditions that face firms in different locations or nations. The major classification of environmental variables has been provided by the research of Farmer and Richman (1965). This classification has been very useful in pointing out the major external variables that affect the inner workings of management in a particular organization. However, we cannot fall into the belief that managers are simply passive beings of their particular environment. In other words, there cannot be an overemphasis on the environmental approach. There must be a balance between the managerial decisions and the environments where managers are located.

The Role of “Culture”

Recently, examining the role of culture has been the most accurate approach to exploring and comparing management and organizational styles. One of the most basic issues in cross-cultural management research is to determine to what extent culture impacts an individual’s behavior in the workplace. Hofstede (1980) suggested that management functions, such as planning and control, are affected by how the culture defines certain constructs such as time and morality. Since various cultures emphasize each dimension differently, these variances are demonstrated in contrastive managerial behaviors. For example, a culture that defines time as a linear function would place greater importance on the planning function as opposed to a culture that defines time as a cyclical movement, which would rather emphasize cooperation and interdependence.

Hofstede (1980) has identified four aspects of culture that have specific implications for the workplace: power distance, uncertainty avoidance, individualism, and masculinity. For example, in a small power-distance society, leadership can be

informal and loose. This is due to the fact that employees do not see their superiors as that far ahead of them on the social scale.

Let us examine and further analyze the important aspect of individualism. Evidence suggests that differences along this dimension of culture account for major differences in managerial assumptions and practices. For example, Laurent (1986) indicated that for American managers, “ambition and drive” were seen as crucial to managerial career success. This of course reflects an individualistic achievement-orientation. In contrast to this, their French counterparts believe that “being labeled as having high potential” is the most critical element to success. These managerial beliefs are strongly shaped by the national cultures, and a thorough understanding of the various dimensions of culture will shed some light on differences in managerial performance and perceptions.

In Europe and North America, individuals prefer independent relationships to one another, and individual goals take precedence over group goals (Hofstede 1980). However, in many countries in Asia, Africa, and Latin America, people are more likely to have an interdependent relationship with one another. This opposite dimension of individualism is what Hofstede refers to as collectivism. Collective cultures embrace interdependence, family security, social hierarchies, cooperation, and low levels of competition.

As an example of a collective culture, we can take the People’s Republic of China. Chinese society has always been focused on social interests and collective actions, and has de-emphasized personal goals and accomplishments. Harmony and conformity enjoy great cultural approval in a society like China’s. On the

individualism/collectivism scale, China scores a 17, while the United States is a 91 (with a higher score reflecting a much more individualistic culture).

Uncertainty avoidance measures the extent to which people in a society tend to feel threatened by uncertain, ambiguous, risky, or undefined situations. On the dimension of masculinity, it is held that masculine cultures are defined as being assertive, valuing achievement, and loathing failure. On the opposite extreme, a feminine culture is characterized by the favoring of nurturing roles, interdependence between people and caring for others.

According to Dr. Edward T. Hall in his book *Hidden Dimensions*, one of the most basic of all cultural differences concerns information. Information is a product of culture and is interpreted by each culture in its own specific way. As an example of how information is handled, let us briefly take the Northern Europeans. Northern Europeans compartmentalize and seal information away from other people. Because of this, the information flow is restricted. Thus, the members of this group do not have a need to be informed about everything and everyone around them.

Differences in cultural orientations will definitely influence managerial decisions in each country. Most researchers feel that the cultural differences along the individualism/collectivism dimension should be treated with more importance in this type of management research. Therefore, we would expect the managerial styles of China and the United States to be complete opposites. Overall, the basic assumption in any type of management research is that culture is the variable that does the most to explain what type of management practices will be the most productive.

Management & Organizational Comparisons by Major Countries and Regions

Japan:

For our country analysis, let us begin with a discussion of the ideal Japanese style of management. Our discussion will be structured in the manner of how an American manager working in Japan can get a more productive workplace environment.

Sogo (1987: pg. 156), former Executive Director of JETRO, that “Your Japanese staff is not working for you, but for the company.” He continued: “In Japan, a company is not merely a functional organization, but it is also a cooperative unit.” A good manager in Japan must enhance this cooperation.

One of the things American management in Japan can do to improve relations with a Japanese staff is to promote company loyalty (Hall, 1966: 120). The American manager can strengthen feelings of loyalty by observing the Japanese office customs, such as the formal induction ceremony of new employees every spring. Awards to groups for outstanding performance can also be helpful and work to boost company morale.

