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| Intercultural Psychology |
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Learning Objectives

In the course Intercultural Psychology, you will learn to understand culturally conditioned differences between people of diverse backgrounds and how to act and react appropriately during intercultural work interactions. To illustrate this, the unique features of intercultural teams and organizations are presented. Other aspects include the orientation in international cooperation and the orientation of advertising communication in different cultural contexts.

After a brief description of various cultural concepts and cultural theories, the different research approaches in cross-cultural psychology, intercultural psychology, and cultural psychology are introduced, and practical issues in the daily operations of companies and organizations are addressed.

The relevance of intercultural management, diversity management, value management, intercultural marketing, and intercultural training for the different business areas will be discussed. Special attention is given to the vital role of intercultural communication in corporate and organizational environments.

Unit 1 – Introduction to Intercultural and Cultural Psychology

Study Goals

On the completion of this unit, you will be able to …

… define culture and discuss different concepts of culture.

… differentiate between cross-cultural, intercultural, indigenous, and cultural psychology and

describe their goals in research and application.

… describe and apply different models of cultural theory.

Due to globalization trends in all industrial sectors, companies around the world have entered the international stage. Even small and medium-sized enterprises have suppliers and customers around the globe. Another globalization result is the heterogeneity of employees; they have different cultural backgrounds, are often from at least four different generations, and differ in their education, world views, religion, and work attitudes. Many companies outsource parts of their production to other countries and other continents. These developments lead to a variety of challenges. People need intercultural competence to interact with suppliers, business partners, employees, and colleagues from different cultural backgrounds, which has become one key competence for professionals worldwide. Since the middle of the last century, various psychological disciplines, such as cultural, cross-cultural, and intercultural Psychology, have facilitated these internationalization processes through extensive research and conceptual works.

## 1.1 Concepts and Definitions of Culture

The term culture is derived from two Latin words. The first, “cultura” (English: culture), refers to the cultivation of land in general and crop cultivation. The second word, ”colere” (English: to cultivate), later became the French word “cultiver” and referred to all actions related to the care for mind, body, and soul as well as the maintaining of our relationships with fellow humans (Bolten, 2007). When looking at all the semantic meanings of the word family of “culture” and the prefix “cult-, “which would, for example, include words like national culture, pop culture, cell or bacteria culture, cultural heritage, subculture, all of those can be sorted into four different categories, as shown below:

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| **Four Meanings for the Concept of Culture** | | | | | | | | |
| „cultura“ | | | | | | | | |
|  | Narrow concept of culture |  | Art,  “high” (advanced) culture  to maintain, to refine,  to decorate  Badge 1 with solid fill |  | Living environment, ethnicity  to inhabit, to reside  Badge 3 with solid fill |  | Expanded concept of culture |  |
|  |  |
| Badge with solid fill  Cult, Worship  to admire, to worship  to celebrate  ``colere“ | Badge 4 with solid fill  Biological culture  to cultivate,  e.g., crop cultivation |
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Humans make interventions to change nature within all four of these meanings of culture. The narrower concept of culture (1 and 2) relates to the creation of art, the admiration of cultural heritage, and all actions of affection and worship. The expanded concept of culture (3 and 4) includes beyond that the meanings of biological culture, like the cultivation of fields and land and the creation in our living environment, such as the construction of buildings and the design of our living spaces.

There is no single definition of this concept in the various scientific fields that deal with culture but rather an intense scientific discussion around its meaning. One of the first definitions that gained broad support in the community of scientists was from Edward Tylor (1871, p.1), a British anthropologist:

“Culture or civilization, taken in its wide ethnographic sense, is that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as members of society.”

To this day, scholars try to capture the concept of culture. The same applies to cross-cultural and intercultural psychologists. Three definitions relevant to this course are presented in the following table:

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| Definitions of Culture | |
| Matsumoto and Juang, 2004, p.10 | “Culture is a dynamic system of rules, explicit and implicit, established by groups in order to ensure their survival, involving attitudes, values, beliefs, norms, and behaviors shared by a group but harbored differently by each specific unit within the group.” The authors also emphasize that culture is passed on from one generation to the next and, at the same time, is subject to constant change.” |
| Thomas and Peterson, 2018, p. 24 | “Culture is a set of knowledge structures consisting of systems of values, norms, attitudes, beliefs, and behavioral meanings that are shared by members of a social group (society) and embedded in its institutions and that are learned from previous generations.” |
| Hofstede, 2001, p.2 | Culture is the “shared mental software, the collective programming of the mind that distinguishes the members of one group or category of people from another” |

The definitions come from the scientific fields of psychology and intercultural management. Similar to Tylor (1871), Matsumoto and Juang (2004) and Thomas and Peterson (2018) use a set of categories to describe and compare cultures. Both research teams also emphasize culture as something learned and transferred to us from our ancestors. Matsumoto and Juang (2004) state that the values, attitudes, beliefs, norms, and behavior patterns are part of a dynamic system, thereby referring to the changes that cultures can undergo over time. Beyond that, the psychologists also refer to culture as part of our social surroundings and within our minds. This last aspect of culture as a concept that we have internalized is consistent with Hofstede’s (2001) idea of culture as a “shared mental software” of societal groups or categories. It is the goal of intercultural, cross-cultural, and cultural psychologists to examine cognition patterns of thoughts and behaviors as well as feelings:

* Cognition – What are we thinking? How do we understand our surroundings?
* Behavior – How do we act? What are our standard patterns of behavior?
* Emotions – What are our feelings, and how do we express them?

The values, attitudes, beliefs, norms, and behavior patterns are the factors that are influential to our own internal culture and our origin, language, nationality, ethnicity, gender, profession, religion, socio-economic status, education, and others. Those factors shape, who we are, not only within our nations but within any group that we belong to. That means that any ‘group or category,’ for example, families, work teams, a football club, and the generations of seniors and youth, can all have their own culture. The same applies to geographic regions or even communities. At national level, we find both typical characteristics of national cultures and differences between regional cultures and cultures of different societal groups. Countries like the USA, Australia, and Canada are examples of multicultural societies that unite large groups of national cultures due to immigration that continues to this day.

**Enculturation and acculturation:** Both are learning processes in which we get acquainted with a specific culture. Enculturation starts with being born into a specific culture and encompasses all learning processes that individuals undergo during their upbringing. They are taught which behaviors are within the cultural rules and norms of their society and the cultural groups (families, schools, regions, countries) they belong to. Culturally appropriate behavior is based on values, attitudes, and beliefs, and it is transmitted by members of previous generations, including parents, educators, teachers, and other adults, as well as by members of the same generation, for example, siblings, friends, and other peers (Berry et al., 2011). As a result of this process, we become culturally competent and are able to act appropriately using our mother tongue, gestures, mimics, and behavioral patterns. Beyond that, this learning process influences our personal values, attitudes, and beliefs.

**Enculturation:**

All processes that relate to the transmission of cultural values, norms, attitudes, beliefs, and behaviors from one generation to the next are part of the enculturation process.

Acculturation is the process individuals undergo when confronted with another culture other than their own through direct personal contacts. This occurs when people move to other countries for work, study abroad, or migrate to another country. The way they handle themselves in encounters with people from the host cultures is researched in intercultural psychology. How they change over time to live in the new cultural environment is the topic of acculturation research. Berry (2001) proposed that people make two decisions in acculturation processes, they decide to what degree to maintain cultural values, customs, traditions, and attitudes from their country of origin (dimension one); and they decide to what degree and how to engage with members of the host community in the new country (dimension two) (Berry, 2001; Berry et al., 2011, p. 321).

**Acculturation:** Change processes that people undergo when being confronted with a new culture, e.g., integration or assimilation, are called acculturation processes.

Based on those two dimensions are four types of acculturation strategies: 1) Assimilation, which stands for adaptation to the host community culture and its values and norms. 2) Integration is considered the ideal strategy. It means that people maintain their original culture and identity and are n the same time interested in contacts and relations with people from the new culture. 3) Separation is defined as the strategy whereby individuals are not really seeking contact with people of the new host community and instead try to hold on firmly to their culture of origin. 4) Marginalization is rare and occurs when people do not show interest in maintaining their own culture but also seek no relations with the people from the country they now live in. (Berry, 2001; Berry et al., 2011, p. 321).

**From Multiculturalism to Interculturalism.** “Multiculturalism” was for decades presented as the ideal way of cohabitation in heterogeneous societies as we live in today. But since the nineties, discussions among anthropologists, political actors, sociologists, and cross-cultural psychologists emerged about the necessity to focus on “interculturalism” instead. Whereas multiculturalism only acknowledges the presence of people with a different cultural origin, interculturalism recognizes that those people and groups interact.

In the first decade of this century, the Council of Europe started in the light of ongoing internationalization and globalization, a process, and White Paper discussion about “intercultural dialogue.” Bunjes (2013, p. 47) reported that the participating delegations from 47 countries recognized diversity as an enrichment element of modern societies. Furthermore, they presented the White Paper “Living together as equals in dignity” as a result of their discussion. Its contents represented a change toward intercultural dialogue and intensified the debate about ‘multiculturalism’ and ‘interculturalism’ among scientists. Bolten (2015, p. 134) developed a model of three stages of multiculturalism.

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| Interculturalism as the Highest Form of Multiculturalism | | |
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|  |  | **Multiculturalism III**  **Interculturalism** |
|  | **Multiculturalism II** | * Mutual respect and acknowledgment |
| **Multiculturalism I** | * Peaceful coexistence | * Creation of common ground |
| * Fake multiculturalism | * Acceptance of other cultures | * Interaction as equals |
| * Separation from each other | * Preservation of order | * Cohesion |
| * Other cultures in society devaluated | * Coherence | * **With each other for each other** |
|  | * **Side by Side** | **INCLUSION /**  **COLLABORATION** |
| * **Against each other** | **INTEGRATION** |  |
| **SEPARATION** |  |  |

The model refers to the societal level. The first stage here is Multiculturalism I, which refers to societies that devaluate other cultures, resulting in a separation of the various cultural groups. Multiculturalism II allows them to coexist with each other and live side by side. Interculturalism represents the third stage and, thereby, the ultimate way of cohabitation. All members live together based on mutual respect and acknowledgment, creating a society that promotes inclusion and collaboration.

## Self-Check Questions

1. **Complete the following sentence. Under an expanded concept of culture, Bolten distinguishes four fields of meaning, which are:**

*(high)culture, art*

*cult, worship*

*living environment*

*biological culture*

1. **Which of the following statements about the definitions of culture from Matsumoto and Juang (2004) and Thomas and Peterson (2018) is false?**
   1. Thomas and Peterson (2018) refer to culture as knowledge structures, and Matsumoto and Juang (2004) refer to it as a dynamic system of rules needed for survival.
   2. Both acknowledge that we learn about culture from our ancestors.
   3. *Both teams defined culture for national groups.*
   4. Matsumoto and Juang’s explicit and implicit rules include values, norms, beliefs, attitudes, and behaviors.

## 1.2 Cultural dimensions as comparison categories

In the 1950s of the last century, scholars began to develop concepts of cultural theory to compare national cultures. Cultural dimensions, values, and other variables were identified within that process.

Cultural dimensions:

Variables or categories that are used a) to describe different aspects of cultural groups and b) to compare national cultures are called cultural dimensions.

The first comprehensive and ground-breaking work was Kluckhohn and Strodtbeck’s (1961) cultural theoretical framework with value orientations for cultural differences. Many cultural theories that were developed after are based on Kluckhohn and Strodtbeck’s three assumptions. They proclaimed: 1) There are common universal problems and questions for people in all cultures, and all have to find answers and solutions. 2) These solutions, although different in nature, are all within a certain range of possibilities. 3) Although they are available to all societies, each society has specific preferences.

