

• THIRD EDITION •



MANAGING CULTURAL DIFFERENCES

**High-Performance Strategies for a
New World of Business**

**Philip R. Harris
Robert T. Moran**

Capitalize on international markets



**Improve communications with
foreign nationals and U.S. minorities**



Master business protocol and cross-cultural courtesy

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Philip R. Harris
Robert T. Moran



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To our wives, Dorothy L. Harris and Virgilia M. Moran,
whose career paths crossed ours on foreign soil and
international assignments, and who taught us so much in
marriage about managing cultural differences!

Managing Cultural Differences

Third Edition

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Foreword

At first glance, a book titled *Managing Cultural Differences* leads one to anticipate that this is, indeed, an oxymoron. Management and cultural differences just seem to not go together well.

Phil Harris and Bob Moran have taken on the heroic task of teaching us that through understanding of cultural differences, it is possible to facilitate the process of accomplishing goals and objectives. Their third edition of the popular book called *Managing Cultural Differences* is, indeed, a work that will stand the test of time.

For most managers who are now confronted with the international “context” the role that culture plays in affecting performance and opportunities is a secondary subject that is often handled through general observations and frequenting indigenous restaurants. Harris and Moran remind us that culture is like an iceberg—only part of it is seen, but most of it is not. It is this underbelly of cultural difference that forms the backbone of this text. I am particularly taken with the focus on the difference between coping with cultural differences and actually trying to manage this process. The authors use excellent case vignettes to show how one institution achieves their objectives in the international context, while another stumbles around never quite understanding why “things don’t work in Bolivia!”

Too often, those of us who are charged with managing institutions forget that whatever culture exists, it is not static. It is equally true that when one is doing business with a Japanese corporation today, it is not the same as having done business with that same firm ten years ago. Too many of our intellectuals have given readers the impression that cultures can be described in a static state. The tendency to over-simplify, such as the observations on “Japanese management style,” have frozen managers’ impressions of how to deal in complex cultures. Perhaps the most classic example of this situation is in the current “restructuring” of the Soviet Union, and the recognition by the rest of the world that Russians are a collection of many, diverse cultures.

The first-time reader of this text should focus on several key elements that are unique to managing cultural differences. Moran and Harris have done an excellent job of provoking thought about the role that technology has played in forcing the globalization process upon us. They focus well on the role that the cliché of effective communication plays in this globalization process. The best

reward for a first-time reader is that the authors don't simply speculate about communication; they actually let you work through a classic example of how communication works in a cross-cultural circumstance. Their pragmatic view of communication is best illustrated by the chapter on negotiation style. Here, they even provide a test that allows an individual to self-examine their own capabilities.

After completing the text, you should come away with the knowledge that it is possible to look at the future of a globalized industrial state with confidence that complexity can be overcome with knowledge and intelligent focusing on the principles of managing cultural change.

Roy A. Herberger, Jr., Ph.D.
President
American Graduate School
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Editor's Preface

We are fortunate. Drs. Harris and Moran have written a third edition of their important book. Too often, a new edition of a book is essentially the previous edition with some minor changes and updating. That is not the case with this new *Managing Cultural Differences*. The authors have done a great deal to increase its relevancy and timeliness. The first edition received an enthusiastic response and the authors used it in many of their workshops and seminars. They received feedback from participants and readers that has served to make this edition an even more important contribution than its predecessor.

Every day we find increasing evidence of the importance of understanding ourselves and others if we are to survive and live in the world. This applies to the economic level, as well as the social and political levels.

Within the U.S., there is an increasing concern about the impact of culture within organizations. This is healthy, although some people are blind to the realities of that impact. Though Drs. Harris and Moran are dealing with international factors, there is much material here that can help us to understand differing cultural norms within a U.S. organization.

As with previous editions, the authors have provided us with an amazing amount of insight and detail without overburdening us. The topic is difficult, but their presentation makes it easy, interesting reading. Their inclusion of incidents and examples highlights the theories and concepts spread throughout the book.

This book obviously has much to contribute to anybody engaged in international and cross-cultural activities. Likewise, it has a great deal to offer to anybody who is involved in the economic life of our country. The list of foreign companies operating in the U.S. continues to grow. We now have combinations of foreign and domestic companies that ten years earlier would have been almost inconceivable.

