

## Culture in International Management: Mapping the Impact

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With the increase in global activities of both domestic and multinational companies, managers need a good understanding of culture. People's cultural backgrounds influence their assumptions about how work and interactions with other people should proceed. Culture's influence, although profound, often goes unseen. This results in deep and difficult conflicts, but also in untapped potential. In this issue of *Perspectives for Managers* we provide a tool for understanding management behavior across cultures.<sup>1</sup>

### What is Culture?

Culture is a *system of values, beliefs, assumptions and norms, shared among a group of people*. The group could be a country, region, religion, profession, organization, even a generation or a social or sporting club. The group's cultural system is a general agreement among people about what is important and how things will get done. The more fundamental the grouping, the deeper the culture, the greater its influence on members' values and beliefs, and the less the members are aware of this influence. Religious and country cultures, for example, are usually learned early in life and with extensive reinforcement from family, media, and educational, political and legal systems. When learning these fundamental cultures, most people have low awareness of other cultures. Like fish in water, we do not distinguish our own environment from others. We usually become aware of our own cultures only when we travel to other places, forcing us to see our own culture differently.

Culture provides two functions that affect global management. First, culture provides a *software* for the group's interactions, or a sort of oil that greases the machines of the society. The shared cultural system allows members to interact with each other efficiently without questioning every motive or

action, and with a relatively smooth flow of activity. Culture provides guidance for decision making; basic criteria need not be discussed at length. Culture also provides scripts for behavior; so people know what to expect of each other and how to reciprocate – even in terms of how to express conflict and resolve it. Within cultures managers can “get things done” more easily than they can when crossing to other cultures.

Second, culture provides a source of *identity* for people within the culture. This identity often surfaces when people describe who they are: “I am French” or “I am American”; “I am Jewish” or “I am Arab.” The identity becomes even more important when it is threatened, and culture provides a boundary pulling insiders together around their shared values, shielding themselves from outsiders. In this function, culture provides a source of motivation for facilitating or thwarting cooperation with people from other cultures.

We described culture as “shared”; however, the entire cultural system is not completely shared by every member. Usually, the cultural system is *mostly* shared by *most* people. If the culture is too shared, then it is not open to change. It becomes closed, and it does not adapt to a changing environment. Many aboriginal cultures have become virtually extinct in this way. Soviet communism (as opposed to Chinese communism) and IBM of the 1980's provide government and organizational examples. On the other hand, if the cultural system is not shared enough, it functions neither as software nor as identity. People interact together in chaos with multiple subgroups developing and destroying each other quickly, and there is a marked lack of productivity. Societies in transition, such as Russia today, and organizations and subunits going through mergers have these characteristics.

<sup>1</sup> This issue provides a guide to “Mapping” culture, as referenced in the *Perspectives for Managers* issue “Synergy from Individual Differences: Map-Bridge-Integrate” by Professors Maznevski & DiStefano. We would like to thank the many managers and students who have helped us describe these ideas and provide examples, and IMD Research Associate Karsten Jonsen for his contributions to this article and the Cultural Perspectives Questionnaire.

Four Cross-Cultural Arenas in International Management

Four types of situations require that managers understand their own culture and how it differs from others (see Figure 1). In each of these situations, decisions must be made and

	One-Way	Multi-Way
Individual Level	<p><b>Arena 1: Expatriate</b></p> <ul style="list-style-type: none"> <li>Individual manager going to another country to manage a business unit or perform a specialist job.</li> </ul>	<p><b>Arena 2: Multicultural team</b></p> <ul style="list-style-type: none"> <li>Group from many countries, often cross-functional, managing across units or a multi-country project.</li> </ul>
Organizational Level	<p><b>Arena 3: Export system</b></p> <ul style="list-style-type: none"> <li>Take human resources, information systems, or other practice or strategy from one country into another.</li> </ul>	<p><b>Arena 4: Global system</b></p> <ul style="list-style-type: none"> <li>Develop human resources systems, organizational structures or strategies, to be implemented in many countries.</li> </ul>

