

A CHARMING SUBJECT FOR MANAGEMENT SCHOLARS: CULTURE AND ITS IMPLICATIONS FOR ORGANIZATIONS

Kazım DEVELİOĞLU*

ABSTRACT

In this study, culture, which has been a charming subject for management scholars, will be examined in terms of pioneer studies, dimensions of culture, universality of management theories and its relationship with international human resources management, leadership, and organization structure. The study, as a descriptive one, will be concluded with some suggestions for future studies on the subject.

Key words: culture, leadership, international human resources management

ÖZET

Bu çalışmada, yönetim alanında çalışan bilim adamları için cezbedici bir araştırma konusu olarak, kültür; öncü çalışmalar, kültür boyutları, yönetim teorilerinin evrenselliği, uluslararası insan kaynakları ile liderlik ve organizasyon yapısı ile ilişkileri bağlamında incelenmiştir. Tanımlayıcı bir çalışma olan eser, gelecekte konu üzerine yapılacak araştırmalar için bazı önerilerle sonuçlandırılmaktadır.

Anahtar Kelimeler: kültür, liderlik, uluslararası insan kaynakları yönetimi

1.INTRODUCTION

Culture, as a charming subject, has been paid an increasing attention by management researchers in the last three decades. Popularity of culture depends on the consideration that it has been found to be one of the most significant determinants in shaping behaviors of organizations' the most valuable asset: employees. It was indicated in various studies that individuals' values, attitudes,

*Yard. Doç. Dr. Dumlupınar Üniversitesi, Sosyal Bilimler Enstitüsü.

and behaviors have been shaped by social norms and these norms varied across cultural settings. The main assumption was that employees' personal characteristics were influenced by their societies' culture would, in effect, influence their performance in organizations. It was believed that identifying nature of a culture would help researchers and managers to understand characteristics of people, which they were dealing with. The main motivation that increased researchers and managers' interest on the subject was the belief that employees' performance was interrelated with the societal culture in which they were grown up.

Another reason that increased interest in culture was the internationalization of business worldwide. This fast paced surge made it imperative for organizations deal not only with people from home country but also with people from other countries, which had different cultures. It is indicated in the management literature that there are relationships between individuals, groups, and nations because people brought up in different cultural environments think, feel and act differently. "Cultural differences are the biggest source of difficulty in integrating European acquisitions. 35 percent of senior executives ranked cultural differences as the number one problem in foreign acquisitions" (Schneider and Barsoux: 1997, 9). These kinds of evaluations by management scholars gave birth to cross-cultural studies. The second reason, which fueled the cross-cultural studies' fire was downstream of American, generally, organization and management theories to other countries. There have been debates about how any organization and management theory produced in one culture would be appropriate in other cultures. If there were no import and export of organization and management theories worldwide and no international operations by firms, today we would not be studying on cross-cultural subjects.

2. CULTURE AND DEBATES ON UNIVERSALITY OF MANAGEMENT THEORIES

In organization and management literature, there have been debates about organization and management theories' universality. While some scholars were in favor of the idea that a theory produced in one culture could be implemented successfully in other cultures, others were against this idea and revealed that there was not universally applicable theory because different countries had different cultures. One of the most influential scholars against the universality of organization and management theories was Hofstede (1980, 1991), who pointed out that theories produced in the United States reflect the characteristics of American culture. For example, he classified Americans as individualist on his individualism and collectivism scale and indicated that an

American management theory would not be applicable in Mexico and Japan because these countries were collectivist in their very nature.

At the end of his research on more than 50 countries, Hofstede (1980a) indicated that there were substantial differences among the nations studied. It has to be noted that Hofstede is not the only researcher who has valuable studies on dimensions of culture. Smith and Schwartz's (1997) study that aims to understand nature of the culture is also a valuable one. To be able to understand culture, Smith and Schwartz distinguished between values/attitudes and behaviors in cross-cultural research and indicated that while values were more relevant for abstraction and generality purposes, attitudes and behaviors are less suited to cross-cultural generalizations. Today, most of the researchers analyze value differences in cultures rather than comparing two or three cultural groups. Smith and Schwartz, basically, indicated that there was a distinction between individual and culture-level studies of values. To be able to state this indication on a more stable ground, they conducted studies to measure individual differences in value priorities within cultures and examine the relations of individual values to other individual attributes.