According to Hall, learning to communicate effectively with Japanese staff is also very important. A major difference between American and Japanese businesses is in how office communications are handled. The Japanese mostly communicate verbally, while Americans will use written communications, procedures, and memos which are circulated around the office. The reason for this Japanese focus on verbal communication is due to their emphasis on close personal relationships, which allows them keep one another informed.

As far as personnel problems are concerned, it is very important to find a solution before these types of problems become public. If a worker has failed to do his or her job, then this must be dealt with very quietly. A public outburst or reprimand will embarrass the employee and ruin the relationship. If a reprimand is necessary, then a manager in Japan must first stress the positive, make a couple of suggestions for improvement, and ask the employee to think about it and report back at a later date. Another way would be to hire a go-between who will have the talk for you.

As a manager of people in a foreign country, it is useful to know how and why your employees received the amount of training they did. To briefly illustrate this point, let us take the contrasting examples of American employees and Japanese employees. According to England (1983), there is a great difference in the training that Americans receive compared to that given the Japanese. One of the reasons for this is job mobility. Most Japanese employees spend their entire working lives in one company and therefore the companies have long-term plans for their development and training. Americans, on the other hand, will not spend time and effort training an employee who would potentially leave to take another job.

According to professor England (1983), Japanese managers (more than American managers) have more internalized organizational goals concerning high productivity, organizational growth, and organizational stability. The relevance of achieving personal goals and creativity is higher for Japanese managers, while the relevance of job satisfaction and individuality is higher for American managers.

Before concluding with the Japanese organizational style, let us briefly discuss a couple of differences between the American and Japanese non-manager (or workers).

First, Japanese workers have a much greater trust and acceptance of management decisions concerning applications of practices and policies than do American workers. A second difference (that is also increasing over time) is the fact that Japanese workers value working at high levels of capacity and assisting other workers to a greater extent than American workers do. A final point, which is good news for upper Japanese management, is that Japanese workers place their company in a far more central life role than do American workers. This is also a difference that seems to be increasing with time.

Europe:

In comparison with the United States, business management in Europe is undermanned, and decision-making is highly centralized (Kast, 1965: pg 3). European managers strive to control rather than to build organization. The class-consciousness of managers largely explains that same characteristic in workers.

In the rest of our discussion on the management and organizational styles of Europe, let us concentrate more specifically on the nations of France, Belgium, and Italy, and contrast that with the American style. The typical American businessman and his counterpart in France, Belgium, and Italy have very different values, perceptions and goals.

In Europe in general, the social distance between management personnel and workers is much greater than it is in the United States. In France, Italy, and Belgium, for example, access to the managerial positions is extremely restricted. However, in the United States, we observe that many people (including workers and union leaders) aspire to enter management and ultimately end up achieving this goal. An aggressive and competent worker in Europe may become a foreman, but in Europe foremen are not

members of the management class. Foremanship is not an avenue to upper management, as it is in the United States. It is commonly understood in Europe that people get into management by virtue of being heirs of existing owners or by marrying into the families of owners. The European does not really expect to work his way to upper management from the ranks of a common worker (Kast, 1965: pg 5).

Because of this extreme class-consciousness in Europe, the upper management tends to be less trusting of their subordinates. Communication between management and labor in France, Italy and Belgium, tends to be very top-down. Due to this, the development of understanding between workers and management has not become very developed in these countries.

The ideas of productivity are also quite different in the eyes of the American and European manager. American management usually thinks of greater productivity as increased output and lower unit cost, while European management emphasizes such things as savings in materials, elimination of waste, and improvement of quality. Another goal of European management is to keep free of debt and avoid reliance on outside credit. This suggests that European managers aren't characterized as being large risk-takers.

The business enterprise of Europe is not as glorified or publicized as much as it is in the United States. Management in Europe is looked upon with suspicion rather than overall respect. They are not identified as being a creative force that is striving to achieve a higher standard of living for all. Also, because management is such an elite and numerically small class, there is a sense of jealousy among the workers and

subordinates. The only logical response to the typical kind of management which exists in Europe is class-conscious unionism.

Arabia (Middle East):

The Middle East region has always been strategically important to American business and to Western businesses in general. Because of the increases in the price of oil, the Arabian Gulf region has become one of the wealthiest areas in the world.