Figure 1 Four Cross-Cultural Arenas in International Management

implemented across cultural boundaries. At the individual level (Arenas 1 and 2), managers must interact effectively with individuals from other cultures. People from different cultures will bring with them diverse expectations about the interaction, and effectiveness depends on understanding and building on these differences. At the organizational level (Arenas 3 and 4), managers must design systems of interaction that guide the coordinated behavior of many people. It is important for managers to know whether these systems will be consistent or contradictory with the cultural system in place. In one-way transactions (Arenas 1 and 3), managers need to take something that has been developed in one culture and put it into another one. Successful execution is based on an understanding of how things will be interpreted in the new context. In multi-way transactions (Arenas 2 and 4), managers must take into account many cultural systems at the same time. Unless the differences are understood, the situation will be characterized by conflict and division.

Cultural Orientations

The best way to understand and predict how one culture is different from another is with a framework that compares them on important dimensions. The Cultural Orientations Framework identifies six basic issues that all groups must address and resolve in order to function effectively. The six issues are 1) relationship to the environment, 2) relations among people, 3) mode of activity, 4) human nature, 5) time and 6) space. Groups of

people deal with these issues in different ways, and the combinations provide the patterns of cultural systems. Maps of culture can then be built by identifying the combinations. In the rest of this issue, we outline the dimensions and provide examples of their impact.<sup>2</sup>

1. Relationship to Environment

What kind of relationship do we have with the world around us? How do we see ourselves in relation to it, and what is our role with respect to it? There are three common ways of seeing this relationship: harmony, mastery, and subjugation. In *harmony* cultures like Japan, people do not see themselves as separate from the environment, but as

part of an integrated, holistic system. Humans' role is to help maintain the balance of the system. In *mastery* cultures like the United States, people see themselves as dominating the environment. It is considered normal and good to shape the environment – including work and living environments – to suit humans' own needs or desires. In *subjugation* cultures like Islam, people have a strong belief that the environment or a

that *all* variations are in *all* cultures at *all* times; however, each culture has a clear *pattern of preferences*. This is true of all the cultural orientations. For example, both the United States and Japan have all three of harmony, mastery and subjugation. However, while the United States prefers mastery over harmony (“We can *fix* the problems we have created by planting trees and getting rid of garbage more efficiently”), Japan prefers harmony over mastery (“The way to fix the system is to provide more balance”).

Differences in Relation to the Environment affect which projects and goals are prioritized, and what causes are attributed to problems – unexpected negative results – that arise (see Figure 2).

2. Relations among People

What types of relations among people are assumed to be most natural or most effective? Whom are we responsible for; whom must we take care of, and whom must we obey and be accountable to? There are three common patterns of relations: collective, individualistic, and hierarchical. In *collective* cultures, such as those in Latin America, members of a group look after each other; maintaining and promoting the welfare of the group as a whole. The group may be an extended family, with many generations and lateral relations, or it may be society as a whole or a peer group. In *individualistic* cultures, like Australia,

people are responsible mainly for themselves and their immediate families. Parents are responsible for children, but only until the children are adults themselves. Finally, in *hierarchical* cultures, like India, those at the top of the hierarchy have both responsibility for and authority over those below. The hierarchy can be of individuals or of groups, but the principle

	Harmony	Mastery	Subjugation
Priorities	<ul style="list-style-type: none"> <li>Balance whole systems, focus on connection between parts.</li> </ul>	<ul style="list-style-type: none"> <li>Control specific parts, focus on fixing problems.</li> </ul>	<ul style="list-style-type: none"> <li>Understand higher goals, focus on implementing God's will.</li> </ul>
Perceived Causes of Problems	<ul style="list-style-type: none"> <li>Whole system not taken into account or is out of balance.</li> </ul>	<ul style="list-style-type: none"> <li>Elements in environment not adequately controlled.</li> </ul>	<ul style="list-style-type: none"> <li>No problem – it was not God's will for this to happen.</li> </ul>

Figure 2 Relation to Environment: Impact on Organizations

supernatural being determines the ultimate outcomes for people or events (in Arabic this is expressed as “Insh’allah” or “God-willing”). People may not believe that this force controls every detail of human life, but do believe that it directs the patterns and major events within which all people act out their lives.