### Hofstede’s Model of Cultural Dimensions

Geert Hofstede led the most extensive research to date regarding the number of countries and people surveyed. From 1967 to 1973, quantitative surveys about work attitudes, values, and other work-related topics, were conducted in 72 countries (Hofstede et al., 2010; Barmeyer et. al., 2021). As part of the data analysis, he conducted factor analyses, extracting the first four dimensions power distance, individualism versus collectivism, masculinity versus femininity, and uncertainty avoidance. In the early eighties, a second team led by Michael Bond conducted the Chinese Value Survey (Hofstede et al., 2010) in China and other Asian countries among students. They were able to confirm the first three dimensions. Instead of ‚uncertainty avoidance’, the team identified another dimension that reflects people’s relation to time: ‘short versus long term orientation.’ The now six-dimensional model was completed after Michael Minkov analyzed data from the World Value Survey in the early 2000s. He defined the sixth dimension as indulgence versus restraint. (Hofstede et al., 2010, Minkov, 2007).

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| Hofstede’s Cultural Dimensions Model |
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**Power distance:** measures “the extent to which the less powerful members… expect and accept that power is distributed unequally” (Hofstede et al., 2010, p. 61). This applies to companies, organizations, educational settings, and societal entities. Anybody might achieve status within those and society due to power, wealth, intellect, success, or strength. Power is exercised in homes by parents towards their children, in workplaces by managers or team leaders towards employees, in universities by lecturers towards their students, and on local, regional, and central levels of state administration by politicians and civil servants towards citizens. In cultures where the measured values for power distance are high, decisions are typically taken at a central level. In contrast, a more participative decision-making process is typical for countries with low values. In the management of companies or organizations, power distance is established through the organizational structure in the form of deep hierarchies, flat hierarchies, or even an egalitarian system. Countries with a very high power distance index were, for example, Russia, Malaysia, Guatemala. The lowest values were measured in Austria, Israel, and Denmark.

**Individualism versus Collectivism**: individualism predominates in societies where people prioritize their interests, feel solely responsible for their actions, and consider only their first- and second-degree relatives as their family. In collectivist cultures, throughout their life, individuals are part of strong, cohesive in-groups and extended families that provide care and protection to which they are loyal (Hofstede et al., 2010, p. 92). The number of countries that have shown to be collectivist societies is significantly higher than individualistic ones. On a personal level, this dimension is relevant for the formation of one’s identity. Whereas people with a more individualistic mindset are concerned with individual achievement and self-realization, those raised in collectivistic cultures will likely put group interests (e.g., of the extended family, their friend group, or other groups they belong to) before their own (Hofstede et al., 2010, pp. 119-121)

**Masculinity versus Femininity:** On a societal level, masculinity stands for clearly distinct gender roles and a society that thrives on achievement, competition, and success in work. Femininity, on the other hand, stands for a softening of gender roles. Individuals in feminine-oriented societies value modesty and care for others. They strive toward a work-life balance and high quality of life (Hofstede et al., 2010, p. 140). People in countries with very high indices of masculinity are Japan, Hungary, Austria, and Mexico. The lowest indices and thereby the most feminine cultures can be found in Sweden, Norway, and Denmark, as well as in Chile, Costa Rica, and Thailand. Middle Eastern countries and West African countries mainly scored in the lower middle range (Hofstede et al., 2010, p. 141-143).

**Uncertainty avoidance:** The degree to which people tolerate situations of uncertainty and ambiguities is measured by this dimension (Hofstede, 2010, p.191). In cultures with higher uncertainty avoidance, e.g., Greece, Portugal, and Russia, people need regulations, laws, and written rules. Therefore, they rely on contracts and abide by them. In work environments, they look for long-term employment, and change is not appreciated because “what is different is dangerous” (Hofstede et al., 2010, p. 187 ff.) Almost the opposite is the case in those countries with lower indices, like Singapore, Jamaica, or Sweden, where people believe in common sense and are reluctant to follow regulations and rules. Their work-life is less formal, they prefer flexibility, and they rely on generalists. (Hofstede, 2010, p. 211-212)

**Long versus short term orientation:** This dimension, also called the dimension of Confucian dynamism, has been introduced to the model due to the Chinese Value Survey. Conceptually, it refers to people’s relation to time and their relation to traditions and society. High indices stand for societies in which people show patience and perseverance in achieving their goals, trusting that they will be rewarded in the far future. The same applies to wealth, which requires saving and thriftiness, even for long periods of time. The other pole is associated with societies in which individuals thrive for short-term success and show “respect for tradition, preservation of ‘face,’ and fulfilling social obligations” (Hofstede et al., 2010, p.239).

The now available data for 93 countries were obtained by calculation from factor scores of the World Values Survey (Hofstede et al., 2010, p. 254-255. Taiwan, Japan, China, Ukraine, Germany, and Belgium are among those with the highest indices. Countries characterized by short-term orientation were from the Middle East, Africa, and Central and South Amerika. Among those were Ghana, Egypt, Morocco, Venezuela, and Argentina.

**Indulgence versus restraint:** Semantically, this dimension revolves around well-being and happiness. Minkov (2007) extracted this dimension from the World Value Survey’s happiness dimension, which included items of life control and the relevance of leisure in life. High values, as found for Mexico, Puerto Rico, Cyprus, Sweden, Australia, and Nigeria (Hofstede et al., 2010, pp. 282-284), indicate that people allow themselves to be driven by their desires to enjoy life and have fun. The opposite is the case for countries like, for example, Pakistan, Egypt, Ukraine, and Bulgaria. Here societies feel a need for social norms that restrain such gratification. (Hofstede et al., 2010, p. 281)

The following figure shows the indices for the six dimensions from Hofstede for five countries from different regions of the world on all six dimensions (Hofstede et al., 2010).

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| Comparison of Indices for Germany, Canada, South Africa, Brazil, China on Six Dimensions |
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### Comparison to other models of cultural theories

Since the late sixties, many cultural comparative studies have been conducted using a variety of methods. Most researchers used either values or cultural dimensions as categories of comparison. Those comparative categories were either theoretically defined as part of their cultural theories or resulted from qualitative and quantitative data analyses. The table below presents the four most significant research projects in the past decades. Similarities between the four cultural theoretical frameworks exist in some dimensions, e.g., individualism versus collectivism, with similar contents in all four, and the same applies to power distance. Other dimensions are different.

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| Cultural Dimensions according to Hofstede, GLOBE, Trompenaars and Schwartz | | | |
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| Hofstede | GLOBE | Trompenaars | Schwartz |
| Individualism/ Collectivism | Institutional collectivism/  **In-group collectivism (two dimensions)** | Individualism/  **Collectivism** | Affective and intellectual autonomy/  Embeddedness |
| Power distance | Power distance | **Equality /**  **Hierarchy** | Egalitarianism/  **Hierarchy** |
| Masculinity / Femininity | Gender egalitarianism / Assertiveness | Achievement / Ascription | Mastery /  Harmony |
| Uncertainty  avoidance | Uncertainty  avoidance | Neutral /  Affective |  |
| Long term orientation / Short term orientation | Future  orientation | Sequential time/  Synchronic time |  |
| Indulgence/  Restraint | Humane  orientation | Internal orientation/  External orientation |  |
|  | Performance  orientation | Universalism /  Particularism |  |

**The Global Leadership and Organizational Behavior Effectiveness study (GLOBE)** is the most recent and most comprehensive research project in the past twenty years. It started in 1991 under the leadership of Robert J. House. The GLOBE continues and extends Hofstede’s research. Five of its nine dimensions (see table below) show strong similarities to the previous study. At its completion, the GLOBE had included 62 cultures from 59 countries. Germany, Switzerland, and South Africa were divided into two cultural groups. One hundred sixty surveyors and 17,000 managers who participated from more than 950 organizations from several industrial sectors (House et al. 2004) show the size of this project. Reviews of the research recognize its efforts to differentiate between (things as they should be) manifested in “cultural values” and (things as they are), shown in “practices” (Berry et al., 2011). Other scholars offered criticism towards the convenience sample of middle managers, thereby questioning the generalizability of the data. Additionally, they raised concerns that huge countries with significant cultural differences like the USA and India were treated as one culture (Rothlauf, 2012).

**Fons Trompenaars and Charles Hampden-Turner** conducted their research over 25 years during academic work and field research (Trompenaars & Hampden-Turner, 2012). They compiled data from 30,000 respondents from more than 50 countries using structured questionnaires. Two of Trompenaars' dimensions show similarities in their semantic contents with Hofstede’s and the GLOBE dimensions: individualism versus collectivism, equality versus hierarchy. This also implies that they were able to replicate previous findings. The dimension for human-time relation (sequential versus synchronic time) relates to the culturally different time orientation that Hall also identified. The dimension of internal versus external control describes humans' regard for nature and how much they believe they have control over nature and their own lives. Respondents were asked if their own doing determines the direction of their life. Among the countries that scored high in this were Norway, the USA, Australia, also Switzerland. Other European countries like Germany, Greece, and Finland had medium values. Lower indices and thereby little control over their lives were measured for Venezuelans, Chinese, Russians, and Egyptians (Trompenaars & Hampden-Turner, 2012, p. 177).

**Shalom Schwartz**, an Israeli social psychologist, is known for his research on cultural values. He developed three bi-polar dimensions and collected data using a quantitative survey in 67 countries. The dimension embeddedness versus autonomy, similarly to the individualism versus collectivism dimension, defines the relationship between individuals and the groups they belong to. Intellectual autonomy stands for individuals’ possibilities to pursue their ideas and value curiosity, creativity, and open and broad-mindedness (Schwartz, 2004, pp. 43-73). Affective autonomy stands for pleasure and also a varied life. In societies that prefer embeddedness, which is the other pole of this dimension, individuals identify with the groups they belong to, share their way of life and value their relationships with group members. Social order, obedience, wisdom, and security are highly valued. The concept of egalitarianism and hierarchy is similar to Hofstede’s power distance. The egalitarian pole corresponds to values like equality and social justice. The third dimension, harmony versus mastery, resembles the masculinity versus femininity dimension and describes people’s relationship with their surroundings. Harmony-oriented people strive toward life in unity with nature, the environment, and the people around them. Those, who are led by mastery, want to control their environment. They value ambition, success, and competence (Schwartz, 2004, pp. 43-73).

### Critical Reception of Cultural Dimensions Research

Scholars in all scientific fields recognize the usefulness of research on cultural dimensions and cultural values for describing and analyzing cultural groups, especially on the level of societies and nations. Empirical results can provide a first idea about any national culture. The comprehensive research projects of Hofstede, Trompenaars, House (the GLOBE study), Schwartz, and their respective teams have contributed to a better insight into similarities and differences for many countries. All four models are relevant and are applied in theory and practice. Rothlauf and his students found in a survey conducted among 18 training institutions in Germany that Hofstede’s and Trompenaars' dimensions are popular as contents for culture comparative training formats (Rothlauf, 2012, p. 70). All four types of research have inspired a wave of replication studies in different regions and countries. The dimensions and orientations they developed are used in cross-cultural psychological studies as reference values.

#### Limitations of culture comparative studies:

**First,** culture is dynamic and changes over time, which implies that the studies conducted only reflect attitudes, beliefs, and opinions within a specific culture at one point in time. Additionally, the age of the data is problematic. Hofstede’s first data collections were from 1967 to 1973, so some countries' datasets are more than 50 years old. Therefore, their validity should be re-examined since some of the results might have lost relevance (Tung & Verbeke, 2010.

