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SERIES PREFACE

To thrive and, in many cases, to survive in the 1990s, it is necessary for organizations to globalize in strategy, structure, and people. Companies have realized that developing strategies or managing people as if the internal and external environments of the organization had not changed is a major mistake. "Bashing" others rather than taking the inward journey and becoming a revolutionary learning organization is dysfunctional and counterproductive to corporate survival. As expected, many organizations in various countries have taken the inward journey and are effectively managing this challenge. Some are not.

The books in the *Managing Cultural Differences Series* are intended to stimulate and support the effort of globalization in all of its dimensions. The books have been widely accepted in academic circles and by practicing internationalists.

As series editors, we are pleased that Gulf Publishing Company has risen to the challenge of addressing questions of people, cultures, organizations, and strategy in a rapidly changing, highly interdependent community.

Philip R. Harris, Ph.D.
Robert T. Moran, Ph.D.

FOREWORD

Multicultural Management: New Skills for Global Success provides an excellent overview of the challenges we face today in the demanding arena of global business interactions. The book is a value-added primer for readers who need an orientation to varied business cultures. It allows readers to achieve a higher level of awareness of the requirements posed by different cultural situations.

The detailed list of the characteristics of the successful multicultural manager is especially interesting. The authors stress that cultural diversity includes territorial, corporate, and gender issues. The scenarios where Arabs, Japanese, Americans, and Chinese experience conflict reveal the explicit need for increased cultural understanding and sensitivity. The authors insightfully describe and demonstrate cultural differences in nonverbal communication, language use, as well as space and time orientation.

Managers working in multinational corporations will find valuable the portion of the book describing how a country's cultural values affect corporate cultural values.

Effective business communications are critical to the growth of every organization and are often difficult even in a local business unit. The authors provide good examples of how business introductions, telephone calls, presentations, and written communication can lead to an operation's success or failure.

Of special significance to those of us managing Motorola University is the contrasts in training, motivation, and performance appraisals in diverse cultures. The authors' discussion of group composition, time, preparation, training materials, and knowledge tests is of great value to the reader with responsibilities in human resources.

This book is filled with a great deal of new information. It is ideal for individuals and organizations who are seeking high performance in today's and tomorrow's competitive global marketplace.

A. William Wiggenhorn
President, Motorola University
Corporate Vice-President for Training and Education,
Motorola Corporation

INTRODUCTION

Multicultural Management presents strategies and specific skills for today's managers to achieve a competitive edge. The new world market will not only be international, but intensely intercultural. The country or company whose citizens have the great cultural competency, all else being equal, will gain this competitive advantage.

The practical information contained in this book reflects our research, and extensive experience in international business management training and consulting. It is particularly intended for leaders in organizations seeking increased market expansion through acquisition, mergers, and joint ventures, or for those managing overseas subsidiaries.

The theme of *Multicultural Management* will have special value for corporations and associations currently moving toward globalization. The text guides management toward success in dealing with cultural differences, and progress toward cultural synergy in business. Executives, business students, and technical and marketing personnel will enhance their multicultural business and management skills with this book as a guide.

Amidst the numerous cultures found in the human family, we have chosen several to guide the reader toward valuing and managing cultural diversity. The three cultures that have been targeted to provide cultural contrast are American, Japanese, and Arab. Although the people of Pan America may rightly call themselves "Americans," we use the term of common parlance to refer to the people of the United States. Similarly, we refer to Arabs as people from the Arab countries, and to Japanese as the people of Japan.

We chose these three major contrasting cultural entities of North America, Asia, and the Middle East to demonstrate the challenges and complexities in multicultural interactions everywhere. However, the messages provided here apply to many other cultures. We hope our readers will use their imagination while reading this book in order to transfer these examples to their own culture, as well as to the many other cultures with which they interact.

Multicultural Management is presented in eight chapters. In each, we have tried to stimulate the reader's thinking by presenting several specific cross-cultural business situations. These situations are followed by cultural contrasts among the three cultures highlighted, and descriptions of how they would respond to specific situations. Most of the chapters are supplemented by tables that give the reader a deeper understanding of the cultural differences.