Currently, there are many non-native managers in this particular region, which is why it is important to explore the management styles currently being employed in the Arabian Gulf area and compare those with the United States.

The influence of Western managerial practices is very evident in the region. However, little is known about how these Western practices are being translated into actual operating procedures. It is important to get a sense of major cognitive aspects of Arabian managers in order to get a better idea of how procedures are being implemented.

Managers in the Arabian Gulf region usually perceive their organizations to be operating in a consultative mode. This means that feedback from employees is encouraged and that managers prefer to be working in a participative managerial environment (Al-Jafary, 1983: pg #4). Even though managers do see themselves as working in this consultative manner, most managers would prefer to become even more participatory. These managers tend to share the same inclinations of participation as those in more developed regions of the world. American managers must realize that their counterparts in the Arabian region expect to be involved in managerial decisions.

A major difference to the American style is the lack of confidence that Arabian managers have in their subordinates. These managers tend to have no faith in their subordinates' abilities to be resourceful on the job. Although managers seem to prefer a

participative style of leadership, they are quite reluctant to involve their subordinates in the decision making process.

This reluctance leads to the fact that communications flow is generally low between managers and workers. In other words, relationships between these two groups of people tend to be quite impersonal. That is why the parts of the business relationship that do not require psychological closeness- i.e. improving office conditions, ensuring proper use of equipment, and making sure subordinates have enough information to perform their work- are very strong in this region. Managers tend to deal a lot more actively with these aspects of the workplace. On the other end, the weakest relationships have to do with the aspects of moral support and hands-on assistance with work. These are, of course, the areas that involve that psychological closeness, which Arabian managers seem to have the most difficulty.

Generally, managers in this region perceive the effectiveness of their organizations as being directly related to the operational system of managing. The better the management system is, then the more effective the organization and productivity will be.

India:

Recently, much white collar work from the Western world has been exported to the Republic of India. This work has generally been in the field of information technology (IT). Since IT is an essential component to any business these days, it is quite important that US managers have knowledge of how their managerial theories can be implemented in a country like India. In a study by Richman and Copen (1972), it was demonstrated that managerial practices developed in the United States and other industrialized countries were easily transferable to managers in India. The similarity is

attributed to a number of variables including: the increased managerial education in India, the higher status being attributed to managers, the similarity between technology and management of technology, as well as India's trend toward the decentralization of authority. The only major difference comes about in the emphasis on certain managerial facets.

Earlier, the individualism-collectivism scale was discussed with regards to the United States and China. Somewhere in the middle of the bipolar extremes of the US and China lies India. While Indian society does reflect certain characteristics of collectivism as do many Asian cultures, the basic cultural orientation of India is rooted in the ideas of Buddhism, Yogic psychology, and self-discipline. Although Indian managers and workers will exhibit collectivist traits in family and other social interactions, in business management practices they tend to mix these collectivist traits with Western management philosophy. For example, managers in India maintain close personal relationships with their peers and subordinates, which reflects their collectivistic attribute. However, in their business activities, Western management methods such as agendas and constant feedback are used. Leadership and communication also rank quite high in the evaluation of management in India, as they do in the United States.

Modern Indian management practices have evolved from the British system prior to India's independence, and India has adopted similar practices in the management-agency system since independence in 1947. However, Indian management practices have developed a distinct style, which is different from the British system (Neelankavil 125). For example, Indian firms are still run very paternalistically with the personal relationships playing a key role in the management of the organization. Besides minor

differences in style, most characteristics regarding the evaluation of managerial performance tend to be similar between the United States and India. This suggests that India may be a lot closer to the US on the aforementioned individualism-collectivism scale.

All in all, culture plays an important role in global business, and to achieve success in cross-cultural management, US managers should understand both themselves and others. This includes knowledge of one's self and the culture of those whom he or she is managing or working with. The competitive advantage for the firm comes about from the proper alignment between the external environment and the firm's internal strategies, structure, and management practices.