**Second:** The research designs and questionnaires for all the above were made by scientists from Western Cultures and influenced their view of the topics they considered relevant. That might be different if researchers from other regions were involved. The results of the Hofstede study in Asian countries, which addressed this issue and introduced a new dimension: short term versus long term orientation, confirm this (Hofstede et al., 2010).

**Third:** the samples of most of these studies are limited to specific societal groups; those were in the case of Hofstede IBM personnel, Trompenaars’ were management training participants, the Globe group investigated middle managers, and in Schwartz’s studies, teachers and students participated. Therefore, the implied generalizations for national cultures should be used with caution because the samples might not have been representative of the general population.

**Fourth:** If the data sets are used by recipients as if societies were homogenous entities, they neglect the growing diversity within national cultures (Rothlauf, 2012; Tung & Verbeke, 2010). We just have to imagine that the same index was used for all the different ethnic groups across fifty states in the United States. In their review of cross-cultural research, Tung and Verbeke (2010) demand, therefore, more studies that examine intra-cultural varieties between regions and cultures.

## Self-Check Questions

1. **Which of the following statements about the cultural dimensions research that were discussed in this unit are false?**
   1. Hofstede’s long- versus short-term dimension was added to his model as a result of a second study conducted in Asia.
   2. Schwartz’s dimension of embeddedness versus autonomy defines, similarly to the individualism versus collectivism dimension of Hofstede, the relationship between individuals and the groups they belong to.
   3. *Trompenaars’ dimension ‘monochronic versus synchronic time’ relates to the ‘culturally different ways of time orientation’ that Edward Hall identified*.
   4. *The GLOBE was criticized for its sample selection, which included only students and teachers from universities, and huge countries with significant cultural differences like the USA and India were treated as one culture.*
2. Please complete the following sentence: The three bi-polar dimensions from Schwartz are called:

Affective and intellectual autonomy versus embeddedness

Egalitarianism versus hierarchy

Mastery versus harmony

## 1.3 Distinction between different subject areas in research and application

Cultural similarities and differences between people and groups are of interest to various psychological disciplines. Comparative research is done within several psychological fields. For example, developmental psychology and educational psychology are interested in the effects of different educational styles on children’s behavior and character development. Clinical Psychologists research effective therapeutical methods in different cultures. Business psychologists are interested in topics like job satisfaction, motivation, and performance orientation among employees across cultures. Due to the enormous interest in cultural similarities and differences, various disciplines have developed that focus on culture and psychology's influence on each other. In the following sections, we want to see how intercultural psychology is distinguished from related fields.

### Cross-cultural psychology

Among the psychological sub-disciplines, cross-cultural psychology is still relatively young. According to Berry and his colleagues (2011, p.5), it comprehends all studies:

“of similarities and differences in individual psychological functioning in various cultural and ethnocultural groups; of ongoing changes in variables reflecting such functioning; and of the relationships of psychological variables with sociocultural, ecological and biological variables.”

This definition implies that individuals from different cultures could either behave similarly or in different ways. In both cases, their behavior is influenced by their thoughts and feelings, cultural context, biological factors, and sociopolitical and ecological environment (Berry et al., 1992; Matsumoto & Juang, 2004). Similarities and differences in behavior based on thoughts and feelings are also expressed in attitudes, opinions, and motivations and shown in different ways of personal interaction, language, and communication.

Examples of research topics in cross-cultural psychology:

* National characteristics of power distance in France and Denmark and their influence on leadership styles
* The effects of international work experience on cultural competence – a study among managers in a multinational corporation.
* Acculturation attitudes towards migrants from Turkey, Syria, and Romania among German university students
* Correlations between work satisfaction and well-being, a comparative study in European Amazon branches
* The role of cross-cultural adaptation on stress levels among French expatriates

With its focus on universal and culturally determined psychological processes, cross-cultural research contributes to the goals of **intercultural psychology**.

### Intercultural Psychology

Intercultural Psychology is application-oriented. Embedded in the idea of interculturalism, it examines how individuals with different cultural backgrounds and psychological characteristics engage with each other and adapt to each other when living in culturally diverse societies (Berry et al., 2011). The goal here is to understand what happens during interactions between culturally diverse individuals or groups in organizational settings by focusing on the human factors and relevant context variables (Thomas & Peterson, 2018, p.15). In organizations, institutions, and companies, cultural factors influence corporate functions such as operations management, finance and accounting, human resource management, information technology, and marketing. The goal is always to facilitate cooperation between individuals from different cultures based on respect and mutual understanding to create improved and sustainable business results (Bolten 2015, S. 113ff). Questions of intercultural psychology in work and business settings are, for example:

* Facilitating factors for teamwork, creativity, and work performance in multicultural teams
* Leadership styles in multicultural teams from the perspective of team leaders and team members in international organizations
* Trust development between German service providers and Italian customers in Italy
* Marketing strategies for different cultural groups in the United States
* The impact of effective diversity management in two multinational corporations

In summary, intercultural psychological research, when applied to work environments, is concerned with all areas of intercultural management, including:

* Human resources management (as diversity management) in the recruitment of diverse personnel, team development of multicultural teams, and personnel development in general.
* Issues related to negotiations with international business partners or suppliers.
* Intercultural marketing when promoting and selling products abroad.

### Cultural Psychology

Cultural psychology investigates the influence of culture on human behavior within one culture. Scientists try to understand how cultures develop and change and research the influence of culture on thinking patterns, emotions, behavior patterns, and vice versa. Research, for example, about psychological and mental processes of cognition, problem-solving, planning, or memorizing often starts in one specific culture in the assumption of universal applicability. But cultural psychology also acknowledges that psychological processes are determined by the cultural environments that individuals belong to and adapt to. Therefore, results in these fields are often compared to research conducted in other countries and cultures and thereby become part of cross-cultural research.

### Indigenous Psychology

Indigenous Psychology is a still young discipline closely linked with cultural psychology, **community psychology**, and anthropology. It deals with the knowledge and the ideas that members of a group – or societal culture have about themselves (Kim, Yang, & Hwang 2006, p. 4). Therefore, any research must be conducted in the context of this culture (Kim et al., 2006). Its goal is to understand and describe detailed inner views of cultures and explore people's thoughts, feelings, and behavior. (Helfrich, 2019, p.2,3).

Community Psychology:

As a psychological discipline, community psychology deals with the thoughts, emotions, and actions of individuals and groups on the level of communities.

Research in this field starts with the basic assumption that psychological processes are culturally bound. Scientists, therefore, use field research and interactive methods. That way, they can identify topics that are of specific interest concerning localities and communities. In Mexico, such topics of investigation are, for example, respect, affiliative obedience, machismo, and virginity. (Berry et al., 2011, p. 450). Indian indigenous psychologists emphasize that indigenous psychology in India should include more than topics of Western Psychology and study, for example, topics regarding the relation of spirituality and health, questions of relations between Buddhism and Hinduism and behavior, and make it the psychology of Indian people in India (Berry et al. 2011, p. 451).

### Challenges in cross-cultural and intercultural research

Research in all the cultural and psychological fields is already interlinked, which will continue in the future. The internationalization and global orientation of these research fields also lead to several challenges, some of which were discussed in previous sections but are of general relevance to research in these fields:

1. A challenge that researchers face everywhere in the world is sample selection. To this date, many multinational researchers rely on convenience samples (see section on cultural dimensions). The most common group to participate in surveys are students, who are similar in age, educational background, social origin, and income levels (Lonner, 2000). The generalizability of the results of the studies is thus always limited.
2. The second issue is closely related to the first and refers to the assumed homogeneity of cultures in research results, wherever studies refer to country characteristics. Finding comparable samples in several countries remains a challenge. Additionally, most countries today are multicultural, with different ethnicities and cultural groups with other languages, religions, traditions, and world views (Tung & Verbeke, 2010). Future comparative studies need to reflect these diversities more.
3. Although psychologists from different areas in the world (e.g., from Asia and Eastern Europe) have intensified their own cultural, cross-cultural, and intercultural research, it is still a scientific field in which the majority of the concepts and models used originate in countries of North America, Western Europe, and Australia. (Blair & Bligh, 2018, S. 130). Those scientists bring their education and heritage into their work, which often includes linear and dual thinking processes, positivistic philosophy, and English as the preferred language. However, cognitive processes, perception, memory, and emotions might develop differently in Nigeria, Egypt, India, Vietnam, and other regions globally, and cross-cultural research started to reflect on this in recent years.

## Self-Check Questions

1. **Name the four subject areas that deal with psychology and culture?**

Cultural psychology

Cross-cultural psychology

Intercultural psychology

Indigenous psychology

1. **Complete the following sentences:**
   1. The research field, which deals with the knowledge and ideas that members of a group or community have about themselves, is called indigenous psychology.
   2. A society in which people from only one culture live is called homogenous.
   3. Research about psychological and mental processes of cognition, problem-solving, planning, or memorizing is part of cultural psychology.
   4. “Facilitating factors for teamwork, creativity, and work performance in multicultural teams” is a research topic for intercultural psychology.
   5. Cross-cultural psychology is not only interested in differences between cultural groups but also in similarities.

## 1.4 Research Approaches and Methods

In cultural psychological research, scientists use two approaches, emic and etic. The terms emic and etic are derived from two terms of linguistics: phonemic and phonetic. Whereas the first relates to aspects of sounds and sound production that are unique and only apply to one specific language, the latter investigates rules of sound production that apply to all languages (Berry et al., 2011, Pike, 1967). The same applies to these two research approaches:

### Emic and etic approaches

|  |  |  |  |
| --- | --- | --- | --- |
| Differences between Emic and Etic Approaches | | | |
|  | | | |
|  | Emic approach | Etic approach |  |
| Group of people outline  Woman with solid fill | Group of people outlineMan with solid fill |
| * Researcher/s study one culture from the inside and provide an inside view (**perspectivity**) | * Researcher/s study multiple cultures from the outside and thrive for **objectivity** |
| * Researcher/s discover already existing structures in the culture. | * Researcher/s create structures and apply them to their studies |
| * **Qualitative** methods dominate | * **Quantitative** methods dominate. |
| * **Uniqueness:** Researcher/s try to capture characteristics of the culture that is examined. | * **Universalism**: Researcher/s try to derive general rules. |
|  | | | |

Researchers applying an emic approach focus on one specific culture, often at the village and community level. They try to take a perspective from the inside and use qualitative methods like interviews and participatory observations to understand people’s values, motives, what thrives them, and how they live and work. They try to actively avoid bringing their point of view into the cultural group to be observed. Instead, they attempt to understand the opinions and ideas of the individuals that are being observed/examined (Helfrich, 1999). Emic approaches originate in anthropology and can also be found in indigenous, cultural, and community psychology (Berry et al., 2011).

When researchers take an etic approach, they often study two or more cultures. Their goal is to compare them and look for similarities and differences, measured using a selection of general rules. There is a wide range of comparative categories to be measured, such as cultural dimensions, attitudes, values, emotions, behaviors, or performance indicators. Researchers strive for objectivity and ideally want to uncover universally valid psychological regularities (Helfrich, 2019). The etic approach is common in cross-cultural and intercultural research.

Critics of this approach point out the danger of a lack of objectivity: 1) because researchers often develop methods, models, and concepts that are applied to western cultures (Hwang, 2015, p. 4), and 2) they might maintain the perspective of their own culture of origin since the etic view they work with, is “imposed“ (Berry, 1969, p.124).

There is no one better method among these two, and they are not mutually exclusive. Researchers might decide to use both approaches in a complementary way.

### Quantitative and Qualitative Methods

Intercultural as well as cross-cultural psychology use qualitative as well as quantitative methods. Early research into topics of culture and psychology is deeply rooted in qualitative research. Wilhelm Wundt proposed qualitative research as the preferred method in the early twenties of the 20th century in his “Elements of folk psychology“ (Wundt & Schaub, 1921).