Although we have used three examples above (Japan, United States, and Islam), all three cultures have elements of all three of these ways of relating to the environment. It is important to remember

for arranging the hierarchy (e.g. age, caste, gender, wealth) is stable over time.

Cultures typically reflect all three of these ways of dealing with how people relate to each other; however, usually one value is stronger than the others. For example, in many Latin, Arab and Chinese cultures, values about protecting one's group (collectivism) and knowing one's place in the system (hierarchy) are more strongly held than values about concern for oneself without regard to the group (individualism).

2 The Cultural Perspectives Questionnaire (CPQ) is a survey that measures the following cultural orientations: Relation to Environment, Relationships among People, Mode of Activity, Human Nature, and past, present and future Time.

It profiles the cultural orientations of individuals and groups, and can be applied to increase understanding in all four cross-cultural arenas. Information about the Cultural Perspectives Questionnaire can be obtained at CPQ@imd.com

Figure 3 shows how a culture's orientation to Relationships among People is associated with preferences for leadership and teams.

	Collectivism	Individualism	Hierarchy
Leadership	<ul style="list-style-type: none"> <li>Leader shows personal care and concern for subordinates.</li> </ul>	<ul style="list-style-type: none"> <li>Leader empowers subordinates to make own decisions.</li> </ul>	<ul style="list-style-type: none"> <li>Leader commands subordinates, looks after them.</li> </ul>
Teams	<ul style="list-style-type: none"> <li>Joint goals, roles fluid, prefer group reward.</li> </ul>	<ul style="list-style-type: none"> <li>Identify individual roles and contributions; individual rewards.</li> </ul>	<ul style="list-style-type: none"> <li>Leader decides roles, determines structure of team.</li> </ul>

**Figure 3** Relation among People: Impact on Organizations

### 3. Mode of Activity

What mode of activity best suits interaction in our culture? How should we engage in activity, and how should we count on others to act? The three variations here are being, doing, and thinking. In a *being* culture, such as many Latin cultures, the emphasis is on spontaneity and fully experiencing each moment. In these cultures, "one works to live, one does not live to work!" Work gets done, but is not necessarily prioritized over other things; people who do work a lot do so because they want to, not because they think they should. In some *being* cultures, expressing all emotions freely is accepted and expected. The *doing* approach, such as Canadian or United States culture, is a striving, achieving, accomplishing orientation. In a *doing* culture people are more likely to view tasks and work-related activities as central to their existence and even self-identity. *Thinking* cultures, such as German or French, emphasize strong rational thought and planning before action. With a strong *thinking* orientation, one contains and controls activity. People should neither act impulsively by feelings, nor compulsively by some hidden force of necessity. Figure 4 shows how Mode of Activity influences organizational behavior:

	Being	Doing	Thinking
Objectives & Priorities	<ul style="list-style-type: none"> <li>Relationships and trust priority over specific business goals.</li> </ul>	<ul style="list-style-type: none"> <li>Priority is to achieve a set of specific goals efficiently.</li> </ul>	<ul style="list-style-type: none"> <li>Priority is to plan well before taking action.</li> </ul>
Schedules and Deadlines	<ul style="list-style-type: none"> <li>Guidelines should be changed if something else comes up.</li> </ul>	<ul style="list-style-type: none"> <li>Firm targets of activity should be met or exceeded if at all possible (failure if not met).</li> </ul>	<ul style="list-style-type: none"> <li>Should be very detailed and rationally planned, then should be followed carefully.</li> </ul>

**Figure 4** Mode of Activity: Impact on Organizations

### 4. Nature of Humans

This value involves how we think about the fundamental nature of human beings. It is not a belief in how an individual person behaves, but what is the underlying nature of all of us as humans. One clue is what we think our nature is when we are born, before we are subject to the influence of others and of society. In some cultures, people believe that the basic nature of humans is not predetermined, but in fact is a "blank slate". Human

nature, they believe, is completely determined by the environment and events of each person's life. Many modern Western cultures fall into this category. In these cultures, there is a strong focus on training and socialization, and rehabilitation or re-training of people who have behaved badly. In some cultures it is assumed that we begin life basically *good*, and that if people do bad things in their lives it is an anomaly or because something in their experiences and environment have made them become *bad*. Islam believes this. In these cultures, people tend to trust others until evidence is provided that they cannot be trusted, and they inflict harsh punishments on those who go against their nature and harm others. In other cultures it is assumed that we begin life basically *bad* (e.g. the notion of original sin in Christianity), and that we must always guard against this tendency to give in to our evil nature. People in these cultures tend to protect themselves and monitor

others, and to celebrate and honor people who, against their basic nature, do extremely good things. Figure 5 illustrates how differences in Nature of Humans can be seen in organizations.