Hofstede and others' studies on differences in national cultures showed that one of the dimensions that national cultures differ was the degree of integration of individuals within groups. Second dimension was the differences in the social roles of women and men in societies. Third dimension included the degree of tolerance for the unknown and the fourth one was about ways of dealing with inequality.

3. DIVERGENT AND CONVERGENT APPROACHES

Debates about divergence and convergence of cultures started after realization and importance of cultural differences in different countries. These debates sowed the seeds of comparative management in organization and management studies. Comparative management, mainly, examines impact of cultural differences on successful management practices. In comparative management what divergent and convergent approaches mean that divergent approach, shortly, indicates differences between nations and cultures and explains that world is becoming more uniform because of technological, educational, and pragmatist forces. Convergent approach, contrary to divergent approach, points out the importance of similarities between nations and cultures. While supporters of divergent approach indicate that management practices have to be adapted culturally, those of convergent approach points out that management practices have universal applicability. Remembering the discussion above, it can be stated that Hofstede, Schwartz, and Smith can be classified as

followers of divergent approach by pointing out cultural differences among nations.

4. FIVE DIMENSIONS OF CULTURE

The common conclusion that a researcher would arrive in culture studies is observed research difficulties, which make the researcher's job more difficult. These research difficulties can be summed into three:

1. Inconsistent and vague definitions of *culture*.
2. Difficulty in obtaining representative samples.
3. Inaccurate translation of key terminology.

Despite of difficulties in conducting studies on culture, promising studies have been carried out to shed light on this important subject. One of the most important studies is conducted by Hofstede (1980) and Hofstede and Bond's (1988) studies. Authors determined five culture dimensions to examine universality of organization and management theories. These four dimensions include:

- Masculinity - femininity
- Power distance
- Individualism - collectivism
- Uncertainty avoidance.
- Long-term and short-term orientation.

These five dimensions of culture have dominated culture studies and been used by management scholars as a useful paradigm. Among these dimensions, individualism-collectivism (I/C) gained greater attention from scholars because it was believed that I/C was a universal dimension of variation among cultures. As Kagitcibasi (1994) indicates "A massive amount of work has been carried out in the area of individualism and collectivism since 1980, so much so that the 1980s may be called the decade of individualism/collectivism in cross-cultural psychology" (pp.52).

Another reason why individualism-collectivism called a greater attention because it was believed that success or failure of work-groups in organizations depended on these two dimensions of culture. The idea is that work groups can be effectively established in collectivist cultures because people in collectivist cultures will give greater importance to the group's

interests not to those of themselves. In an individualist culture, contrary to collectivist culture, people are assumed to be self-sufficient and pursue their individual goals. Also firms' international expansion decisions can be best explained by one of the dimensions of culture that is uncertainty avoidance. Decisions about entry or not into a new foreign market is influenced by decision-maker's level of uncertainty avoidance, which is another dimension of culture.

Triandis (1995) and Kagitcibasi (1994) make it clear that all of us have both collectivist and individualistic tendencies but levels of these dimensions vary from people to people and from situation to situation. Authors are in favor of treating individualism and collectivism in probabilistic terms. It helps us to correct a general misunderstanding that an individualistic person can not have collectivist characteristic and vice versa. "Research also points to the coexistence of individualist and collectivist child-rearing orientations...found combined preferences among modern urban Turkish youth for both loyalty (to the family and the larger group/society) and self-realization" (Kagitcibasi, 1994, pp.64).

It is indicated by Smith and Schwartz (1997) that cross-cultural studies have to focus on both individual and culture-level analyses. This idea is derived from the consideration that only individual-level analysis may not reflect all dimensions of a culture because of biases that individuals have. Since culture-level dimensions are based on nation means, it has different dimensions than individual-level that organizes values. I subscribe to the idea that individual values are partly a product of shared culture and partly a product of unique individual experience and believe that there is a point that these two-level of analysis overlap.