**Qualitative research** is often conducted through field research in natural settings. It requires the field surveyors to interact with their subjects to get a deep insight and understanding of the beliefs, attitudes, behaviors, or emotions of individuals or groups (Karasz & Singelis, 2009), which are then described and analyzed. Denzin and Lincoln (1994) defined a set of data collection methods that allow the discovery of new phenomena specific to one culture. These include different types of semi-structured and unstructured interviews, such as narrative and explorative interviews or group-level focus group discussions. Additionally, Other observations (participatory and non-participatory), analyses of documents, artifacts, and everyday objects, visual methods, and self-experience can be utilized for the data collection process. Because of the natural settings during data collection, researchers have no or little control over events during their field visits but ‘go along with them (Berry et al., 2011). The following analytical work includes organizing and preparing the information, coding, and categorizations. In content analyses, researchers look for patterns and structures that characterize a specific culture.

Qualitative methods are used in all research fields related to culture and psychology. Still, they are more relevant to indigenous and cultural psychology than to the others because, here, thorough field research leads to discovering new and cultural-specific phenomena, but as described above, the data analysis is time-consuming and labor-intensive. The necessity of interpreting information is associated with a high degree of subjectivity, which was highly criticized by scholars in the past and led to the marginalization of this method for many years (Karasz & Singelis, 2009).

**Quantitative research** in psychology, in general, follows methods of natural sciences. It has been the method of choice in many fields of psychology since they developed into natural science disciplines.

Cultural, and psychological phenomena, which are already known, are examined by 1) developing research questions or hypotheses; 2) testing these hypotheses using and applying standardized questionnaires on attitudes, values, emotions, cognitive dimensions, and others to one or more groups of participants; 3) The data are then statistically analyzed, using a variety of statistical analyses. This part has been rationalized in the past twenty years by creating sophisticated software packages that allow handling data for large samples, like the Statistical Package for Social Sciences (SPSS, IBM, 2020). 4) The process is completed by comparing the actual with the predicted results and with findings from other researchers. It is advantageous that the process applied here leads to reliable and representative results.

The quantitative methods are, for example, of relevance for all bi- or multinational cross-cultural studies. Schwartz (2004), for example, used for his cultural dimensions research a value survey questionnaire that he and his team had developed in 1992. The survey included 57 items on social justice, humility, creativity, social order, pleasure, and ambition. It was translated into multiple languages and applied to university students and teachers in 66 countries. He derived three **bipolar dimensions** by using factor analyses and regressions. Schwartz’s research has been ongoing for over thirty years. Conceptually, his studies are very close to Hofstede’s research; especially his early studies can also be considered validations of the first (Schwartz, 1994; Rothlauf, 2012). Semantic similarities exist, for example, between Hofstede’s individualism/collectivism dimension and Schwartz’s autonomy/embeddedness orientation (Schwartz, 2004).

**Bi-polar dimensions:** When two dimensions are defined as opposite values (poles) on one scale, they are considered bi-polar dimensions.

Critics of quantitative methods question the representativeness of the data collected due to the before mentioned culturally influenced models used and the items (questions and statements) in questionnaires, which bear the risk of translation errors. The second point of criticism is inherent to the research subject of culture and psychology. Scholars criticize those quantitative designs cannot capture how culture shapes psychological processes and outcomes in specific contexts (Karasz & Singelis, 2009). This can only be achieved using qualitative methods in addition.

The way in the future might be a mixed-methods approach (Creswell, 2009; Berry et al., 2011). In reality, researchers of large multinational studies have often combined both methods during the past thirty years. Hofstede’s study on organizational dimensions used mixed methods. As a first step, the team conducted group interviews to get an insight into corporate and organizational cultures. Topics were, for example, specific rituals, symbols, heroes, and values. The second quantitative phase included written structured questionnaires (Hofstede et al., 2011, p. 346-347)

### Self-Check Questions

1. **Complete the following statements:**
   1. The inside view that the emic approach provides is called *perspectivity*.
   2. *Quantitative research* allows involving large samples from different countries.
   3. Qualitative data collection is done in natural settings and uses many different methods, such as:

*narrative and explorative interviews*

focus group discussions.

observations (participatory and non-participatory),

analyses of documents,

artifacts, and everyday objects,

visual methods

self-experience

* 1. Objectivity and quantitative methods are typical for the etic approach.

### Summary

The culture of a social group unites their common ways of thinking, behavior patterns, and emotions. These are influenced and shaped by underlying assumptions, values, norms, and beliefs. Other influential factors are, for example, the overall social context, nationality, world views, and religions.

To describe and compare different cultures, scholars have developed cultural dimensions. These can provide a first idea of the characteristics of national cultures but cannot replace an in-depth exploration of the national culture of interest.

The research areas that explore mutual influences of culture and psychology include intercultural psychology, cross-cultural psychology, indigenous psychology, and cultural psychology. Intercultural psychology, which is application-oriented, deals with intercultural relations and interactions and attempts to overcome cultural differences. Cultural psychology explores how certain societal context variables shape thinking, acting, and feeling in a culture. Comparative research contributes by conducting comparative research between two or more cultures. A unique role takes indigenous psychology that is mainly concerned with non-western cultures. Researchers examine links between spiritual, religious, or historically rooted beliefs and human behavior and explain cultural groups' knowledge, attitudes, and conceptions.

In cultural and psychological research fields, emic and etic approaches are used. The emic approach allows collecting detailed information about the cultural characteristics of individuals and groups from the scientist's perspective using qualitative research methods. These qualitative methods allow for discovering, describing, and analyzing new phenomena. The second etic approach examines cultures from the outside and thrives for objectivity. The quantitative methods used allow for comparative cultural surveys across cultures.

Although Western models, designs, and instruments still dominate cultural and psychological research, other regions' scientific communities have joined by validating these with replication studies and their contributions. Therefore, incorporating approaches from different areas of the world is the way for the future.

Unit 2 – Intercultural Management

Study Goals

On completion of this unit, you will be able to …

* explain the different tasks and requirements of intercultural management in organizations and companies.
* acknowledge the increasing importance of cultural differences in our work environments and professional lives.
* deal with culturally influenced behavior reflectively and adequately react in intercultural interactions.
* evaluate opportunities and risks of universal and pluralist corporate cultures for international joint ventures.
* develop strategies for intercultural cooperation, select different management styles based on theoretical models, and use various culturally appropriate leadership styles.
* analyze and describe corporate cultures.

## Introduction

In this century, in most countries, our workforce is culturally diverse. As a result of globalization and the steadily increasing worldwide migration, many of us have colleagues from different cultural backgrounds. Most companies have international links due to joint ventures or mergers and regularly meet their colleagues from other countries. Multinational corporations send their employees as expatriates abroad.

Differences in culture are also present when companies cooperate within one country, for example, with other regions, other industrial sectors, and different types of companies and organizations. Even among the various departments of one company, different departmental cultures exist.

**Management:**

Overseeing and supervising work processes in production, research and development, finances, marketing, human resources, and customer service is the tasks of managers.

Intercultural Management here is defined as all **management** regarding the leading of employees and the cooperation with business partners from within one’s own culture and from other cultures, thereby supporting companies' strategic goals. It facilitates coordination processes that concern different departmental, organizational, and sector cultures and is relevant for managing and coordinating different industry and corporate cultures and cultural differences within a company, such as departmental cultures.

## 2.1 Role, influential factors, and requirements of intercultural management

Intercultural management's role is to recognize and overcome cultural differences, use knowledge and methods of different cultures, and create synergies for more efficiency and effectiveness in the work process. It supports and contributes to all corporate divisions and management areas, including procurement, production, sales, finances, and human resource management. It is a learning process for managers and team leaders to understand and be aware of cultural factors' relevance and influence on all management areas. Their cultural competence helps them fulfill their roles and responsibilities within companies and organizations; to succeed in their work.

*‘Surviving’* is typically the first task ahead to secure that cooperation in an international context will not be of disadvantage or lead to failures. This includes avoiding any kind of faux pas in the early phases of cooperation when business partners get to know each other and hold their first meetings. For example, it is of utmost importance in some countries (e.g., Germany, Switzerland, Japan) to be punctual and avoid any waiting time for a possible business partner. In Japan, it is essential to have a business card at hand, which will be handed over holding it with both hands. Following such country-specific business etiquette rules helps to facilitate a smooth communication process and avoid offending prospective partners.

For an intercultural business relationship to be successful in the long term, companies have to reach the stage of ‘thriving,’ which goes beyond the knowledge of business etiquette. Thriving requires identifying ‘elements’ from both cultures to be integrated into creating a ‘third culture’ that leads to a higher level and, therefore, a successful long-term relationship. (Caganova, Čambál, & Weidlichová Luptáková, 2010)

The development from ‘surviving’ to ‘thriving’ is a maturing process in intercultural management. As long as intercultural cooperation challenges are mastered and mistakes are avoided, the management remains in the ‘surviving’ strategy. Thriving will only be achieved if additional measures are taken, making the cooperation beneficial to all stakeholders. The role of intercultural management is to master cultural challenges, increase the efficiency and effectiveness of an organization on a global level, and thus contribute positively to the company's success (Caganova et al., 2010, p. 53).

### Influential factors and Areas of Activities

Intercultural Management is part of all management areas and is influenced by many factors. In fact, intercultural management, all other areas of management, work processes in the organization/company, and all aspects of organizational culture mutually influence each other. The following figure provides an overview of influential factors.

|  |
| --- |
| **Influential Factors and Areas of Activities of Intercultural Management** |
| Innovation  Corporate Social Responsibility  Concepts of time  Monitoringg  Risk management  Conflict management  Values  Intercultural  Management  Planning  Leadership  Organizational structure  Ethics  Employee‘s co-determination  Motivation  Feedback  Team management  Corporate Identity  Trust building  Communication-channels  Decision making processes  Information flow  Relationships |

All elements influence each other: e.g., management is affected by commonly accepted values, societal and ethical norms, and the context in general. On the other hand, cultural aspects can be found in the organizational structure, planning, team management, information flow, and all other processes listed in the figure above.

### Leadership

Styles of **leadership** describe how managers or team leaders act toward their team members to achieve the best possible results for their organization. In this chapter, three models of leadership, which are relevant to intercultural contexts, will be introduced. The first is a one-dimensional model developed in the 1950ies by Tannenbaum and Schmidt (1958) for leaders who wanted to improve or choose a leadership style for themselves. The second model, Blake and Moutan’s Managerial grid (1964), was developed based on the results of the studies conducted by the Ohio State University and Michigan University in the 1960ies and based on the relation between person-orientation versus results-orientation. The third model introduces six dimensions of leadership styles found in the Globe study, the most extensive international leadership research. (Brodbeck et al., 2004).

**Leadership:**

The management of people by setting goals together, monitoring their achievements and motivating them is called leadership

Tannenbaum and Schmidt (1959, 1973) discuss leadership as the relation between the authority of team leaders and the level of freedom that team members have. The two poles range from authoritarian leaders who take all decisions independently to autonomous leaders who provide the team members the space to make decisions. All styles between those poles stand for different levels of authority and scopes of decision-making processes.

|  |
| --- |
| **Leadership and Decision-Making Processes** |
| **Level of freedom of team members**  **Authority of manager / team leader**   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Authoritarian** | **Paternalistic** | **Informative** | **Consultative** | **Cooperative** | **Delegating** | **Autonomous** | | Team leader decides  alone. | Team leader decides and convinces team members of decisions. | Team leader decides; questions from team members are allowed. | Team leader presents ideas before a decision; team members contribute with their opinion. | Team members make suggestions; team leader chooses the best alternative. | Team leader defines limits; team members are asked to make a group decision. | Team leader allows the functioning of team members within previously defined limits. | |  |  |  |  |  |  |  | |

When evaluating the cultural influence on these leadership styles, Hofstede’s power distance dimension can provide some guidance. An authoritarian style might be appropriate in countries that score very high on power distance, e.g., China and Malaysia. A paternalistic style is more common in countries with a moderate-high index, e.g., Iraq and Mexico. The delegating and autonomous leadership styles might be preferred in countries that score very low on power distance, like Austria, Denmark, Sweden, and Israel.

