Chapter TWO

Literature Review

The increasingly need for international business has led companies to destine new resources to cross cultural management. The question why could be answered by assessing nowadays cases in which parameters within cultures can differ and jeopardize business.

There is evidence that communication between two persons from different backgrounds could be mislead. It is said that your culture basis defines the adopted behavior with other human and does modify your attitude towards other people in an organization (Mead, 1990:13).

This present literature review includes research, writings, and scholarly opinions regarding to cross cultural management and the impact of this issue regarding to communication and management style.

The review is divided into three sections. The first section reviews the definition of culture and its role in the cross culture management, also to show significance of the latter, a study of Geert Hofstede revealing the Cultural Dimensions for International Business will be presented. The second section reveals the importance of cross cultural management regarding to communication and management style. Finally, the summary will present the lessons learned in this chapter.
2.1 Culture and Cross Cultural management

2.1.1 Culture

The debate regarding to the nature of culture and its implication has a long history. And it’s been part of a sociological, historical, and anthropological debate about the relation between individual action and society (Neal, 1998:9). Taylor (1870) defined culture as “that complex whole which includes knowledge, belief, art, morals, law, custom, and other capabilities acquired by man as a member of society”. Also, it is important to take consideration of what Hofstede (2003) defined culture as “the collective programming of mind that distinguishes the members of one human group from another”.

Culture is learned by heritage, is passed down from one generation to the next one. However, culture can vary in different ways. As culture is the shared idea of certain group of people. Nevertheless, every group has its own conception and reaction towards different scenarios. Culture in these days represents a barrier of communication; hence, no culture is specific and international managers now have ascertained that there is no sealed statement. The main reason is derived from country analysis where results have found the following above (Daniels, Lee, and Sullivan, 2004:48)

- Not all citizens in a country are alike
- Difference within countries is larger
- Similar values unites group from different countries
It is decisive to treat culture as a challenge and a new window of opportunity to access new markets and enhance personal and organizational growth. The previous statement maintains a close relation according to Hofstede who once quoted that “Culture is more often a source of conflict than a synergy. Cultural differences are a nuisance at best and often a disaster”.1

2.1.2 Cross Culture Management

In International Business, managers treat culture as a success factor for performance in economic systems. When planning foreign venture, employers strive to select and transfer the employee whose capability includes fitting into new societies. This introduction to a new society entails interaction with people of different nationalities since culture difference could become a decisive factor for business issues. This process involves synergy to flatten disruptions in communication and management style in a working environment. Under foreign situations, it is not acceptable to expect that members of different culture values will capture the point of the message and either the message communicated to us (Mead, 1990:13).

2.1.3 Cultural Dimensions

Many researchers have done their own empirical cultural difference study using different parameters. In this review, the study conducted by Geert Hofstede will be used to depict the difference of styles and perception.

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Geert Hofstede Cultural Dimensions

The renowned Emeritus Professor from the University of Maastricht, Geert Hofstede, conducted perhaps the most comprehensive study of how values differ in the workplace influenced by culture. This study was developed between 1967 and 1973 while working at a large-sized Multinational Corporation and it covers more than 100,000 employee’s opinion from 70 countries.

Originated by the initial results and latter additions, Hofstede created a model that identifies four primary dimensions to assist in differentiating cultures: Power Distance (PDI), Individualism (IDV), Masculinity (MAS), and Uncertainty Avoidance (UAI). Later on, based on Confucian theory, he introduced the Fifth dimension called, Long-Term Orientation (LTO).

Published in his website (http://www.geert-hofstede.com/) it is easy to browse and discover a list of countries with their respective cultural dimension evaluation.

Power Distance:
That is the extent to which less powerful members of organizations and institutions agree and disagree that power is grated unequally. This indicator measures the employee’s preferences in how to interact with their employers, subordinates, and peers. This varies substantially international and there is overwhelming evidence that their performance is much better when it fits their preferences. Indeed, companies need to leverage the host-country preference into their system. The dimension describes the relationship between
bosses, and subordinates. When power distance is high, people choose little communication between superiors and subordinates; this behavior is the consequence of an autocratic or paternalistic management style. On the other hand, low power distance describes environment where people prefer major consultation about decision making process.

