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Culture and Management

Edited by Theodore D. Weinshall

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Culture and Management

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Edited by Theodore D. Weinshall

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Introduction

This book is primarily intended for students of management, and managers whose roles involve them in work beyond their national boundaries. This would include all those interested in international business, whether they be managers in multinational corporations or in national organizations which come into contact with people of other countries. This book would also be of interest to students of the relation between culture and management and of what is today referred to as comparative management: that is, comparison of managerial behaviour and other aspects of management in different countries. The book could also serve people who are merely interested in culture and in the behaviour of people dissimilar to themselves, either because they travel to other countries (for pleasure, or in connection with their work) or because they are curious about culture and its relation to organizational management.

Its main objective is, therefore, to help people to distinguish 'culture-bound' behaviour from what one could refer to as 'universal' behaviour, namely that part of behaviour which is affected to a lesser degree by the environmental culture. An organizationally appropriate example could be the difference in mode of communication between, say, France and the United States. Let us imagine two similar organizations, in the U.S. and France – each headed by an entrepreneur and managed in an entrepreneurial structure, the chief executive communicating with the managers at various levels of the management, rather than only with those directly underneath him. This is a 'universal behaviour' proposition. However, if we consider the communication behaviour of the two entrepreneurs in terms of the intensity of their oral interactions with their managers, we may fall into a 'culture-bound' trap. We would discover that the American entrepreneur widely interacts with managers throughout the organization, whereas with the French entrepreneur similar interaction is much less frequent. Likewise we would discover that the French chief

executive uses much more written communication than his American colleagues. This may lead us to the mistaken impression that the Frenchman is a bureaucratic leader of a formally centralized functional structure, while a closer look would reveal that he actually runs an entrepreneurial structure, but in a different culture of communication behaviour. For this reason, the readings were chosen according to the benefit the reader would derive from them in two ways:

1. Conceptual and analytical tools which could serve him whenever he has to evaluate manifest behaviour and distinguish in it the 'universal' from the 'culture-bound' elements.
2. As many examples as possible of some specific managerial behaviour in several different cultures, measured with the aid of the same analytical and/or research tool.

The importance of studying the relation between culture and management has grown enormously during the last decade. The expansion of the European Common Market, the growing links of the U.S.S.R. and of China with Western countries, the accord between the two Germanies and the involvement of the U.S.A. in other parts of the world, are major trends in world politics and economics, favouring the gradual obliteration of national borders.

The multinational corporation, to which the last readings in the book are devoted, is probably one of the most important phenomena of the second half of the twentieth century and is likely to have a major effect on the pattern of the world in the twenty-first. Its advent has accelerated the obliteration of national boundaries and the movement of people from one country to another. All this has been accompanied by revolutionary innovations in transportation, communication and mass media which are not only permitting quicker, easier and cheaper transit from one culture to another, but bringing different cultures and other managements into homes and organizations. It should be noted that all these are quite recent developments.

Until the nineteenth century, organizations used to be fairly simple entities in which the manager-owner was dominant. He did not have to share his power with decision-making factors such

as workers, trade unions, shareholders, bankers, customers, suppliers, and governments. The culture of management was to a large extent that of the country to which the organization belonged, even if geographically it happened to operate outside its borders.

In those days, the only way to find out about the possible effect of a culture on management was to get acquainted with the former through anthropological research. Anthropologists, however, preferred to devote their time and resources to primitive and 'out of the way' cultures rather than to those of industrialized countries. The reasons for this preference were several. First, the more primitive the culture, the easier it is to encompass it and study it as a total system. Second (and closely related to the first reason), was the fact that the far-away cultures were 'pristine' and undisturbed by the influence of colonial or organizational expansion. It was only after the Second World War that anthropologists began to take interest in the more industrialized countries. By that time, organizations had become much more complex in their decision-making processes and much more advanced in their management structures. In fact, it seems nowadays very difficult to differentiate between culture and management.