The preferred leadership style within each culture is not only defined by cultural factors; the size of a company or organization, the industrial sector, the expectations towards leadership from team members, and the manager's education and personality are also relevant.

Blake and Mouton's Managerial Grid (1964, 1985) is a second model relevant for intercultural management. The model predicts that people-orientation and production results orientation concern each leader on different levels. Whereas some leaders emphasize the relationship they build with their team members, others are primarily concerned with achieving the goals.

|  |
| --- |
| **Leadership Styles Based on Concern for People and Production** |
| |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Concern for People |  |  |  |  |  |  |  |  | (9,9)  Team  Management | |  |  | (1,9)  Country Club  Management |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  | (5,5)  Middle of the  Road Management |  |  |  | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  | |  |  | (1,1)  Impoverished  Management |  |  |  |  |  | (9,1)  Task oriented  Management | |  |  |  |  |  |  |  |  |  | | Concern for Production | | | | | | | | | | | |

Concern for people or concern for production is not mutually exclusive. Instead, different degrees of both lead to several management styles. Ideal managers in this model give their full attention to both, people and production, which results in **Team Management** (9,9). When concern for both people and production is equally distributed but only reaches middle levels, this results in **Middle of the road management** (5,5). When managers do not show much interest in either of the two, **Impoverished management** (1,1) is the consequence.

Cho and colleagues (2018, p. 10) conducted a study in South Korea, a long-term-oriented, collectivist country with a high index for uncertainty avoidance and a medium-high index for power distance. They examined preferences for leadership styles using the managerial grid. They found a preference for Team Management, with a high concern for production and people (9,9), which is considered the ideal management style by the developers of this model. Another study was conducted in Brazil, a less collectivist country but with higher values for power distance, conducted by Del Maestro Filho and colleagues (2015). The researchers found among 120 managers a preference for Country Club Management, the style with a deep concern for people and minor for production (1,9) with differences between women and men in their actual performance as managers. Women showed a stronger tendency toward production results, and men had a propensity toward the impoverished style. The declared preference corresponds with a patriarchal leadership style, which is typical for this region.

The GLOBE studies addressed leadership preferences as part of their surveys that the research team around Robert House conducted in 62 countries in different world regions. Starting with 21 dimensions, factor analysis revealed six leadership styles to be universally relevant: charismatic, team-oriented, participative, humane-oriented, autonomous, and self-protective (Brodbeck et al., 2004). As presented in the following table, each of those six leadership styles is associated with a set of behaviors.

The data of this research were analyzed on a cluster level. Those clusters were formed according to cultural indicators. Therefore some of them do not correspond to geographic areas: The ten clusters consist of: the Anglo cluster (e.g., Australia, Great Britain, Ireland, USA), Northern Europe (e.g., Finland, Denmark, Sweden), Germanic Europe (Austria, Germany, Netherlands, German-speaking Suisse), East Europe (Albania, Greece, Hungary, Poland, Russia), Roman Europe (e.g., France, French-speaking Suisse, Italy, Spain), Middle East (Egypt, Morocco, Turkey), South Asia (e.g., India, Iran, Malaysia, Thailand), Confucian Asia (e.g., China, Japan, South Korea), Sub-Saharan Africa (e.g., Nigeria, Namibia, South Africa) and Latin America, e.g., Argentina, Brazil, Ecuador, Mexico (Brodbeck, 2018).

|  |  |  |
| --- | --- | --- |
| **Six Leadership Styles according to the Globe Survey** | | |
|  | | |
| **Leadership style** | **Behavioral attributes**  **associated with this style** | **Countries**  **and regions** |
| Charismatic/ value-oriented | * Strong-willed, determined, ready to take risks * Ability to inspire and motivate * Ready to work towards a common goal and vision while sacrificing own interests | * Highly valued in all regions * Rank (1) in all regions except Eastern Europe and the Middle East |
| Team oriented | * Diplomatic but ready to face discussions * Encourages teamwork towards a common goal * Acts in favor of team-building and collaborative work | * Highly valued in all areas * Rank (1) in Eastern Europe and the Middle East |
| Participative | * Participative and non-autocratic * Involves team members in decision making * Tolerates contradictions and questions from team members | * Rank (2) in Germanic Europe * Rank (3) in Anglo cluster, Northern, Romanic, and Eastern Europe, Middle East, Sub-Saharan Afrika, Latin America |
| Humane oriented | * Empathic, reserved, and generous, and modest * Acts considerate towards team members and offers support | * Rank (3) in South Asia and Confucian Asia |
| Autonomous | * Autonomous, independent, individualistic * Shows behaviors that make them unique and distinguish them from others | * Low ranking in all regions * Lowest values in Roman Europe, the Middle East, and Latin America |
| Self-protective | * Status conscious, careful, avoidant, and bureaucratic * Behaves rule compliant but also competitive * Does not take any risks | * Low ranking in all regions * Lowest values in Northern Europe |

Results for all regions showed that the **charismatic and team-oriented styles** were considered the ones that best promote outstanding leadership. In contrast, the autonomous and the defensive style impede it. Participative leadership, a preferred style in the Germanic Europe cluster, is also widely accepted in all other regions, except in South and Confucian Asia, where people prefer the humane-oriented style. The Globe surveys have been ongoing for the last twenty years and continue to provide detailed insides on work-related behaviors.

### Planning and Control of Work Processes in Organizational Settings

National cultures strongly influence planning processes as well as controlling and monitoring processes. All three are culture-bound processes and require adaptation to other cultures in cross-cultural cooperation. One of the functions of planning is reducing uncertainty; it is conceptually connected to Hofstede’s uncertainty avoidance dimension. Control is a way of exercising power and thereby correlated to power distance (Hofstede et al., 2010, p. 315).

Hofstede associates high indices for uncertainty avoidance (e.g., in Greece, Portugal, Guatemala, and Germany) with planning processes that a) are political rather than strategic; and b) a personal responsibility of managers rather than formalized processes within the organization (Hofstede et al., 2010, p. 316).

Countries with high power distance are characterized by less control at higher managerial levels and more formal authority at the lower levels of companies (Hofstede et al., 2010, S. 316). Managers are the ones exercising control rather than control being standardized through established processes in organizations. In countries with lower power distance, there is more trust in team members and, therefore, less control.

Harrison, McKinnon, Panchapakesan, and Leung (1994) conducted a quantitative study on companies from Australia, the USA, Singapore, and Hongkong, investigating these correlations between Hofstede’s dimensions and organizational structure, planning, and control. For the survey, a questionnaire was filled out by senior executives from all four countries. The results showed that planning and control were carried out in similar ways in each cluster, the Anglo-American and the East Asian, confirming the cultural influence on these processes.

* Australia/US: planning and control followed decentralized processes under the responsibility of specialized units within the organizations and focused on short-term planning.
* Australia/US used quantitative and analytical methods for control (e.g., production and inventory control, appraisal of capital investment)
* Hong Kong/Singapore: put greater emphasis on long-term planning and exercised group processes of decision making.

### Trust

Building a relationship of trust is relevant in business relationships as well as in multicultural working teams around the world. But do people in different cultures rely on trust in the same way? Whom do they consider as trustworthy? How important is it to business people in other cultures to establish trust before signing a contract?

Trust is so important for all of us that we find it in our proverbs. The Italians say: “Trust is good but not to trust better”; Germans think: “Trust is good, but control is better,” and the Chinese believe: “When there is trust, no proof is necessary.”

To discuss trust from a scientific perspective, we have to look at its definition first, and as for other psychological constructs, there are many. Daniel McAllister defined personal trust „as the extent to which a person is confident in and willing to act based 2on the words, actions, and decisions of another” (1995, p. 25). Mishra emphasizes that when people decide to trust another person, they also agree “to be vulnerable … based on the belief that the … [other] is competent, open, concerned and reliable” (1996, p. 265). In intercultural negotiations or within teams, trust a) facilitates cooperative work, as well as b) promotes the sharing of information (even confidential information), and c) business partners or team members know that they do not have to protect themselves from one another.

Javidan and Zaheer (2019) conducted a qualitative study by interviewing 400 managers and executives from Asia, the Middle East, and North and Latin America. As a result, they named three factors that contribute to the trust-building process: a) the right mindset (e.g., time and patience), b) learning about their colleagues' various cultural backgrounds, and c) focusing on the character of the employee and the result of the trust-building process. The qualitative data collected in this study provided insights into the actual trust-building process in some regions. Middle Eastern managers, for example, reported that having a relative vouch for the employee’s integrity could lead to a swift trust-building process. In Asian and American countries, managers discussed their way of earning their employees’ trust and their own commitment to their employees. Their responsibilities extend beyond the workplace to their staff's personal, emotional, and financial matters (Javidan & Zaheer, 2019).

Brett and Mitchell (2020) conducted a qualitative study, interviewing 82 managers from different industries and 33 countries in four regions: South and East Asia, Europe, the Middle East, and North America. The topic of the interviews was their requirements for trustworthiness when finding new business partners.

As one result of their study, Brett and Mitchell (2020) developed a model incorporating two dimensions: “high” versus “low trust” and “tight versus loose” cultures. In their understanding, a culture is considered “tight” when social norms regulate peoples’ behaviors and when social behavior is being monitored, and violations of these social norms have consequences.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Comparison of Trust Building Processes in Asia, Europe, the Middle East, and America** | | | | | |
|  |  | | | |  |
| **Low Trust High Trust** | East Asian Cultures  Look for **competence** in the other   * Rely on reputation * Test for competence |  | **North American and**  **European Cultures**  Look for and practice **openness**   * Trustworthiness is assumed * Test for trust in the process |
|  |  |  |
| **Middle Eastern and**  **South Asian Cultures**  Look for **respect** in the other   * Spend time socializing before the process * Test for respect |  | **Latin American Cultures**  Look for **similar values**   * Spend time socializing before the process * Test for common values |
|  | **Tight cultures** |  | **Loose cultures** |
|  | | | |

Latin American managers reported that they tested the trustworthiness by building social relationships, which allowed them to check for similarities in values and behavior. Those from South Asia and the Middle East looked for business partners that respect their values to find them trustworthy. Social interactions were the way to get to know those potential partners. Managers from the USA and Europe often followed the principle of ‘trust but verify,’ which means to put a leap of faith in their employees until proven wrong. Social relationships are no condition for trust and correspond to the principle of work and private life separation. East Asian managers’ trust-building process follows three steps: 1) seek information about potential partners, for example, via third parties; 2) meet the potential business partner and 3) engage in activities to build a relationship, for example, after a business meeting (Brett & Mitchell, 2020).

**China and “Guanxi”:** Chinese people are very concerned with trust in business relations and even have a special term for them: “Guanxi.” It refers to relationships in which both individuals or parties benefit. Rothlauf (2012) refers to Guanxi as being “affective” because it is based on emotional liking and as being “diffuse.” After all, it is based on a relationship that is not task-oriented but personal. Therefore, building business relations with Chinese partners is a slow process that requires empathy to build this trust and develop a mutual liking. If one wants to negotiate in China, building „Guanxi“ is a prerequisite.