Time, Space, and Perceptions

In order for the American manager to be at all productive in the use of managerial styles in foreign countries, he or she must be familiar with that culture's ideas of time, space, and how that culture perceives typical "American" behavior. According to Dr. Edward T. Hall, much of the difficulty that comes about when working with people in other countries stems from the fact that so little is known about cross-cultural communication (Hall *Hidden Dimension* 14). Because of this lack of knowledge, much of the good will and great effort of the US has been wasted in its overseas programs. When Americans are sent abroad to deal with other peoples, they should first be carefully selected as to their suitability to work in a foreign culture. Yet, a formal training in the language, government, history, and customs of another nation is only the beginning in an elaborate program. More important is the introduction to the non-verbal language that exists in every country of the world and among the various groups within each country.

Most Americans are not aware or even conscious of this “silent language” of behavior, which describes the handling of time, spatial relationships, and attitudes toward work, play, and learning (Hall *Silent Language* 25).

Of course there will always be some unavoidable negative incidents whenever US managers are stationed in foreign countries. However, many of these incidents are made worse by the inept way in which Americans handle them. When incidents do occur, Americans usually do not know act in a way that avoids making the problems worse. American managers can be blind to the fact that what passes as ordinary, acceptable American behavior is often interpreted in such a way by foreigners that it distorts the Americans’ true sentiments and intentions. An analysis into the concepts of time, space, and how our actions are perceived by other countries will ultimately aid in the manager’s productivity and efficiency at the foreign office.

Ideas of Time

The idea of time is interpreted, used, and understood differently across various cultures. The way in which a certain culture handles the concept of time can help to explain how members of that culture will handle the running of a business, or the management of workers.

According to Dr. Edward T. Hall, a culture’s idea of time speaks a lot more plainly than its words. The message that it conveys comes through loud and clear. It is subject to less distortion due to the fact that it is manipulated less consciously.

Americans tend to think of time as something fixed in nature, or as something around us that we cannot escape. The fact that time might be experienced in any other way seems strange to Americans. American managers will tend to think of time as a road stretching into the future, along which one progresses. Time is handled much like a

material. That is, we earn it, spend it, and waste it. In a way, it is unnatural to have two things going on at the same time. However, this is completely opposite in certain other countries. In Latin America for example, it is not uncommon for one man to have a number of simultaneous jobs which he either carries on from one desk or which he moves between by spending a small amount of time on each.

The American manager always looks ahead and is oriented almost entirely toward the future. He likes new things and is preoccupied with change (Hall, *Hidden Dimension* 1966: pg. #36). While managers from the US do look into the future, the view of it is quite limited when compared to other regions of the world. For example, the “future” according to South Asian cultures may involve centuries. The American perspective is so short that it might work to inhibit the operation of many practical projects, such as sixty-year or one-hundred-year conservation works that require public support and funds. In fact, the government of the United States usually attributes a “long-term” plan as just five or ten years. For Americans, a “long time” can mean anything from ten years, two or three months, a few weeks, or even a couple of days. However, the South Asian believes that it is perfectly realistic to think of a “long time” in terms of thousands of years or even an infinite period.

Promptness is an idea that is quite valued by American managers in daily operations. Both European workers and managers can easily point out individuals in American culture who are literally time-ridden. In the US itself, if people are not prompt, it is often taken either as an insult or as an indication that they are not quite responsible. Many European managers criticize the obsessive handling of time by the US. According

to Dr. Edward T. Hall (*Hidden Dimensions 1966*: pg. 231), Americans have stressed this aspect of culture so much that it is unequaled anywhere else in the world.

Spatial Ideas

Depending upon the culture in question, the formal patterning of space can take on varying degrees of importance and complexity. Space, like time, is a core system in all cultures. Everything is organized in space, and spatial organization can be the key to unlocking the mentality of people. In America, for example, no particular direction takes precedence over another except in a technical sense. However, in other cultures, one notices that some directions are either sacred or preferred. For example, Islamic mosques must be oriented toward Mecca, and the doors of the homes of those in the Navajo tribe must face east. Americans pay attention to direction in a technical sense, but formally and informally they have no preference.

In Latin America, the interaction distance is much less than it is in the United States. In other words, workers and managers from these countries will try to be physically closer (relative to Americans) when they are speaking to someone within the office. The result is that when they move close, the American will withdraw and back away. As a consequence, they think the American is distant or cold, while the American will accuse them of “crowding.” Those American managers who have been placed in Latin America without learning these spatial considerations will be forced to work in an environment where their own work may end up being counterproductive, due to the fact that they cannot quickly adapt to the different office customs.

In addition to this, Americans have an idea of spatial pattern that emphasizes equality and standardization of the segments that are used for measuring space.