The book comprises four sections – one conceptual and three devoted specifically to the effects of culture on management and vice versa. The choice of readings for these latter three parts was facilitated by two self-imposed limitations. The first has to do with the boundaries between different cultures. Even without trying to define 'culture' at this stage, it is clear that such boundaries could separate one ethnic group from another, or one locality from another, or even one organization (or sub-organization) from another. However, for the purpose of this book, boundaries between cultures were considered those between nation-states. The second limitation confined the material chosen to writings dealing with differences between at least two countries regarding the topic under discussion.

The four parts of the book are thus as follows:

Conceptualization of the Relation between Culture and Management, presenting the ideas of various writers on the relation between

culture and management, as well as their evaluation of the research work done to date in this area.

The Cultural Framework, including some of the research and findings regarding the effects of values, beliefs and manifest behaviour on management, in different countries.

The Managerial Framework – Factors of the Decision-making Process, looking at such human factors in the decision-making process as managers, workers and customers and finding out how different cultures affect them in various ways.

The Managerial Framework – the Effects of Size on the Managerial Structure, covering readings which deal with the cultural effects on two different aspects of the managerial structure – *attitudes* and *relationships*; this part includes a third section devoted to culture and management in *Multinational Corporations*.

The Selected Bibliography which follows the four parts is the bibliography from which the readings for this book were selected, as well as a few additional recommended books.

Finally, in this Introduction, some words of acknowledgement are due. My ever-growing interest in the relation between culture and management has been very strongly linked with my association with INSEAD, the European Institute for Business Administration. It is through my relationships with hundreds of participants and scores of teachers from countries all over the world that I have primarily gathered my first-hand knowledge of the wealth, however problematic, of the effects of culture on management. Of these many friends, the one who played an important part in making me formalize my knowledge in the area was Henri-Claude De Bettignies, to whom I am grateful.

I first started work on this project in the course of a stay in England in 1970–71 and during that period was helped by an anthropologist friend, Dr Joyce Pettigrew, and by my assistants at the Ashridge Management College, Miriam Dunn and Michael Silver, to whom my thanks are extended.

The major part of the work, however, was carried out at Tel Aviv University during 1972–3. But for the tremendous help of Mrs Lilly Malz this work would not have been possible. Her devotion, energy and advice have been a source of constant en-

couragement to me in screening and editing the material for the book.

I am likewise indebted to Mr Eliezer Goldberg (Scientific Editor at the Technion, Israel Institute of Technology), a friend as well as an exceptional linguist, for his comments and advice on this and the other introductions in this book, and on my article on multinational corporations appearing towards the end of the book.

I would also like to thank my secretary, Mrs Vivienne Miller, for her help throughout.

Last, but not least, thanks are due to my wife, Yonna, and to our daughters, Talia and Yael, for their patient acceptance of my work on the project, which for them meant either my absence from home or sharing my longer trips abroad.

Part One

Conceptualization of the Relation between Culture and Management

The readings chosen for this part represent different approaches to the relation between culture and management. Richman covers the most basic and important principles, central to culture's effect on management. He does this by dividing the cultural variables into sociological and educational constraints, and analysing their effects on the management process.

Webber introduces, in the second reading, the concepts of 'divergence' and 'convergence' in reference to the effects of the level of technology and innovation on the culture of the land. Thus, the condition of 'divergence' denotes a situation in which cultural values and norms persist in spite of the spread of technology and innovation. 'Convergence', on the other hand, implies that cultures are being brought closer to one another, as a result of similarities in technology, innovation and standard of living. Webber sees the factors of convergence as predominating at the macro-economic and the micro-technical levels; and those of divergence on the philosophy and practice of managers at the level of the firm.

In a different vein we have the critical review by Roberts of the research carried out up to 1970. The author maintains that there is a serious problem with the lack of basic definition for the word *culture*. She claims that most of the research reviewed by her was not well thought out, had no strong guiding concepts, reached weak conclusions and did not give adequate coverage of the subject.