**Individualism vs. Collectivism:**
According to Hofstede, this dimension represents the society where the ties between individual are loose. The word “individualism” state that is a term used to describe a moral, political, or social outlook that stresses human independence and the importance of individual self-reliance and liberty. Individualists promote the unrestricted exercise of individual goals and desires.

On the other hand, the opposite meaning of individualism is collectivism. Where society concern is into him/her and his/her family matter. The word “collectivism” concerns about people who are strong, and cohesive in-groups. It has no political meaning; it refers to the group, not to a state. Therefore, this dimension means of extremely importance in the society.

**Masculinity:**
It is mainly called the “assertive pole” as they are competitive and maximally from one country to another. According to Hofstede, the femininity working as the opposite pole of masculinity, concerns about “caring and quality of life” so it’s called the “caring pole”. When both dimensions arrive to similar dimension country this what happens: The
Women in feminine countries have the same modest, caring values as men; in a masculine country they are still assertive and competitive, but not as much as men. So, these countries show a difference between men’s value and women’s.

**Uncertainty Avoidance:**
This dimension indicates the extent to which individuals will do or not do to avoid or reduce risk or ambiguous future. People in their nature might feel comfortable or uncomfortable with anxiety. In uncertainty accepting countries, citizens are relaxed about the up-coming future. They are tolerant of opinions that differ from what they are used to. The tendency centralizes in more phlegmatic and contemplative styles. On the opposite pole, the uncertainty countries concern is the unstructured situations. This situation could result into unknown, surprising, and different scenario.

**Long-Term Orientation:**
This fifth dimension was added after Hofstede subsequently conducted a study among students in 23 countries around the world, utilizing a questionnaire designed by Chinese scholars. This dimension measures the commitment to a future. It conveys thrift and perseverance message into the society. Also, it is thought to support a strong work ethic where rewards are a pure result of today’s sacrifice. The value associated to the Low long-term orientation hence is the opposite. According to Hofstede, low long-term are respect of tradition, satisfying social obligations, and protecting one’s face. It also establishes that change can occur more quickly as long-term culture’s tradition and commitment do not become barriers to change.
### Table 1 Summary of Geert Hofstede Five-Dimension of Culture model

<table>
<thead>
<tr>
<th>Four Dimensions</th>
<th>Individualism vs. Collectivism</th>
<th>Masculinity vs Feminist</th>
<th>Uncertainty Avoidance</th>
<th>Power Distance</th>
<th>Long Vs. Short Term Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of Scale</td>
<td>High</td>
<td>Controlling relationships (competitive behavior)</td>
<td>Formal Relationship (structure rituals)</td>
<td>Social differential (unequally status)</td>
<td>Long: commitment to the future and the use of tradition. (keywords: persistence, thrifty, adaptability)</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>Care of relationship (caring pole)</td>
<td>Informal Relationship (less control)</td>
<td>Social Integration (equal status helps interaction)</td>
<td>Personal steadiness and stability. Life Quality is important</td>
</tr>
</tbody>
</table>

Source: Chang, 2003 and Hofstede, 2001

### 2.2 Impact of Cross Culture Management in Communication and Management Style

In this section, the impact of culture interaction into communication and management style will be reviewed. The impact is measurable considering the level of success and failure of international companies in foreign ventures. In the past decades companies are relocating operations into new countries in the pursuit of business opportunities and to widen their global scope. Therefore, it is important to establish synergy between business culture and managerial values and after, start establishing cross-cultural practices by collecting effective strategic options to contribute for efficient managerial performance.
2.2.1 Communication

“No one would talk much in society if they knew how often they misunderstood others”

_Johann Wolfgang Von Goethe_

Individuals and groups often communicate in the quest to reach a common understanding. Considering in cross-cultural context it commonly happens to be difficult to achieve since humans may assume different perceptions when communicating with others. Therefore, it is crucial to make the clearest statement, and if possible communicate verbally. Besides sending a clear message, it is necessary to make sure the receiver gets the same information.