Americans prefer the various components to be standard and equal. According to Hall, it

was no accident that mass production, made possible by standardization of parts, had its origins in the United States. This is in stark contrast to some systems of European mass production. Europeans have produced exceptional automobiles in the past, in which the cylinders were all of different sizes. Though the differences in size were not that high (a matter of a few thousandths of an inch in most cases), it was enough to be considered as sub-par by certain American mechanics who were unfamiliar with the European patterns.

In Japan, however, there is a similarity with the American passion for uniformity. All mats on the floors of Japanese houses and all windows, doors, and panels are usually of identical dimensions in a given district. In newspaper advertisements of houses for sale or rent, the dimensions are usually given in terms of the number of mats of a specific area.

Spatial changes give a tone to communication that at times override regular speech. The flow and shift of distance between people as they interact with each other is part of the communication process. As we have seen from these comparisons, the idea of space is highly elaborated and is very greatly differentiated from culture to culture.

Perceptions of Behavior

In examining the perceptions of organizational behavior, let us concentrate our discussion on the Germans, French, and Americans. We will briefly investigate how the Germans and the French perceive the conduct of American workers and managers, while also examining how Americans perceive the Germans and French.

American informality and the habit of calling others by their first names make Germans acutely uncomfortable, particularly when young people or people lower in the hierarchy address their elders or their superiors by their first names (Hall, *Understanding Cultural Differences* 1990: pg 48). This taboo against first-naming should not be easily

dismissed. This is due to the fact that in Germany, it takes a long time to get on a first-name basis with a superior. If one rushes the process, then he or she will be perceived as overly friendly and rude.

As far as other perceptions of communication, one will notice that Americans are accustomed to the “Headline Style.” This means that they announce at the start what it is they are going to talk about. On the flip side, Americans may not always be able to identify a German speaker’s main point until the speaker reaches the end of the speech.

Overall, viewed from the German perspective, Americans are rich in resources but lacking in a number of desirable character traits. According to Hall, Germans often describe American workers and managers as being overly familiar, intrusive, historically and politically naïve, narrow in viewpoint, and overly self-confident. In general, German managers feel that their American business associates require an inordinate amount of attention, direction, and constant evaluation.

However, on the positive side, German managers do see their American counterparts as friendly, open, energetic, and basically capable in business. Germans who have associated with American businessmen have been reported as saying that Americans are more productive and more creative than many other groups.

In discussing the French managerial attributes, it is important to realize that French managers and workers are very conscious of status and titles. They treat important people with deference, great politeness, and consideration. They expect precision in language and appropriate dress and behavior. Unlike Americans, they are not informal or casual.

French executives perceive American business associates as uncreative and too tied to their formal checklists. They feel that American executives are reliable and hardworking, but too narrow in their focus. The general French perception is that Americans have no time for cultural interests, and they lack appreciation for art, music, and philosophy. French managers have said that too many American executives are preoccupied with financial reporting, and therefore avoid making any financially risky decisions. They have stated that Americans only make decisions when the conclusions are fairly obvious.

On the flip side, in an article about foreigners working with the French, Dr. Pierre Beaudeau [1965] examined the reactions of Americans. Of the American respondents in this study, 85 percent said the French are methodical, 80 percent considered them competent, only 67 percent thought they behaved in a professional manner, and 58 percent believed that the French did not work as hard as Americans. Other American perceptions included the observations that French managers do not delegate tasks, are less mobile than Americans, and are not team players.

In getting a better idea of how US managers are generally perceived abroad, the American manager will be able to discern what managerial practices will facilitate the greatest productivity in a foreign workplace. Greater knowledge of these perceptions will help the American manager to become better equipped to handle day-to-day decisions and workplace situations in other nations.

The Transferability of Management Theory

As the subject of management has gained more and more recognition, a growing question has been whether management is a science that has universal application.

According to Professor Harold Koontz [1981], some management techniques can be surprisingly easily transferred from a well developed economy to a much less developed one. Koontz (1981) has found that management techniques such as variable budgeting, utilization of rate-of-return-on-investment, and network planning are quite easily transferable. Cultural differences have very little effect on the applicability of such techniques. This is due to the fact that such techniques are complete reflections on already proved principles. There is a certain universality in the nature of these management fundamentals. In addition to this, many of the recent studies on comparative management have indicated a high degree of universality in the application of management concepts and principles. These “universalists” feel that there is a fundamental management philosophy, that has been well developed in American firms, and that it will promote maximum efficiency wherever it is applied. In fact, according to Harbison and Myers [1969], a main motivation for US firms expanding abroad is the notion that they will be able to apply their “superior” management practices and hence operate more efficiently than the local firms.