Indeed, the "global manager" can be operating in the U.S. as well as in some foreign country. It is no longer the location that distinguishes among managers but rather the range of different foreign nationals with whom they interact.

This is a book to be read first from cover to cover. Then, parts of it can be used frequently for reference and updating. You will find yourself returning to

specific segments, exercises, and resources as the need arises. Do not hesitate to do so for there is much of value in this book that cannot possibly be absorbed in only one reading.

Leonard Nadler

Professor Emeritus, George Washington University
Series Editor, Building Blocks of Human Potential

Preface

In the past ten years the first and second editions of *Managing Cultural Differences* not only became popular with world managers and professionals, but were adopted as textbooks in more than 100 colleges and universities. Extra printings along the way confirmed the growing need for and interest in developing intercultural awareness and skills. Now at the beginning of a new decade—the last of the 20th century—we find ourselves compelled to provide still another edition. Why the need for a 1990s version of *Managing Cultural Differences*? First and foremost, are the accelerating and breathtaking changes within world culture that force revision of our content. Who could have predicted that since the last edition three years ago such radical changes would occur in the European Economic Community, the Eastern Bloc countries, and the People's Republic of China? Secondly, our expanding readership has sent to us remarkable input and insight, some of which shall be shared with you in these pages. We especially appreciate the endorsements not only from organizations worldwide, but from cities like Indianapolis, whose mayor wrote that *MCD* helped the city in planning for the Pan American Games which they hosted, as well as with other international initiatives of that municipality. We are grateful, too, to others who report that *MCD* provides managers with the tools to understand people and to develop cooperation, and that the book serves as a guide to the nuances of foreign management, which helps readers to avoid the cultural reefs that sink international business. That kind of encouragement prompts us to update our material.

Thus, this third edition has several new features and serves as a springboard for others, including:

- Timely additions that are culturally relevant, such as the section on *maquiladora* plants along the U.S.-Mexican border.
- Supplementary services to assist trainers, professors, and managers, including an *Instructor's Guide* and now the *Directory of Multicultural Resources* on floppy disk, so that the latest information in this area will be available to readers.
- A series of *MCD*-related books that focus on such topics as joint ventures, marketing, finance, and health services.

This third edition of *Managing Cultural Differences* is a result of the wide acceptance and utility of its previous editions in such fields as international business, communication, and training. Management's growing awareness of the pervasive influence of culture upon employee behavior, customer relations, work, and productivity has encouraged many others to study and describe the impact of intercultural management and relocation challenges. Increasing numbers of executives and educators are now accepting our basic premise that learning for greater cultural understanding and competency should be an essential part of all management and professional development, especially in business and professional schools. Therefore, with your encouragement, the authors now launch another completely revised version of our text aimed at advancing the tenets of effective cross-cultural management even further.

Managing Cultural Differences, Third Edition reflects the original edition's intent, but enhances the message with extensive new input. The material is re-organized and presented in a more integrated and relevant way for the benefit of our worldwide audience. It is structured around the *global manager*, an innovative concept on the cutting edge of international management that can prepare the reader to cope with a rapidly changing business environment. Simply put, the "global manager" exercises leadership at home or abroad, in private or public sector, in profit-making or non-profit organizations. A manager knows how to get things done; a leader has vision to look beyond the moment and to know what thing to do. Thus, this edition is filled with ideas and insights that broaden the manager or technician's horizons, while offering pragmatic means for improving performance effectiveness within or across borders. The book is in tune with the megatrend toward globalization, whether in the economy or marketplace, in communication or transportation, in management or the professions, in human services or militarization. Our purpose is not simply to help you better cope with cultural differences, but to facilitate cultural synergy or cooperative results through you.

For reader convenience, the material has been organized into four major parts. The first seven chapters are intended to increase your comprehension of the cultural impacts on management. Specifically, we examine the emerging role of the global manager as a cosmopolitan, communicator, negotiator, creator of synergy, leader in change, and influencer of organizational, work, and team cultures. The second unit explores in the next five chapters the cultural impacts on international business. Cross-cultural effectiveness is analyzed particularly in terms of the international assignment, business protocol, family relocation, and technology transfer. Special attention is devoted in this regard to means and methods of human resource development, collaboration, and networking among professionals and technicians. Six of the chapters in the third unit are entirely devoted to matters of culture specifics for those engaged in international business or service. How to do business with intercultural sensitivity and skill is reviewed for major world regions—North America, Latin

America, Asia, Europe, Middle East, India, and Africa. The concluding chapter pulls together the volume's themes and deals with high performance in new market opportunities.