Another study that made great contributions to cross-cultural organizational behavior is that of Smith et al. (1996). Researchers searched for three dimensions of culture (egalitarianism versus conservatism, utilitarian versus loyal involvement, and a no labeled dimension that consists predominantly of items that had high loadings on the other two dimensions). Their study, as they indicated, was consistent with prior cross-cultural studies. Their study shed light on the nature of collectivism and especially useful because of this contribution.

5. CULTURE AND INTERNATIONAL HUMAN RESOURCE MANAGEMENT POLICIES

International companies who aim to implement a global strategy must choose appropriate human resource policies that will best support that strategy. I

believe that international HRM is a very challenging task for multinational organizations because HRM approaches are cultural artifacts reflecting the values of the national culture in which organizations embedded. National cultures influence development of HRM policies in terms of such practices: selection, socialization, performance appraisal, and compensation. Aycan's (1997) study on acculturation of expatriate managers reveals that there are some cultural differences between host and parent company countries and for a successful performance of expatriate managers, their selection, socialization, performance appraisal, and compensation have to be made by taking cultural differences into account. To be able to develop relevant HRM strategies, a relative amount of knowledge about host company's culture is a necessity for the researcher. "Understanding cultural nuances and developing cultural sensitivity are critical in gaining global advantage. A geocentric attitude is adopted in this stage which favors integrating values of the home and the host country cultures to reach a truly unified global corporate culture. Expatriates are selected from the best qualified personnel from all over the world" (Aycan: 1997, 13).

When developing international HRM policies which practices should be designed centrally by an international team and which ones need to be adapted locally? The decisions regarding HR policies can only be effective if the cultural assumptions embedded in these policies. To be able to establish a common ground, managers from both countries host and parent companies have to be familiar with their own cultures besides the other party's culture. It is the best way to identify similarities between two cultures. "Local managers know the demands of the new cultural and work context the best, and are most helpful in determining the relevant criteria and tools for selection, training, and performance appraisal" (Aycan: 1997, 13).

6. LEADERSHIP AND CULTURE

Cross-cultural studies also helped researchers to understand the nature of cross-cultural leadership behaviors. Especially, Hofstede's studies has not only contributed to the cross-cultural organizational behavior but also to the leadership literature. By pointing out which culture has corresponding characteristics (individualist versus collectivist, level of uncertainty avoidance), Hofstede's studies helped researchers to understand each culture's characteristics and finally demonstrate more appropriate leadership theories. As a result of cross-cultural studies, it became very clear that there was no universally applicable leadership theory. For instance, while Turkish employees with high power distance and collectivist characteristics will more rely on an authoritative leadership style, American employees with low power distance and individualism scores will rely more on democratic leadership style.

Even though, it was indicated that there was no universally applicable leadership behavior, other studies, such as Bass et al. (1979), Smith and Peterson (1994), and Bass (1997), revealed that some leader behaviors were universally accepted. For example, in all cultures, leaders are willing to get the work done by using less authority. Similarly, three leadership characteristics are found universal by Bass (1997): charisma, intellectual stimulation of followers, and individualized consideration toward followers.

It is, appropriately, pointed out by House et al. (1997) that "there remains the question of how external forces such as international competition, military aggression, international political conflict, economic environment, technology, and physical climate influence cultural norms, artifacts, beliefs, individual behaviors, organizational practices, and other variables assumed to be reflections of cultural differences (p. 593)". It is common among all studies indicated above that they all measure culture variables as they are. It remains as an important mission for researchers to take these forces into account when they design cross-cultural studies in the future. The basic question that has to be answered is whether external forces directly affect behavior without influence of shared cultural psychological variables.

7. CULTURE AND ORGANIZATIONAL STRUCTURE

Although people are in favor of the idea that national cultures may influence the way people relate to each other, they less accept that culture really can affect organization structure and processes. It is indicated that structure is determined by culture free organizational features, such as size and technology. Contrary to this idea, Mintzberg (1983) indicates that values play a role in the choice of coordinating mechanisms in organizations. He appropriately indicates that organizations try to formalize behavior to reduce its variability and finally to control it. Author, in summary, points out that people from a national culture will prefer a particular configuration because it fits their implicit model in their minds. It can be revealed that in countries with high uncertainty avoidance, organizations would tend to have more formalization in the forms of written rules and procedures. Examining the degree to which organizations have centralized power, specialized jobs and roles, and formalized rules, distinct patterns of organizing regarding the transferability of organizational forms across borders can be found in the literature.