On the other side of the spectrum are the “environmentalists” who view environmental constraints (educational, sociological, political conditions) as the primary factors for the effectiveness of a management philosophy. Most of the people on this side of the argument believe that if management principles are to be truly universal, then they must face up to the challenge of other cultures and business climates. Gonzalez and McMillan [1966], in their study of the applicability of American management practices in Brazil, found that management is in fact culture-bound, and that “The American philosophy of management is not universally applicable.” In their view, improving the

efficiency of a foreign office is more about the bettering of the local environment rather than changing internal management practices. These environmentalists are firm in their belief that the management style of the US will not be applicable to foreign nations unless the local environmental conditions are ready for it.

Let us explore one certain scenario in the case of transferring management styles from the United States to Chile. In a study done by Professor Richard W. Wright [1971], a Chilean executive was quoted as saying:

“As long as the firm is controlled by an American parent, it is going to be managed in the same way as the parent. These methods may work very well in the United States, but this is a very different country. The American firm can never adapt as well to our conditions as we can, and American firms will never operate here as effectively as local firms.”

This quote suggests more support for the latter environmentalist view of management transferability. Also much of the empirical evidence in Wright’s study supports reports of American executives who have claimed that their ability to manage effectively in Chile has been severely constrained by the environmental conditions. These conditions included: rapid cost inflation, price control, labor laws, and small market size. These constraints impose major difficulties for the management of most foreign companies located in Chile.

Another reason for difficulty is that the layers of authority are inherently different between American and Chilean management styles. American firms in Chile tend to have a hierarchical, pyramid-like structure of management. Each executive has authority over a certain number of employees and reports directly to the president. In contrast, the

local Chilean managerial system is highly individualized and nearly everyone down to the lowest-level work will report to the chief executive himself. American management involves more “layers” of management and therefore has a greater number of middle managers, and longer lines of authority.

The American way of management may be the most efficient and effective style in the appropriate setting: i.e., a large market with reasonably stable conditions. However, in a very small market, such as Chile’s, the management style of the American firm may be ill-suited to the characteristics of that particular environment. In this type of inappropriate setting, the American firm lacks the flexibility to easily adapt to changes in the local environmental constraints. Many instances were found in which the local Chilean firms made successful adjustments which their American counterparts could not make because they were constrained by the policy guidelines of their management back in the US.

It is important for the management of a US firm that is planning on expanding abroad to understand and accept the view that American management philosophy is not always easily transferable to a different country. The need for compatibility between the local environment and the management philosophy of the firm is of great importance.

Summary & Conclusions

This cross-cultural management research focuses on the description of organizational behavior within countries and cultures, on the comparison of organizational behavior across countries and cultures, and most importantly on the interaction of peoples from different countries working within the same organization or work environment. Increased multinational operations means increased diversity within

the organization. It also means a higher degree of interaction between employees and managers from different cultures. This increased multiculturalism calls for managers from the United States to critically analyze the perceptions and attributes of the most productive managerial styles of the countries to which they are expanding.

This research is integrated in such a way so that it can serve as a guideline for what to think about before sending managerial forces to factories or offices located abroad. An examination of the basic psychological attributes of the foreign countries' workforce and management is needed. The most important aspect of this research that an American manager should be aware of is the fact that all US management styles cannot be automatically transferred to another nation. By getting a better idea of how time and space are handled in different contexts, the American manager can discern the type of management and organizational policies that he should implement in a given country. Our comparative country analysis gives some concrete data as to what managerial styles would be the most effective, but a manager's own intuition and logic should also be used when deciding what practices to use in a foreign office. Each country has its own way of seeing and doing things, based on certain unstated rules, and these differences usually make cooperation difficult. This research helps to break the impediments caused by culturally based misunderstandings.

As US firms continue to expand to foreign countries, other aspects of organizational theory and management transferability should be developed. This will ultimately work to increase US firms' productivity as well as help American managers decide what regions are most appropriate for the exportation of both white and blue collar work.

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