In psychology, a well-known theoretical concept of trust conceptualized trust as two dimensions: a) cognitive trust, which is based on rationality, and b) affect-based trust, which is based on emotions. Several scholars contributed to the discussion of the contents of each of the two. The following table provides a summary of the characteristics of these two dimensions:

|  |  |  |
| --- | --- | --- |
| **Cognitive and Affective Based Trust** | | |
|  | | |
| **Authors** | **Cognitive Trust** | **Affective Trust** |
| Mc Allister, 1995 | * Based on knowledge and reasoning | * Based on the emotional connection between individuals |
| Dunn, 2000, p. 286 | * Involves a degree of familiarity with the other person | * Requires an intensive emotional investment and bond |
| Scott, 2000, p. 84 | * Rationally based, it encompasses:   + Competence   + Ability   + Integrity   + Responsibility   + Credibility   + Reliability | * Emotionally based, it encompasses:   + Concern   + Benevolence   + Mutual respect   + Openness   + Capacity for listening and understanding   + Belief in a reciprocal emotional bond. |
| Contributing to trust-building processes are: | * Expert status, * Titles based on educational attainments (MSc, Dr., etc.) * Knowledge | * Personal sympathy * Established relation * Reciprocity |

Due to the very different content of both dimensions of trust, cognitive and affective trust also have other functions in cross-cultural business relations and teams.

Example: A team from a furniture-producing company in Denmark is sent for a business trip to Italy to negotiate a joint venture to produce vintage-style furniture. The team is eager to close the deal while in Palermo. Their prospective partners welcome them warmly and have scheduled two meetings to discuss the contract's technical details and financial issues during their three-day stay. However, the Danish team does not have enough time for all topics they want to address and are surprised that the Italians seem to be in no hurry for further discussions. Instead, they keep inviting them to lunch meetings and dinners. The Danish team leaves after the third day believing the deal might be off, although they did enjoy their stay. To their surprise, the contract was signed within a week after the trip.

Trust-building processes are different, and so is people's preference for affective or cognitive trust across cultures. Erin Meyer, a communication expert, who works on intercultural interactions in business settings, emphasized that people from task-oriented cultures (e.g., Denmark, Netherland, USA, Germany, Britain) tend to separate both dimensions and rely on cognitive trust in their business relations. Relationship-oriented cultures (e.g., India, Brazil, China, Morocco) cultures, on the other hand, connect both dimensions and prefer to include trust-building activities early on also to build personal relationships (Meyer, 2016). Smalltalk in the office, extended lunches and dinners, field trips, and other activities are used to get to know one another and build trust. Results from international studies found similar results.

**Swift trust:**

This refers to a very fast trust building process, in which team members grant each other a trust advance to quickly form functioning work teams.

In multicultural teams of international corporations, international organizations, and any other type of international projects, trust is especially relevant. In the latter case, teams are often put together on short notice, and team members have to trust each other right from the start. Scholars use the concept of **“swift” trust** to describe these processes. It develops as cognitive trust and is based on facts and information that partners or co-workers have about the assigned jobs, educational attainments, and eventually info on previous experience (Neeley, 2018). It corresponds with the approach described for North Amerika and Europe in Brett and Mitchell’s (2020) model. Swift trust is needed when flight crews get together, rescue teams in emergencies, such as after the Tsunami in 2006, film crews that participate in co-production film projects, or people working on international projects brought in from different countries. The other pole, **“passable trust,”** was developed by Neeley and Leonardi (2018), analyzing cooperation in virtual work teams. Passable trust develops over time and implies the development of a relationship on an affective level. In virtual teams, people might chat and have private conversations over time, which increases their readiness to share knowledge with co-workers and establish a connection.

**Passable trust:**

This is a trust building process, which is long-term oriented, has affective components and the goal to build a relation.

### Different Concepts of Time

How punctual are people in Brazil, China, and Switzerland? How committed are working teams in South Africa, Poland, and Italy to meeting their deadlines? What planning horizons do my business partners have in other countries compared to my own? During which days of the week should one communicate with customers in Qatar, Somalia, Brazil, and at what time of the day? When do people celebrate Christmas and Easter in Russia, the USA, or Iceland?

Anyone planning to cooperate with a supplier, customer, or business partner in another country should investigate their official working times, including knowledge of their working week, daily working hours, and public holidays. These differences are included in any research done as part of a CAGE analysis (Unit 2, section xx).

In such an analysis, we would find that people in Qatar and Somalia work from Saturdays to Thursdays. For people working in Europe, this would imply that cooperation with businesses in these countries is only possible for four days a week, from Monday to Thursday, due to the different working weeks. It also implies that one should not contact the Qatari partners on a Friday because this is their weekend and should be respected as such.

The same applies to public holidays of people in other cultures, not only in countries with a different religion; it can also differ if the religion is the same. For example, among the various Christian congregations: Catholics and Protestants celebrate Christmas and Easter on different days than Orthodox Christians in Eastern Europe, and similar differences exist in other religions too. Therefore, it is always recommended for any new cooperation to check the country-specific holidays.

Different time zones can be a challenge. When working in global teams, the time zones are usually one of the first things that team members become aware of. Some examples: when people in Austria finish work, those in Mexico have just started their day. The same applies to Ireland and Japan, which are eight hours apart or many other regions in the world. Anyone working in a global team knows that it is difficult only to be able to talk to your colleagues early or late in the working day. Management and distribution of tasks have to be adapted to these time differences.

The first three questions above relate to **time orientations** and **different concepts of time**, both research interests that evolved around ‘time’ as a cultural concept. The first deals with people’s relationship to the past, present, and future and their planning horizon. House and his colleagues (2004) included these aspects as ‘future orientation’ in their multinational study, and Hofstede and his colleagues (2010) investigated ‘short versus long term orientation.’ The definitions of both dimensions/orientations and selected results are presented in the following table:

|  |  |  |
| --- | --- | --- |
| Time Orientation in Culture Comparative Studies | | |
|  | | |
| **Dimensions / Orientations** | **Definition** | **Results** |
| **Hofstede** et al., 2010  **Long term versus**  **short term orientation** | * People’s relation to time and thereby to traditions and society * High indices show patience and perseverance in achieving goals and a readiness to be awarded in the far future. | High indices: e.g.  South Korea, Japan, China, Russia, Germany  Low indices: e.g., Ghana, Egypt, Iran, Argentina, USA |
| **GLOBE Study**  (House et al., 2004)  **Future orientation** | * Planning, investing in the future, and delaying gratification are considered future-oriented behaviors | Highest indices for Singapore, Denmark, and Canada  Lowest indices:  Russia, Argentina, Italy, Kuwait, Poland |

Future orientation shows a perspective that one might take when making plans within an organizational setting. If, for example, managers base their decisions on the past and have a lower future orientation, they might use the argument: “We were successful with this strategy in the past and therefore should not change it; let us continue in the same way for this year.” Someone with a strong future orientation, on the other hand, might use the argument: “The future is agile work; let us adapt our project management accordingly, to improve our adaptability to possible challenges.”(House et al., 2004)

The second research interest around the concept of ‘time’ deals with how we plan, schedule, and organize our work and private life. It was first addressed by Edward Hall (1977: Hall & Hall, 1990), an American anthropologist and researcher who investigated ‘monochronic versus polychronic time orientation’ in his qualitative research. Trompenaars and Hampden-Turner (2012) based their dimension of ‘Human-time relationship’ on Hall’s concept. The table below presents the definitions of their dimensions and selected results from their research work.

|  |  |  |
| --- | --- | --- |
| Concepts of Time | | |
|  | | |
| **Dimensions** | **Definition** | **Results** |
| **Monochronic versus**  **Polychronic orientation**  (Hall & Hall, 1989, Meyer, 2016)) | **Monochronic time orientation**: People   * Make detailed schedules and plans * Adhere to agreed time commitments, deadlines, plans, and appointments * Show commitment to the job and work-related tasks * People are linear active and work on one task at the time   **Polychronic time orientation:** People   * Plans are done but change often * Commitments to time are kept if circumstances permit * Commitment toward building and maintaining relations * People are multi-active and work on several tasks at the same time | Monochronic countries:  Switzerland, Germany, Japan, Sweden, USA  Polychronic countries:  Kenia, India, Saudi-Arabia, Brazil |
| **Human-Time-Relationship**  (Trompenaars & Hampden-Turner, 2012, pp. 171 – 172) | **Sequential monochrome:** People   * Time is conceptualized as something measurable * People do one thing at the time * People make tight schedules and abide by those as well as appointments * Schedules precede relationship-building activities   **Synchronic time:**   * Time is conceptualized as continuous and diffuse * Appointments and schedules are approximate rather than exact * People do several things at once * The concept of punctuality is subordinated to relationship building * People and organizations can adapt to changed circumstances | Examples for sequential time:  Germany, USA, Canada  Synchronic time: France, Mexico,  Countries of the Middle East, Africa |

The concept of monochronic time and linear activity can be explained as a straight line from A to B approach, working well when only looking at the tasks. Such an approach often has the disadvantage of not considering context variables and possibilities for shared connections (Trompenaars & Hampden-Turner, 2012).

For example, two teams, one from Finland and one from Spain, work on implementing a project over a period of six months. The Finnish monochronic working team focuses on one task after the other, which might give early on the impression of advancing very quickly and as planned. The Spanish polychronic working team seems to move much slower due to its engagement in multiple tasks and fewer tasks completed in the first few weeks. Working in a polychronic way seems less efficient for someone from the outside because here, the way from A to B is less straightforward. But at the deadline point, they might well have both achieved the same results. The polychronic and multi-activities approach allows cooperation and is necessary in contexts where the situation can change and adaptability is required.

In any form of cooperation among business partners and within global teams, aspects of time orientation and time management in different cultures have to be addressed since they can otherwise lead to misunderstandings or frustrations along the way.

### Requirements for Intercultural Management

**Bi-dimensional models:**

Models that are based on two dimensions that can be represented as x-y-coordinates are called bi-dimensional models.

The main objective of intercultural management is to ensure a smooth collaboration, both in the cooperation with business partners and in the management of teams. Adler and Gundersen (2008) developed a **bi-dimensional model** to describe five different behavioral strategies. It considers different levels of influence from one’s own culture and one or more foreign cultures.

|  |
| --- |
| **Different Behavior Strategies in Intercultural Cooperation** |
| |  |  |  |  | | --- | --- | --- | --- | | Influence of own culture | Cultural  Dominance |  | Cultural  Synergy | |  | Cultural  Compromise |  | | Cultural  Avoidance |  | Cultural  Assimilation | | Influence of foreign culture | | | | | |

**Avoidance:** The first strategy relates to cross-cultural situations where only slight differences exist between one’s own and the foreign culture. This could, for example, be the case in regions where substantial cultural similarities exist between neighboring countries (e.g., between the German and Austrian cultures) but is rarely possible in business and work settings.

**Dominance** is the strategy under which the foreign culture is almost ignored, and one’s own culture is used as orientation and practically imposed on the members of the foreign culture. This type of cooperation often reflects unequal power constellations, which can be found in the case of business relationships where one partner has significantly more power and more resources than the other (Barmeyer et al., 2021).

**Assimilation**: is the strategy where people of one culture adapt to the other. It typically occurs within companies or organizations among members of minorities. In business relationships, it might also result from being in a partnership with someone who has more strategic, financial, and human resources.

**Compromise:** Cooperation here is based on cultural commonalities. It is the best possible solution based on similarities. As a concept of ‚survival‘, it does not have the potential for different cultural perspectives to contribute. It also bears the risk of a growing dissatisfaction on both sides over time.