### 5. Time

The notion of time is complex. Some cultures think about time

linearly, as progressing systematically from the past into the future. This conception of time is called *monochronic*, and time is broken into segments of equal length. Many industrialized cultures see time this way, and measure, record and plan events according to these segments. Things are done one activity at a time, and in sequence. Within this linear view of time, different cultures focus on different parts of the horizon. Cultures with a *past* orientation look to the past for answers and advice to resolve current dilemmas, and strongly value traditions and ancestors. Cultures with a *present* orientation think about today's immediate needs or those of the short-term future, and focus on keeping up with

	Good	Blank or Mixed	Bad
Control	<ul style="list-style-type: none"> <li>Low levels of monitoring and control preferred and expected.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and control task and situation-dependent.</li> </ul>	<ul style="list-style-type: none"> <li>High levels of monitoring and control preferred and expected.</li> </ul>
Trust	<ul style="list-style-type: none"> <li>High trust assumed until proven otherwise.</li> </ul>	<ul style="list-style-type: none"> <li>Trust dependent on characteristics of person and situation.</li> </ul>	<ul style="list-style-type: none"> <li>Low trust assumed until proven otherwise.</li> </ul>

**Figure 5** Nature of Humans: Impact on Organizations

modern times. They usually think of time as scarce. Cultures with a *future* orientation prioritize the long-term future, often sacrificing things today for security or success far into the future.

<ul style="list-style-type: none"> <li><b>Monochronic</b> Time moves linearly. Measure time, pay attention to clocks and calendars. Prefer to do one thing at a time, in sequence.</li> </ul>	<ul style="list-style-type: none"> <li><b>Polychronic</b> Time is flexible. Do many things at the same time, in parallel. Not thrown off by changes in schedule.</li> </ul>
<ul style="list-style-type: none"> <li><b>Past</b> Past and tradition important; Make things consistent with past practice.</li> </ul>	<ul style="list-style-type: none"> <li><b>Present</b> Immediate concerns important. Promote urgency, immediate threats and opportunities.</li> </ul>
	<ul style="list-style-type: none"> <li><b>Future</b> Long-term. Sacrifice today for future benefits. Incorporate long-term into current plan and action.</li> </ul>

**Figure 6** Time: Impact on Organizations

Other cultures see time as less linear, or as parallel. In these *polychronic* cultures, people think of time as plentiful and flexible. People naturally engage in several activities at once, and see time and activities as moving fluidly back and forth. Clocks and calendars are seen as guidelines and approximations, not firm measures of something tangible, nor to be "obeyed." The impact of different cultures' views of time is shown in Figure 6.

**Space**

This orientation is related to the sense of ownership of space, and ownership of what is in a particular area. A public orientation to space suggests that space is shared among everyone, as is whatever is in the space. A private orientation implies ownership of space by specific individuals or groups, without informal sharing. In a work context closed doors, private offices and desks establishing territory and distance all reflect a private culture. Open office concepts, free and easy sharing of work materials and ideas, close contact among workers, and informal spaces all reflect a more public orientation. In today's organizations, information is an important aspect of this dimension. In public-oriented cultures, people assume that information should be publicly shared; in private-oriented cultures, information is "owned," and people do not expect others to share their information openly.

**Conclusion**

The Cultural Orientations Framework provides an important tool for comparing cultures with each other. It highlights similarities and differences among cultures, and points out implications for management. This information is critical to implementing strategies across cultures in international organizations. Managers who are aware of their own cultural systems can predict areas of conflict and potential learning when working with people from other cultures. Those who are designing strategies and systems for international organizations can take these differences into account. With practice, this tool can lead to a more synergistic approach to managing cultural diversity. **Figure 7** summarizes all dimensions of the Cultural Orientations Framework. You can use it to mark your own cultural system and those of others you interact with.