The opening chapter provides a rationale for multicultural management. It poses three arenas for practicing cross-cultural skills: the domestic work environment, the integration of organizational cultures, and the international marketplace.

Chapter 2 explores business challenges encountered in global management, particularly personal introductions, telephone conversations, meetings and presentations, and training and motivation.

Chapter 3 offers a discussion of our cultural dimensions and values, and their priorities across several cultures. These priorities were compiled after extensive interviews and research in several of the world's cultures. Images of culture, nonverbal communication, and use of time and space across cultures are presented.

Chapter 4 explores contrasts in corporate cultures of several multinational, multicultural organizations, and how their cultural business values differ and reflect the country's values. In Chapter 5, we present specific skills for the global manager, for effective conduct of multicultural business communications.

Chapter 6 focuses on human resource management, and includes how to conduct training, motivation, and performance reviews across cultures, especially in joint ventures.

Chapter 7 is dedicated to developing skills for successful intercultural negotiations and how establishing rapport, persuasion, and closing the sale varies across cultures.

Finally, in Chapter 8, we present guidelines for globalization strategy and technology transfer management.

We hope that the scope and richness of the book, as well as the depth of its specific practical business situations, will help you develop an understanding of the world's many cultural differences, and will enable you to compete more successfully in the emerging global, multicultural world.

Praise for

Multicultural MANAGEMENT

New Skills for Global Success

"... a concise guide ... Chock full of examples and check-lists ... would fit easily into any business or management course. ..."

The Japan Times

"Insightful, powerful, and practical ... a 'must read' guide ... an invaluable reference. ..."

Canadian Manager

"Business leaders, executives, diplomats, students, technical and marketing personnel ... will find the book a welcome repertoire."

Malaysian Business

"... hot topic ... explores how subcultures within multinational companies can lead to clashes in international ventures."

Seattle Times

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CHAPTER I

MULTICULTURAL MANAGEMENT INSIGHTS

An Overview

Management today is increasingly multicultural. This has come to pass in the last quarter of the 20th century, as national populations have become more informed, heterogeneous, and less isolated. With continued movement toward a global marketplace, growing transborder exchanges are leading to trade agreements and economic unions. Thanks to stunning technological advances in communications and transportation, the world's cultures are increasingly starting to interact with one another. In the '90s, we are also witnessing a counter-phenomenon—breakdowns of large, traditional political entities, such as the former U.S.S.R. and Eastern bloc countries. There, smaller republics and ethnic groups are demanding more independence, while moving toward democratic free enterprise and away from socialistic systems that feature centralized planning and control. The challenge is whether locals will be driven out by destructive ethnic rivalries, or realize the advantages of cultural and economic synergy with their neighbors.

Because of the significant social and political changes that are currently under way, there is real opportunity for world traders and entrepreneurs, free of ideologies, to engage in peaceful commerce for the benefit of humankind. The globalization of the mass media has shown many people the possibilities available within modern society, and has made them desire improvements in their quality of life. Such market needs can only be met on a global scale when a new class of managers and professionals come prepared with multicultural skills. Such cultural competencies are critical as we transition into the 21st century.

Diversity in the Multicultural Workforce

The domestic work environment in most countries is becoming more complex. Most national workforces are experiencing a population growth among traditional minorities, who also seek to move beyond entry-level jobs. Improved access to education and training for people in such microcultures fuels their vocational ambitions. Enlightened legislation, whether called "equal employment opportunity" or "affirmative action," is designed to ensure fairness in the workplace. Gender barriers are also slowly being eliminated, and many women are now in supervisory, management, and other executive positions.

In the United States this multicultural resurgence is evident with the increase in Asian, Latino, and Afro-American populations, new immigrants from many different countries, and millions of illegal aliens. In Canada, French-speaking and Inuit minorities have become more assertive in seeking their job rights; expanding immigrant populations from Central Europe and the Far East have joined in their demands. Across the Atlantic, workforces have become more diverse as border crossings have become easier, while labor shortages have forced some countries to import "guest workers" from a variety of places. France not only has a large North African minority population, but economic refugees from numerous impoverished lands to the south have immigrated there as well. Germany struggles to cope with previous guest workers from Italy, Turkey, India, and Pakistan, along with new onslaughts of job seekers from former East Germany and Europe. The United Kingdom tries to cope with a multicultural inflow from the former British Commonwealth nations, as well as with Arab investors. Across the Pacific, the Koreans and Filipinos are most active in seeking contracts or work abroad, while the Japanese may have to hire more outsiders to take over low-level jobs that have yet to be automated.