Selection of readings for this part was quite difficult because, rather than there being a shortage of material, there exist several very good conceptualizations of the relation between

culture and management. As a consequence of constraints on the number of readings that could be included, I regretfully had to omit such excellent readings as Jean Boddewyn's and Musbau Ajiferuke's '“Culture” and Other Explanatory Variables in Comparative Management Studies' (1970); Stanley M. Davis's 'A Conceptual Framework: Values, Relations, Structure' (1971); Raghu Nath's 'A Methodological Review of Cross-Cultural Management Research' (1968); Hans Schollhammer's 'The Comparative Management Theory Jungle' (1970); and William Foote Whyte's 'An Intercultural Context for Organisational Research' (1969). One other large work that ought to be mentioned is Edward T. Hall's 'The Silent Language' (1959), from which no self-contained material could be abstracted and which is accordingly recommended for reading in its entirety. Some additional readings can be found among those listed in the bibliography at the end of this book.

1 Barry M. Richman

Significance of Cultural Variables¹

Barry M. Richman, 'Significance of Cultural Variables', *Academy of Management Journal*, vol. 8, no. 4, December 1965, pp. 292-308.

The argument between those who believe that efficient and effective management is based largely on universal principles, practices and general know-how which can (and should) be transferred to any country,² and those who advocate that management as a philosophy and/or process is essentially or substantially culture-bound³ will probably be intensified as a result of current cross-cultural and international research activity in the field of management.

Some tough problems

A major problem is the lack of clarity and consistency in defining and using such critical terms as 'principles', 'culture-bound' and 'management philosophy'. A second problem is the confusion between normative, descriptive and predictive elements of management theory, and the absence of empirical and experimental studies for testing and validating firmly held beliefs and 'hypotheses'. A third major problem is the absence of a basic theoretical conceptual framework within which to hypothesize that certain cultural factors do in fact generally and significantly tend to influence the

1. Modification of paper presented at the International Management Session of the Academy of Management Meetings, Chicago, 30 December 1964, based in part on the thinking that went into Farmer and Richman (1965).

2. This is the general view taken by many of the textbooks dealing with the principles and functions of management, such as the works of Harold Koontz and Cyril O'Donnell, and William Newman. See also Merrill (1963).

3. See Gonzales and McMillan Jr (1961), pp. 33-41; and Oberg (1963), pp. 129-43.

performance of management. Finally, there is a lack of 'developmental research' which would attempt to answer the question 'if this hypothesis about a particular cultural variable is generally true in principle, how does it find expression in the operational context of the real management world?'.⁴ That is, what concrete effects does this have on the process and performance of management?

For example, one may hypothesize that a dominant unfavourable view towards private business and its managers in a given country might be expected to have a negative impact on managerial and firm performance in that country. Through further research, convincing evidence may be obtained which indicates that there is a pervasive, highly negative view towards private business firms and their managements in, for instance, Burma, Ghana or Iran. Yet we are still in the basic research stage since we are very hazy about the concrete impact this situation tends to have on the performance and operations of, for example, an oil company subsidiary and its management in Iran. Moreover, we are still not sure what the key underlying conditions for this negative view are.

What is needed is research of the developmental and the applied types. If it can be determined how a dominant unfavourable view of the above sort tends to affect the performance of business firms and their managements in general; and (specifically in the case of the Iranian oil subsidiary), in what way, and to what extent, and what the key underlying reasons are for this view, the often dismal story of conflicts, confusion, inefficiencies, and the slow learning process such managements face, could probably be minimized substantially or eliminated.

In order to further clarify and drive home the point, consider for illustration Maslow's (1943) famous theory of human motivation and the hierarchy of human needs. It has been referred to in a recent article by Keith Davis (1964) in the following words:

Modern psychology reports that new human needs take priority whenever former needs are reasonably satisfied. In other words, man is motivated more by what he is seeking, than by what he already has.

4. The term 'developmental research' and some of the ideas associated with it have been borrowed from Haire (1964).