It isn’t empirically difficult, but it entails the willingness of both parties to create the communication. This process is completed once these groups of individuals start sharing perceptions, beliefs, attitudes, and knowledge about something or someone (Mead, 1990: 39). This unified behavior enables a group to work as a unit and learn about communication skills. The opposite effect could only result into a summary of individuals trying to achieve by their own.

Mead (1990) once stated “that communication systems determine organizational structure. Also, argue that organization is described by how its communication systems are built, hence, interaction builds the organization; if communication doesn’t exist, it will eventually fail”.

To this extent, in cross culture management, it is imperative to draw the basis where communication and organization are intercepted by the culture factor. **Figure 1** addresses this idea.
Indisputably, Communication becomes a friendly factor for organizations, also needs the culture factor in the same side. This factor delivers the required component in order to enable humans to communicate efficiently.

However, after rapidly reviewing the importance of communication in an organization, it is a necessity to draw certain issues within the communication that could cause tremendous confusion, and so as to waste effort and miss opportunities. Some issues in communication are listed below:

**Communication Approach:**

The difference in culture affects the Communication between members of an organization. Not only because members are from different countries, but also from different backgrounds. People have their own way to approach and communicate. And recalling to the culture factor, this may vary in international organizations. The approach for communication could be face to face, via-email, telephone, etc… Staff independently decides which their best way to communicate is. And there is nothing wrong using this criterion; people need to feel comfortable whether sending a message. Possibly, there is a group that prefers using the spoken, consider the written, or use the pictorial channel.
Sender uses these channels in order to encode the message and then convey it to the audience. Although, for the receiver the channel used by sender could be the appropriate one and at the same time, could be a trouble-starter. The appropriate communication happens when the sender and receiver use the same channel, so they are capable and experienced using it. But on the other hand, if sender used a channel that, in the opinion of the receiver, is not valued, there is a lost in the communication. Following, Table 2 list the channels of communication and its mode.

### Table 2 Channels and Modes for Communication

<table>
<thead>
<tr>
<th>CHANNELS</th>
<th>Spoken</th>
<th>Written</th>
<th>Pictorial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-to-One (face to face)</td>
<td>Letter</td>
<td>Slides</td>
<td></td>
</tr>
<tr>
<td>Small-group meetings</td>
<td>Telex/ Cable</td>
<td>Film</td>
<td></td>
</tr>
<tr>
<td>Presentations</td>
<td>Memo</td>
<td>TV/Video</td>
<td></td>
</tr>
<tr>
<td>Film</td>
<td>Large and Small circulation report</td>
<td>Overhead projection Prints</td>
<td></td>
</tr>
<tr>
<td>TV/Video</td>
<td>FAX</td>
<td>Media used in conjunction with written modes</td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>Advertising</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radio</td>
<td>Computer</td>
<td>Quantitative data</td>
<td></td>
</tr>
<tr>
<td>Video Conferences</td>
<td>Quantitative Data</td>
<td>Electronic Mail</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Mead, 1990*
So what happens when an inadequate channel is used? It happens sometimes that staff might assume that everyone uses its same channel. It could be truth, and the other side, it can draw issues in communication as some offices matters such as instructions by boss, announcements or little correction need to use certain channels in order to be clear. In a scenario where the manager desires to communicate detailed instructions, would you prefer to receive it by email or one-to-one communication? Previous example draws interest because it happens in the office, and concludes that it is vital to select the appropriate channel to communicate messages.

**Language in Communication:**

According to Merriam-Webster Online Dictionary, language means “*the words, their pronunciation, and the methods of combining them used and understood by a community*”\(^2\).

The developing countries have most of the world's 6,170 living languages. More than 60 percent (3,764) of these languages are spoken in Africa and Asia, and another 20 percent (1,216) are spoken in the islands of the Pacific (Grimes, 1988). Language can be a barrier for learning, and so for communication. Therefore, barrier is the not only for communication, but to the realization of understanding and to the establishment of a relationship between the two or more parties implicated.