**Synergy:** This is the strategy with the best possible outcomes. The goal is to benefit from the different perspectives that different cultural backgrounds provide. Elements from one’s own and the foreign culture, including everyone's distinct values, beliefs, attitudes, thinking, and behavior patterns, find their place within one system. The actors here are aware of the potential that multiple perspectives and cultural elements have for creativity, unexpected solutions, and innovation, all of which lead in its consequence to better results (Barmeyer et al., 2021).

#### Assessment Requirements before Cross-Cultural Cooperation

Cooperation between companies from different cultures in any form is complicated. Studies on joint ventures and other forms of alliances have found that 70% do not meet their expected performance goals. Cultural incompatibilities are often the reason for such failures. But some results show the possible positive impact of a synergetic approach. Mechanisms of social integration like informal control, personnel rotation, and cross-cultural teams can help to maximize the benefits of such cooperation (Thomas & Peterson, 2018).

For any cooperation between companies from different countries, this implies that it is necessary to conduct a thorough analysis of the national and organizational cultures involved, work processes, work-related attitudes, and other factors, identify similarities and differences, and only then develop a strategy for future plans. That way, risks are minimized in the case of different forms of collaborations, joint ventures, and mergers and acquisitions. The following figure summarizes this assessment process. Once the differences are known, it is possible to decide if the plans for cooperation or merging can go ahead or if the assessment team has to recommend refraining from the collaboration. The following graphic summarizes the different analytical steps mentioned above.

|  |
| --- |
| **Analysis of Cultural Differences Between Companies from Different Countries** |
|  |

A thorough insight into the national culture of the country of interest is one possible starting point. One instrument for this is Ghemawat’s Framework of Cultural, Administrative, Geographic, and Economic factors also called the CAGE Distance Framework (Ghemawat, 2007), which takes a multisectoral approach. The model proposes to analyze the distance between two countries by looking into several cultural, administrative, geographic, and economic components to find commonalities, similarities, and differences. The CAGE Framework allows a unilateral analysis of the country of interest and a bilateral assessment to compare one's own country and the country of interest.

For a detailed analysis of the organizational/corporate cultures, various measures can be used. Those are described in more detail at the end of the following section.

The results of the analytical part will provide all necessary information for the decision for or against the envisaged collaboration, including:

* Overall knowledge of the national contextual factors in the sectors of culture, administration, geography, and economy
* Knowledge of similarities and differences in management (e.g., preferences for leadership styles, decision-making processes)
* Specific Knowledge of the organizational/corporate cultures (e.g., organizational structures, trust-building processes, time management, values, rituals, work-related attitudes, communication styles)

The final step includes designing a detailed implementation plan for the participating companies to be brought together.

## Self-Check Questions

1. **Which of the following statements about the leadership models introduced in this unit are correct?**
2. The management model from Tannenbaum and Schmidt differentiates between seven management styles, with the patriarchal style as one pole and the autonomous style as the second pole.
3. Sweden and Denmark, countries with a low power distance index, prefer a delegating or autonomous style.
4. Blake and Mouton considered Middle of the Road management as the ideal leadership style.
5. In a study conducted in Brazil among 120 managers, men and women named Country Club Management as their preferred leadership style.
6. **Scott (2000) distinguishes between rationally based and emotionally based trust. Decide which characteristics are typical for affective and emotionally based trust?**
   1. Knowledge and reasoning
   2. Emotional investment and a true bond are needed
   3. Ability and integrity
   4. Responsibility
   5. Credibility
   6. Concern and mutual respect
   7. Openness
   8. Competence
   9. Belief and Reciprocity
   10. Personal sympathy

## 2.2. Organizational Culture

Since the eighties, **organizational cultures** and their impact on the success of companies, organizations, and institutions have been part of international management research. One widely accepted definition of organizational culture is from Edgar Schein, who sees organizational culture as “patterns of assumptions,” which any team develops by: ”learning to cope with its problems of external adaptation and internal integration, … to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (1984, p. 3)

**Organizational culture:** The values, views and perceptions, which are incorporated into business processes and are widely shared by the management and employees of a company or organization form its organizational culture.

### Organizational culture in a multinational environment

For multinational joint ventures with companies from other countries, as well as for international mergers and acquisitions, Schreyoegg (2005) classified two different approaches to organizational cultures:

* Universal: A “guiding culture” is shared and lived by the organization’s / corporation’s headquarters and its branches in equal measure
* Pluralist: Organizations’/corporations’ headquarters and individual branches develop their cultures independently; these sub-cultures are strong, whereas the overall organizational culture is weak (Schreyoegg, 2005)

Both approaches bear chances and risks. An overview of those can be found in the following table.

|  |  |  |
| --- | --- | --- |
| **Chances and Risks of Universal and Pluralist Organizational Culture** | | |
| **Dimension** | **Universal Pluralist** | |
| **Chances and Advantages** | * Complete integration of headquarters and branches * Uniform and quick orientation for employees of all branches as well as for business partners * Corporate culture contributes to the formation of the corporate identity (third culture option) | * Management systems culturally adapted, and pre-existing subcultures promoted * Higher motivation levels among local employees * Possible synergies from cultural differences resulting in more creativity, innovation, and flexibility |
| **Risks and Disadvantages** | * An inappropriate culture is ‘imposed’ * Could appear arrogant towards branches * Resistance to be expected, and central decisions might be difficult to impose | * Significant cultural differences might exist between corporate cultures of branches * Culture does not contribute to the integration of all branches * Higher cultural competence of management teams is necessary |

In mergers or acquisitions, cultural, economic, legal, and financial context factors are relevant for deciding on a universal or pluralist approach for the future organizational culture. Often, certain business areas cannot be standardized due to local legislation or market conditions; this might apply to accounting, overall financial management, and marketing. The areas of planning and control are also linked to country-specific cultural factors. Their unification might lead to resistance from local working teams (Hofstede et al., 2010).

These factors should be considered during any internationalization process before a change process for any organizational culture is initiated. Advantages and disadvantages must be considered and weighed against each other so that the management team is aware of the chances and risks that either approach implies. In principle, it is possible to create a new organizational culture, but it is a lengthy and challenging process that should be accompanied by professional change management (Hofstede et al., 2011, p. 374).

### Dimensions of Organizational Culture

To compare organizational cultures across nations, scholars have developed dimensions of organizational culture. Those are instruments for describing and analyzing cultures. They help identify differences and possible reasons for conflict, enabling managers to use culturally adapted management methods and leadership styles.

From 1985 to 1987, Geert Hofstede and his team, in cooperation with the Institute for Research and Intercultural Cooperation (IRIC) of Maastricht University, conducted a comprehensive qualitative and quantitative research in 20 units (with 60 to 2,500 employees) from 10 different companies and organizations in Denmark and the Netherlands. The companies were from various sectors; also included were organizations from the public sector and the police (Hofstede et al., 2010, pp. 347-348).

The team started with the qualitative part, which included 180 semi-structured interviews containing questions about symbols, heroes, rituals, and values. The second part, a quantitative research, included collecting data from managerial staff on their education, attitudes, practices, and other topics identified in the first phase (Hofstede et al., 2010, p. 351). The result of the research were six dimensions of organizational culture:

|  |  |  |
| --- | --- | --- |
| **Hofstede’s Dimensions of Organizational Culture** | | |
| Dimension | Characteristics | |
| **Process- versus results-oriented** | Process-oriented (concerned with means)   * Routine tasks * Risk avoiding * Limited efforts | Results-oriented (concerned with goals)   * Varying challenges * Risk-taking * Maximum efforts |
| **Employee- versus job oriented** | Employee oriented   * Considering personal interests * Well-being of employees * Cooperative leadership | Job oriented   * Considering professional interests * Pressure to perform * Authoritarian leadership style |
| **Parochial versus professional** | Parochial   * Organizational culture influences private culture * Social and family background considered as criteria for recruitment * Short term planning horizon | Professional   * Separation of professional and private culture * Achievements as criteria for recruitment * Long term planning horizon |
| **Open versus closed systems** | Open systems   * Open towards newcomers and outsiders * Almost everyone fits in the organization * Immediate integration of new employees into units | Closed systems   * Closed almost ‘secretive’ units * Only very few ‘special’ people fit in the organization * Very slow integration of new employees into units |
| **Loose versus tight control** | Loose control   * Low-cost awareness * Flexibility in time and space * Humor and jokes about organization/company | Tight control   * High-cost awareness * Punctuality * No humor at the expense of the organization |
| **Normative versus pragmatic** | Normative   * Abiding by internal rules and organizational procedures * Processes more relevant than results * High ethical standards | Pragmatic   * Focus on needs of customers * Results more relevant than processes * Flexible views on ethical standards |

When analyzing organizational cultures, the dimensions rarely appear in pure form; most companies/organizations show tendencies towards one or the other. For example, a unit with stronger tendencies towards process orientation will also show concern for its goals and results, and a more results-oriented unit will also observe its processes.

Results for either of the characteristics should not be considered good or bad; what is of relevance is the appropriateness for the organization, its specific situation, and its surroundings. For a company in the pharma industry, for example, it might be more suitable to be process-oriented and normative, whereas a consultancy company might prefer results-orientation and pragmatism. The orientation towards one or the other pole of any of the six dimensions can also change due to new developments within the company or as a result of a crisis it must face.

A clear correlation between national culture and organizational dimensions was only found for the fifth dimension: Loose control was typical for Denmark, whereas tight control was found in the Netherlands. The other dimensions showed correlations between the industrial sector and the type of organization/company (Hofstede et al., 2010, p.358).

When comparing the results of this research with Hofstede’s IBM survey results, relations were found for three dimensions: masculinity correlated with closed systems, collectivism with employee orientation, and uncertainty avoidance with process orientation.

When companies engage in joint ventures or plan to merge with another company, different orientations in these dimensions of organizational culture are relevant to the merging process. They can lead to failure if not taken into consideration. The case of Daimler Chrysler is proof of that. At the time of the merger, Daimler had a process-oriented, normative culture with tight control. In contrast, Chrysler was results-oriented and pragmatic, and the level of control was low (Kansal & Chandani 2014, p. 213; Weber & Camerer 2003, p. 401).

Fons Trompenaars and Charles Hampden Turner (2012) developed a second model with a set of dimensions for corporate cultures. The two dimensions egalitarian vs. hierarchical and person- versus task-oriented are put in relation, resulting in four types of corporate cultures: incubator, the guided missile, family, and Eiffel tower.

The ‘incubator’ is a culture with very little structure, thereby providing employees with a platform for self-realization. To a large extent, employees are freed of routine tasks and given the necessary space to be creative and innovative. Centralization and formalization are at a low level. (Trompenaars & Hampden-Turner, 2012, p. 214).

|  |
| --- |
| **Trompenaars Dimensions of Corporate Culture** |
| Egalitarian  **GUIDED MISSILE**  Task oriented  **INCUBATOR**  Person oriented  Task  oriented  Person-  oriented  **FAMILY**  Person oriented  **EIFFEL TOWER**  Role oriented  Hierarchical |

The “family” is a power-oriented culture with a patriarchal leadership style. The work atmosphere resembles that of a family at home. This type of corporate culture can be found in Asian countries like Japan and Middle Eastern countries like Egypt or Jordan. The hierarchy here is enforced by the behavior of the managers, who are aware of their roles and responsibilities for the team members that might extend into their private lives (Trompenaars & Hampden-Turner, 2012, pp. 196 -203).