8. DISCUSSION

As the study's concluding remark, four points have to be highlighted: First, growing influence of multinational corporations will require researchers more heavily focus on cross-cultural studies for solving problems which are caused from cultural differences among nations. Second, import of American theories of management and organization requires a great caution. As it is indicated by Hofstede, American management theory and practice have to be adapted to local cultures rather than imposed on them. Third, subcultures within countries have great importance in determining success or failure of management practices and have to be focused on in the future research in greater detail. Finally, researchers and managers have to be concerned with the idea that when cultural environment changes, organizations' policies can lose their effectiveness. Considering above four points, it can be easily said that, in the future, management researchers will deal with heavier problems than their predecessors did in terms of culture and its implications for organizations.

References:

- Aycan, Z. Acculturation of Expatriate Managers: A Process Model of Adjustment and Performance, *New Approaches to Employee Management*, Vol. 4, 1997, 1-40.
- Bass, B. M. Does the Transactional-Transformational Paradigm Transcend Organizational and National Boundaries? *American Psychologist*, Vol.52:2, 1997, 130-139.
- Bass, B. M., Burger, P. C., Doktor, R. and Barrett, G. V. Assessment of Managers: An International Comparison. New York: Free Press, 1979.
- Hofstede, G. *Culture's Consequences: International Differences in Work-Related Values*, Beverly Hills, CA: Sage Publications, 1980(a).
- Hofstede, G. Motivation, Leadership and Organization: Do American Theories Apply Abroad?, *Organizational Dynamics*, Summer 1980(b), 42-63.
- Hofstede, G. *Cultures and Organizations: Software of the Mind*, McGraw Hill, 1991.
- Hofstede, G. and Bond, M. The Confucius Connection: From Culture Roots to Economic Growth, *Organizational Dynamics*, Vol. 16, 1988, 4-21.
- House, R. J., Wright, N.S., and Aditya, R. N., *Cross-Cultural Research on Organizational Leadership: A Critical Analysis and a Proposed Theory*, In C. P. Earley and M. Erez (eds.), *New Perspectives on International Industrial/Organizational Psychology*, The Lexington Press, 1997.
- Kagitcibasi, C. *A Critical Appraisal of Individualism and Collectivism: Toward a New Formulation*. In U. Kim, H. C. Triandis, C. Kagitcibasi, S. C. Choi, and G. Yoon (eds.). *Individualism and Collectivism: Theory, Method, and Applications*, 1994, 52-65. Thousand Oaks, California: Sage Publications.
- Mintzberg, H., *Structure in Fives: Designing Effective Organizations*, Englewood Cliffs NJ: Prentice Hall, 1983.
- Schneider, S. C. and Barsoux, J.L. *Managing Across Cultures*, Prentice Hall, 1997.
- Schwartz, S. H., *Beyond Individualism/Collectivism: New Cultural Dimensions of Values (85-121)*. In U Kim, H. C. Triandiz, C. Kagitcibasi, S-C Choi and G. Yoon (Eds). *Individualism and Collectivism: Theory, Method, and Applications*, London: Sage, 1994)
- Smith, P.B. and Schwartz, S, *Values*. In J.W. Berry, M. H. Segall, and C. Kagitcibasi (eds.), *Handbook of Cross-Cultural Psychology*, Vol.3, 1997.
- Smith, P. B. and Peterson,, M. F. *Leadership as Event Management: A Cross-Cultural Survey Based on Managers from 25 Nations*. Paper presented at the meeting of the international Congress of Psychology, Madrid, 1994.
- Smith, P. B., Dugan, D. and Trompenaars, F. National Culture and the Values of Organizational Employees: A Dimensional Analysis Across 43 Nations. *Journal of Cross-Cultural Psychology*, Vol. 27, 1996, 231-264.
- Triandis, H. *Individualism and Collectivism*. Boulder, CO: Westview Press, 1995.