In the twentieth century, according to Wikipedia, United Kingdom as an economic superpower in the first half of the century, and the United States in the other half of the

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\(^2\) [http://mw1.merriam-webster.com](http://mw1.merriam-webster.com) (accessed on May 14th, 2007)
century led to the informal adoption of English as the primary language of international business.

One in five of the world's population speaks English with a good level. However, English cannot be considered as a secondary language since it has close association with nations and cultures in which it is spoken natively.

Language of communication is crucial since it is needed in business. In organizations, it's common to encounter situations, where you might face someone that does not necessarily share the same language. Although, language only represents 7% of what it is communicated among people (Payne). *There are other million of methods to communicate, but* those methods could create bias or a sent ambiguous message. Recalling to this issue into business, communication is crucial for organizations to grow as stated before, hence within the context of communication, language bolsters the messaging among members.

### 2.2.2 Management Style

Presently, managers have to perform different roles in an organization and how excellent they are will depend on the adopted style of management. The style is an overall technique of leadership executed by the manager. As Mc Guire (2005) commented that “one of the key strengths a manager has to be the ability to use the most appropriate style at the most appropriate time”. Therefore, a manager is in charge for the project or a group of individuals, consequently, must be able to communicate, negotiate, and
Management literature has several styles such as assertive, permissive, autocratic, coaching, country club, directing, delegating, discussing, participatory support, task oriented, etc… However, some management well-known scholars have appointed three and four basic styles of management. Paul Thornton appointed the 3-D styles, where he stated that each style is unique in terms of how managers communicate, set goals, make decision, provide feedback, and recognize performance. On the other hand, Ken Blanchard defined his four basic styles of management. Although, both scholars enjoy of outstanding reputation in leadership and management topics, hence, a sum of opinions will be used above:

**Directing:**

Managers ask employees what to do, how to do it, and when it’s the deadline. Roles and Responsibilities are assigned; they set standards and define expectations. For most managers consider this approach easy to apply. It works very well when the manager is competent and more experienced. Also, directing style is popular when tasks need to be done straight away. However, this style is not suitable for everyone. In order to succeed, the manager should assure that:

- Manager has to be confident
- Able to instruct clearly

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• Speak in an appropriate method; there is a slim line between patronizing and authoritative (McGuire, 2005:318)

This style also is suitable for situations where commitment from employees is irrelevant and a big group of staff is participating to complete the task.

**Supportive:**

This is adequate for staff that has the abilities, but need support and confidence. In the context of this style, two-way communication is common, and the manager might numerously assume the role of colleague rather than a boss. This is to raise their esteem, and also to encourage the employee to outperform. The use of the supportive style entails the manager to be a good listener, and at the same time give instant feedback. Within the feedback interaction, the manager cares about subordinate’s feeling towards the finished task.

After utilizing the mentioned supportive style, managers should pursue an internal performance checklist for measurement. John Adair, ("who is applauded and considered without a doubt as one of the foremost thinkers on the subject in the world") suggests in his book\(^4\) a assembly of questions that managers should ask themselves, please read below:

• Do I acknowledge success and build on it?

• Do I maybe analyze set-backs, identify what went well and give constructive guidance to improve future performance?

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• Do I show those who work with me that I trust them or do I surround them with unnecessary controls?

• Do I provide adequate opportunities for training and retraining if necessary?

• Do I encourage each individual to develop his or her capacities to the full?

• Do I recognize the contribution of each member of the team and encourage team members to do the same?

Consequently, if manager has fulfilled all the cited questions, this could lead to a superior outperforming team, but in the opposite effect, this could drive into a poor performance.

**Delegating:**

Managers rely accomplishments into their employees. They clearly explain the dimensions of the project, and the other “how” is left to the employee for self-decision making. However, it has to assign to employees that are highly-committed and competent. Occasionally managers tend to delegate functions they don’t like to do, and leave employee without guidance, so consequently, things could go wrong (Bock: 2007). On the other hand, managers enjoy this style since it empowers staff to perform better and help them to gain experience. Hence, communication between both parties is vital, as joint decisions could improve the quality of decisions, boost employee’s motivation and self-esteem (Billikopf: 2001).
**Coaching:**

Examining the beauty of the management styles, “Coaching” is a combination of “directing and supporting” approach. It entails constant communication between managers and staff. Managers commonly use this skill to build relationships, which is crucial for teamwork growth. The opportunity to use this style could be anytime staff needs it. For the case of some organizations, coaching is outsourced. According to McGuire, coaching works on the principle that the manager (the one coaching) feels confidence that the person been coached will succeed.