	Private	Public
<b>Offices</b>	<ul style="list-style-type: none"> <li>Individual offices, closed doors, own furniture.</li> </ul>	<ul style="list-style-type: none"> <li>Open office space, shared furniture.</li> </ul>
<b>Information</b>	<ul style="list-style-type: none"> <li>Owned by individuals or groups; shared only with permission.</li> </ul>	<ul style="list-style-type: none"> <li>Owned by everyone; shared openly.</li> </ul>

**Figure 7** Space: Impact on Organizations

Orientation	Variations		
<b>Relation to the Environment</b>	<ul style="list-style-type: none"> <li><b>Harmony</b> Our purpose and natural role is to maintain a balance among the elements of the environment, including ourselves.</li> </ul>	<ul style="list-style-type: none"> <li><b>Mastery</b> Our purpose and natural role is to control nature and the environment around us.</li> </ul>	<ul style="list-style-type: none"> <li><b>Subjugation</b> Our purpose and natural role is to understand and submit ourselves to a 'plan' determined by larger natural or supernatural forces.</li> </ul>
<b>Relations among People</b>	<ul style="list-style-type: none"> <li><b>Collectivism</b> Our main responsibility is to and for a larger extended group of people.</li> </ul>	<ul style="list-style-type: none"> <li><b>Individualism</b> Our main responsibility is to and for ourselves and immediate family.</li> </ul>	<ul style="list-style-type: none"> <li><b>Hierarchy</b> It is normal and good that power and responsibility are unequally distributed throughout society.</li> </ul>
<b>Mode of Activity</b>	<ul style="list-style-type: none"> <li><b>Being</b> Our natural and preferred mode of activity is to do everything in its own time.</li> </ul>	<ul style="list-style-type: none"> <li><b>Doing</b> Our natural and preferred mode of activity is to be continually engaged in accomplishing tangible tasks.</li> </ul>	<ul style="list-style-type: none"> <li><b>Thinking</b> Our natural and preferred mode of activity is to consider all things carefully and rationally before taking action.</li> </ul>
<b>Nature of Humans</b>	<ul style="list-style-type: none"> <li><b>Bad</b> Our nature is essentially bad; good behavior takes effort.</li> </ul>	<ul style="list-style-type: none"> <li><b>Mixed or Blank Slate</b> Our nature is mixed or determined entirely by our environment.</li> </ul>	<ul style="list-style-type: none"> <li><b>Good</b> Our nature is essentially good; bad behavior is an anomaly.</li> </ul>
<b>Time</b>	<ul style="list-style-type: none"> <li><b>Monochronic</b> Time is linear; can be divided into equal units.</li> </ul>		<ul style="list-style-type: none"> <li><b>Polychronic</b> Time is non-linear or parallel.</li> </ul>
	<ul style="list-style-type: none"> <li><b>Past</b> Business and day-to-day decisions should be based on tradition and precedent.</li> </ul>	<ul style="list-style-type: none"> <li><b>Present</b> Business and day-to-day decisions should be based on immediate needs and factors.</li> </ul>	<ul style="list-style-type: none"> <li><b>Future</b> Business and day-to-day decisions should be based on long term future needs and factors.</li> </ul>
<b>Space</b>	<ul style="list-style-type: none"> <li><b>Public</b> Space is open to everyone.</li> </ul>		<ul style="list-style-type: none"> <li><b>Private</b> Space is owned by specific individuals or groups.</li> </ul>

**Figure 8** Summary of Cultural Orientations Framework

One final reminder – no culture is static or completely homogeneous. Cultures change, and individuals within cultures differ from each other. Knowledge of cultures should always be treated as tentative guidelines to interaction: an important first starting place, but subject to change with new information. On your first visit to Japan, you may be hosted by a manager who is typically Japanese and confirms your research on these dimensions. But your host maybe more similar to your own culture than you anticipated. On your first visit to Russia, you may work with managers from the "old" culture or with those who are forging the "new" culture. In any of these cases, however, the Cultural Orientations Framework provides a tool for identifying the system of shared values, beliefs, assumptions and norms that guide priorities and expectations in the culture.

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