The book is a balance of theory and models, as well as research results and practical guidelines. It contains many critical incidents, case studies, self-assessment tools, figures, and tables. The final unit embodies management resources for global professionals with instruments for data-gathering and analysis. The book concludes with a comprehensive bibliography, alphabetically arranged and keyed to the publishing dates of pertinent references in the chapters, and author and subject indexes to facilitate referencing and further research.

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Writing *Managing Cultural Differences* was not only a synergistic effort by the authors, but required the cooperation of many colleagues and clients. Whenever possible we have tried to acknowledge them in the text proper, as well as in the reference section. However, we are especially appreciative of the work of our editors, William J. Lowe and Timothy W. Calk of Gulf Publishing Company, as well as the series editor, Leonard Nadler of George Washington University. In particular, we would like to express our gratitude to these professionals for their very special contributions: the late Wolfgang Fassbender, Diebold Europe; Orville L. Freeman, Business International Corporation; Dorothy L. Harris, United States International University; the late John M. Hoffman, Family Relocation Services; the late June Inglima, United States Customs Service; the late Hank E. Koehn, Trimtabs Consulting Group; Krishna Kumar, University of Michigan; George W. Renwick, Renwick Associates of Scottsdale; Walter A. Schratz, Westinghouse Education Foundation; and V. Lynn Tyler, Brigham Young University.

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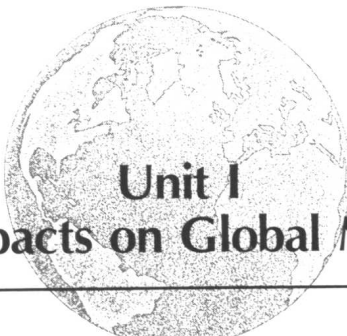
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Unit I

Cultural Impacts on Global Management

Change agents who are involved with international development of organizations want not only to improve them for the moment, but also to facilitate a far-reaching and long-lasting transformation of organizational life. For this to happen, our organizations must be seen and understood as cultural entities, determined, to a considerable extent, by behavioral norms that make up the “organizational unconsciousness.” Once we are aware of the crucial norms, they can be consciously and systematically changed and supported, creating a long-lasting transformation that has ramifications for the larger society (Allen and Kraft 1984).

1

Managers as Cosmopolitans

For organizations to flourish, let alone survive in the decade of the 1990s, their perspective must be global. John S. McClenhen, Senior International Editor of *Industry Week* reports “. . . in order to capitalize on the globalization of commerce . . . American managers will have to think beyond the borders of the United States.”

Time Magazine on October 9, 1989, from the perspective of foreign companies and individuals coming to the United States, put it this way, “I came, I saw, I blundered . . . for bosses from abroad, the U.S. is tougher than it looks.”

If you can appreciate the significance of the following statements, you are probably concerned about managing cultural differences and creating cultural synergy:

1. Japanese culture promotes a tremendous sense of identity and group belonging. Creating ambiguity is almost a social obligation and unconscious process that often leads foreigners to draw false conclusions based on Japanese appearances.
2. In Saudi Arabia, the protocol is to use the first meeting for social acquaintance, warm-up, or trust building, and not as a time to conduct serious business.
3. Westinghouse has been in the midst of transforming its organizational culture, so that it may become more productive and profitable.
4. High technology and fast-growth companies are often harbingers of a new work culture.
5. In matters of recruitment and selection, Asian managers often rely on family and friends whom they can trust or have obligations to, while Western managers use more objective measures of competency.
6. When doing business in Indonesia, handshaking with either sex is perfectly acceptable, but using the left hand for this purpose is strictly “taboo”; in other cultures, handshakes are avoided, and some form of bow is preferred.
7. Los Angeles is increasingly becoming a capital Third World market with its diverse multicultural and multilingual population. Spanish and Korean are the second and third largest foreign-language groups. Cultural