The stages to be executed when coaching that have been described by Armstrong & Stephens are listed below:

- Identify areas of knowledge, skills or capabilities where learning needs to take place
- Ensure that the person understands and accepts the need to learn
- Discuss with the person what needs to be learned and the best way to undertake the learning
- Get the person to work out how they can manage their own learning while identifying where they will need help
- Provide encouragement and advice
- Provide specific guidance as required
- Agree how progress should be monitored and reviewed.
Table 3 Summary of Four Basic Management Styles

<table>
<thead>
<tr>
<th></th>
<th>Directing</th>
<th>Supportive</th>
<th>Coaching</th>
<th>Delegating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Communication</strong></td>
<td>Detailed instructions</td>
<td><em>Constant communication</em></td>
<td><em>Two-way communication</em></td>
<td><em>One-way and two-way communication if needed</em></td>
</tr>
<tr>
<td><strong>Goal Setting</strong></td>
<td>Short-term goals</td>
<td>Managers wants staff to recognize their own achievement</td>
<td><em>Coach knows that staff will eventually succeed</em></td>
<td><em>Established by manager</em></td>
</tr>
<tr>
<td><strong>Decision Making</strong></td>
<td>Managers decide</td>
<td>Staff has the ability but lacks motivation or confidence</td>
<td>Staff understands and decides</td>
<td><em>Evolve after discussion</em></td>
</tr>
<tr>
<td><strong>Monitoring</strong></td>
<td>Frequent feedback and specific instructions</td>
<td>Good listener and constructive feedback</td>
<td><em>Provide guidance as it is needed</em></td>
<td><em>Managers decide the level of monitoring</em></td>
</tr>
<tr>
<td><strong>Rewards</strong></td>
<td>“Congratulations” for doing exactly what they asked</td>
<td>Encouragement and motivation</td>
<td><em>Lesson learned!</em></td>
<td><em>Employees gives feedback (responsibility)</em></td>
</tr>
</tbody>
</table>

*Source: (Thornton, 2004 & Blanchard, 2004)*

2.3 Summary of Literature Review

During the passage of the present literature review we have depicted a series of publications regarding to the Cross Cultural Management. There is an overwhelming amount of data regarding to the topic. Decades ago, culture was only a situational case where individuals couldn’t understand each other either in domestic places or in a group of people. But, nowadays it is considered vital as international business is developing in a major scale and organizations perceive the necessity to go cross border. Many scholars have pointed several issues that have jeopardized business. Most of the studies have suggested that major issues causing disruption and failure are communication and management style. The role of communication has been discussed and then concluded as the method people use to send and receive clear messages. Hence, a wrong receipt of
message could lead to many misunderstanding between a sender and receiver. The other
issue called “management style” has also been clarified and discussed. An assembly of
theory written by authors such as Thornton and Blanchard has determined the importance
and the attention drawn by managers in this era. That’s why; these authors and many
other scholars have appointed and dedicated time to study the potential usages of each of
the management styles. The positive use of management styles can only cause success in
management offering a much better, comfortable, and learning working environment.
Therefore, an inadequate management style might drive an opportunity into a disaster.
In the third section, we have reviewed Hofstede’s Five Cultural Dimensions and its
separate definition. All of those are a set of behaviors, personalities, approaches, goals,
etc… Therefore, each country has an evaluation (can be accessed on his website) where
the indexes would not exactly describe the country culture, but gives a close glimpse
from the point of view of a famous scholar. Also, it is possible to do cross comparison
between two countries in order to observe the “possible” differences within the
dimensions. Companies do consider this type of tools due to the prestige of the writer. So,
the bottom line is primarily to have a clearer perspective in terms of culture, when
companies decide to cross borders.