In many places, labor is not just absorption of new foreign workers, but of new foreign owners and executives as well. Latin America is the marketing and relocation target for many Americans, Europeans, and Japanese; conversely, millions of Latin Americans have migrated northward seeking prosperity. Everywhere, people are moving beyond their homelands in the search for a better life, creating worker pools that call for cross-culturally sensitive managers. In a sister book in the *Managing Cultural Differences* series, *Transcultural Leadership*, by Simons, et al., the term "transcultural manager" was coined to describe that new leader.

In this post-industrial information age, a new work culture is emerging. One of its norms is competence, regardless of one's race, color, creed, or place of origin. High-technology industrial parks around the world are being staffed by technical types of many nationalities, hired because of their scientific ability, regardless of cultural background. Operating high-tech plants requires the best of multicultural management, whether in the "Silicon Valley" of California, Taiwan, Hungary, or India. The same multicultural environment may be observed in academia or in research and development laboratories worldwide.

Blending Organizational Cultures

As McManus and Hergert pointed out in their book, *Surviving Mergers and Acquisitions*, whenever a merger, acquisition, or joint venture is formed by two existing companies, two or more distinct organizational cultures must be combined. It is ineffective when one entity simply tries to impose its culture upon another. It is more productive to seek a cultural synergy between and among the systems involved. But the latter calls for finesse, the practice of sophisticated multicultural management. Nowhere is multicultural management more desirable than in the formation of a consortium made up of several corporations, or of representatives from industry, government, and universities. Again, the managers in such situations have to utilize multicultural skills to create the best in the various organizational cultures and management systems.

Even within a world corporation, one faces cultural diversity among various departments, divisions, and subsidiaries. In reality, every time a project team is assembled, made up of different disciplines and fields of expertise, the project manager must practice multicultural management. Engineers think differently from manufacturing or finance personnel who, in turn, may differ in perspective from marketing or public relations people; each profession or speciality has a unique subculture, often solving problems differently from one another. When such assemblages of personnel are escalated into an international project team or task force, the management challenges are even greater, for then varying macro- and microcultures are participating. Thus, those experienced in intercultural communication and negotiation are more likely to succeed.

Business in the Global Marketplace

International business and professional activity demand movement beyond one particular cultural conditioning into a transcultural arena. Whether one travels overseas for a quick business trip, or becomes an expatriate manager abroad for years, sponsoring organizations should have foreign deployment systems that facilitate acculturation and performance of their representatives. This type of plan is especially helpful when an employee is deployed to an isolated and alien environment, such as an offshore rig, an Arctic petroleum facility, an Antarctic research station, or a desert or mountain scientific outpost. Today, the United Nations, national government agencies, the military, and numerous foundations and nonprofit associations send qualified personnel on assignments to host cultures, often with minimal or no cross-cultural preparation and inadequate knowledge of cultural specifics.

Currently, global industries, including communications, travel, transportation, marketing, food, hotels, and real estate, employ workers outside their native cultures, while providing only rudimentary information about local customs, laws, and practices of the indigenous people, much less any training in foreign language. Not only is multicultural training essential in all management and employee development, it should be a requirement for certain roles. Occupations such as customs and immigration officers, border agents and law enforcement officers, international lawyers, statesmen, health care providers, and so on necessitate cross-cultural education.

Business in New Frontiers

The next generation will be increasingly engaged in space exploration and development. Some 21st-century market opportunities will undoubtedly be in space commerce, industrialization, and settlement. Astrobusiness, whether on the ground or aloft, is an emerging arena for the practice of multicultural management. It is already evident in the aerospace industry, but especially in the areas of communication satellites on which we are so dependent for weather forecasting and control, remote sensing and resource location, and information/entertainment/banking/postal services.

Another example is the spaceport currently being developed at Cape York, Australia, which involves a combination of Australian and