The "Eiffel Tower" as a corporate culture type is often found in Western European countries, such as Germany. As with the Eiffel tower, there is a clear structure, an organizational structure, and a bureaucratic division of work, which is process-oriented. The roles of the manager and the team members are clearly defined and laid down in job descriptions. Managers here are aware of their “role” as such, which is limited to the workplace (Trompenaars & Hampden-Turner, 2012, pp. 204-208). Employees value their privacy, which is kept strictly separate from work life. Hierarchies are pronounced but can be challenged. In this type of culture, employees can question or criticize the decisions made by their supervisors (Trompenaars/Hampden-Turner 2012, pp. 204-208).

Team- and project work, flat hierarchies, flexible work assignments, and task orientation are typical fort the „Guided Missile” culture. Companies have strategies, define their missions, visions, and values, and work towards milestones to achieve their goals for the future. Employees are rewarded for their contribution to the company's success (Trompenaars & Hampden-Turner, 2012, pp. 209-211).

The “Incubator” culture is often found in startups or companies made up of independent professionals, for example, lawyers or doctors. This culture is a platform for self-realization for its employees. In startup “incubators,” employees are freed from routine activities to devote their time to creative tasks (Trompenaars & Hampden-Turner, 2012, pp. 214-215). These companies have little structure, and employees demonstrate little loyalty to their employers (Trompenaars & Hampden-Turner, 2012, pp. 214-215).

These four types of corporate cultures can only rarely be found in their pure form; many companies have characteristics of more than one culture (Trompenaars & Hampden-Turner, 2012, p. 219). Even between departments of one company, the corporate cultures might differ. One influencing factor is national culture: In France, we find, for example, often “Families” in small companies, and later, when they expand, they become “Eiffel towers.” On the other hand, in the United States, small companies are often "incubators" and large enterprises "guided missiles.” (Trompenaars & Hampden-Turner 2012, p. 219).

The dimensions of corporate culture (person- versus task orientation and egalitarian versus hierarchical structures) have substantial practical implications regarding:

* The way managers guide their team members,
* The way employees behave towards each other and their superiors,
* How the company sees its employees and how employees can be motivated,
* The thinking patterns and learning styles that prevail,
* The way change processes are designed,
* The way that managers handle criticism and conflicts within the company. (Trompenaars & Hampden-Turner 2012, pp. 195-196.).

The following table provides an overview of the four types of corporate culture and their managerial aspects:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Characteristics of Trompenaars’ Types of Corporate Culture** | | | | |
|  | **Family** | **Eiffel tower** | **Guided Missile** | **Incubator** |
| **Relationship**  **between**  **coworkers** | Diffuse  relations | Clear roles defined in a mechanical system | Clear-cut tasks in a dynamic system working towards a common goal | Diffuse, spontaneous relations as a result of cooperative work processes |
| **Attitude**  **towards hierarchy** | Status achieved by closeness to boss and strength (parental figures) | Status achieved through distance and power | Status achieved by contribution to goal achievement | Status achieved through creativity and contribution to the company’s development |
| **Ways of**  **thinking and learning styles** | Intuitive and holistic, lateral and by correction of mistakes | Logical, analytical, vertical, and efficient | Problem-focused, practical, professional, interdisciplinary | Professional, ad hoc, creative, inspiring |
| **Managers’ attitudes towards coworkers** | Members of the family | Human capital | Specialists and Experts | Co-creators |
| **Initiation of change**  **processes** | The “patriarch” changes the course | Change processes and  regulations | Course corrections towards a moving target | Improvisation and  coordination |
| **Motivation**  **and**  **rewards** | Being disliked provides ‘satisfaction’ | Promotion and more responsibility | Reward for achievements and solved problems | Participation in the creation of new realities |
| **Management by:** | “Subjective” | “Job descriptions” | “Objectives” | “Enthusiasm” |
| **Critic and Conflict** | Allow others to retain dignity and save face: ensure not to lose the power game | Criticism is a complaint of irrationality unless the arbitration  procedures are in place. | Constructive and task-related; errors are admitted and promptly corrected. | Creative ideas  are to be improved, not rejected. |

To be successful in international management, it is essential to be aware of those differences to act appropriately in different cultural regions.

When companies operate globally over decades, their organizational culture and development need to be revisited by management repeatedly. One global corporation that recently addressed this is Microsoft, with its branches in more than 180 countries and 180,000 employees. In February 2014, Satya Nadella became Microsoft's new CEO. The corporation's organizational culture was Nadella's focus from the beginning: "Our ability to change our culture is the leading indicator of success," he said in 2015 (Martin, 2020). The change he initiated back then they called a "renovation" process, making sure that the foundation of its original culture, as its core values and norms, were kept, but new elements that resulted from the change process would be added (McLaren, 2019; Martin, 2020).

According to McLaren (2019), the company's management followed a participatory approach.

1. They started with an assessment conducted through interviews and surveys with employees to a) understand their perception of the existing organizational culture and b) their view on things that should be carried on and those in their view that needed changes.

2. Team leaders, managers, and influential team members in all company branches were encouraged to participate. The process was accompanied by retelling 'stories' about values and behaviors that reflected a future-oriented mindset (Mc Laren, 2019) to keep the change process focused and ongoing. Due to Microsoft being a large extent, a network organization, it was essential to start by identifying the 'influential team members. This was done by conducting an organizational network analysis, which helped detect actual workflow processes and key staff members that those processes revolved around. It is essential to understand that such workflow-based networks in an organization exist beside the formal hierarchical structure and are somewhat invisible.

3. The new culture was implemented and is sustained through practices. For Microsoft, those changes included, for example, their performance and talent management. Their previous system was based on competition and an annual evaluation system, which required the rating and scoring of employees' performance. The new approach is based on talent acquisition and development, constructive change, and talent mobility. The last aspect allows employees to explore work in other departments and fields to widen their scope of activities (McLaren, 2019).

The culture of Microsoft today evolves around openness, curiosity, innovation, diversity, and inclusion: Diversity and inclusion are at the core of the organizational culture and reflect Microsoft’s activities with employees and customers from around the globe (Dudovsky, 2019). The company declared: "we strive to gather, listen to, and include as many perspectives as possible, to discover how to bring out the best in each other and everyone who uses what we create" (Microsoft, 2021, Global Diversity and Inclusion). Promoting openness and curiosity encourages employees to explore and expand their skills and abilities. Openness in communication and responsiveness allows employees to raise any issue of their interest and concern to managers and team leaders in the company, including the CEO and the upper management and team leaders, even in the smallest departments. The focus on innovation must be included in the company's organizational culture because of its role as a global player in technology development.

### Measures of Organizational culture

There is a wide variety of measures for organizational culture, but those that can be applied in a cross-cultural setting are just a few. Sackmann (2007) compared 25 survey instruments for organizational and corporate culture and found seven components that were being measured: artifacts, values, norms, basic beliefs, assumptions, and practices. Whereas artifacts and practices can easily be observed, basic beliefs and assumptions are more hidden and less easy to detect. She emphasizes that organizational cultures contain all, but available survey instruments measure one or several of the six components (Sackmann, 2007).

Hofstede and his team (Hofstede et al., 1990) developed their questionnaire for a specific research project on organizational cultures, conducted with the Institute for Research and Intercultural Cooperation (IRIC) of Maastricht University. For this, they used a mixed-method approach, including qualitative and quantitative elements. They first conducted interviews with team leaders and managers, analyzed those, and then designed a structured questionnaire for the quantitative survey. Both parts were based on Hofstede’s Onion Model of values, rituals, symbols, heroes, and practices. The standardized questionnaire measures the six practices of 1) process- versus results orientation, 2) employee-versus job orientation, 3) parochial versus professional orientation, 4) open versus closed systems, 5) loose versus tight control, and 6) normative versus pragmatic. The questionnaire was tested for units within companies and organizations and can be used in different cultural contexts. It was published as part of the survey summary for 20 companies (Hofstede et al., 1990).

A second instrument that measures practices on ten dimensions is the Organizational Culture Profile (OCP). The questionnaire in its latest version was developed by Ashkanasy, Broadfoot, and Falkus (2000) and is based on four cultural types of organizations/corporations: clan, adhocracy, hierarchy, and market culture. The ten dimensions being measured are: 1) leadership, 2) organizational structure, 3) innovation, 4) performance, 5) planning, 6) communication, 7) environment, 8) humanist work settings, 9) development of employees, and 10) socialization of new employees upon entry into the organization. This comprehensive approach to organizational culture allows an in-depth analysis. In a validation study conducted in 2017, the OCP showed satisfactory results regarding validity and reliability for cross-cultural settings (Puppatz et al., 2017). The authors recommended the OCP for use in practice.

## Self-Check Questions

1. **A universal and a pluralistic approach is possible in mergers and acquisitions when creating a new organizational culture. Both have advantages, and both bear risks. Which of the following statements about possible risks apply to the universal culture?**

**A universal culture:**

* 1. *… could appear arrogant towards employees in branches.*
  2. … does not contribute to the integration of all branches.
  3. … requires higher cultural competence of the management.
  4. … bares the risk of significant cultural differences between the corporate culture and the culture in branches.
  5. *… might impose an inappropriate culture in the entire organization.*

1. **Complete the following statements about organizational cultures.**
   1. When one guiding culture is shared by the organization’s headquarters and its international branches, this is called a *universal culture.*
   2. When companies with a pluralist culture succeed in creating synergies, this might lead to *more creativity, innovation, and flexibility.*
   3. Hofstede’s dimensions of organizational culture include, for example, process- versus results-oriented, employee versus *job-oriented,* open versus *closed systems*, and normative versus *pragmatic*.
   4. Trompenaars' bi-dimensional model is based on hierarchical versus *egalitarian a*nd *person orientation versus task orientation.*

### Summary

By intercultural management, we mean the situational leadership of employees and the cooperation with business partners from different cultures. It is subject to many influential factors and affects all management areas, such as procurement, production, human resource management, and marketing. Culture also influences processes of communication, trust-building measures, leadership styles, and decision-making processes. The situational leadership style is the one that is best adapted to the cultural context.

Culture influences all aspects of everyday work: 1) Cultures differ in how individuals build trust with others. The trust-building process can be described as swift or passable when describing the speed of the process. Another distinction is being made between cognitive and affective trust. The first is built on facts and knowledge, whereas affective trust needs relationship-building over extended periods. 2) In international negotiations and cooperation, different time orientations and concepts of time can lead to misunderstandings. Cultural differences regarding “time” can be explained by using the concept of monochronic versus polychronic time and behavior patterns that correspond with them.

Requirements for intercultural managers include knowledge of cultural differences in management, awareness of one's management style, and understanding as well as acceptance of management styles of other cultures. Four types of cooperation are possible: dominance, avoidance, assimilation, and synergy or compromise.

If mergers or acquisitions are planned, corporations decide to develop a universal or pluralist organizational culture. Both are influenced by contextual factors such as the national culture, industrial sector, and size and type of companies.

Dimensions for organizational or corporate culture help describe and explain different corporate culture types that result from preferences for hierarchy or egalitarianism and person- or task orientation. Organizational culture can be measured through qualitative methods as well as with a variety of standardized quantitative instruments.

Unit 3 – Diversity Management

Study goals

On completion of this unit, you will understand …

* what diversity and diversity management mean, and what principles we must observe.
* which tasks diversity management has in companies, organizations, and institutions.
* why a high degree of diversity in work teams can be both an advantage and a disadvantage, and how companies address this.
* which diversity dimensions are especially relevant for selected countries and globally oriented companies.
* how countries address equality issues in the work environment.

## Introduction

Due to social and economic changes and trends, the composition of workforces and work teams in many countries around the world has changed massively in recent decades. They became more diverse in several ways: Globalization of the economy and trade led to continuous contact and relations with international suppliers and customers. Increases in migration and workforce mobility lead to more cultural diversity in work teams of companies, organizations, and institutions. Many European countries face tremendous changes in the composition of their populations and societies due to changing birth rates, leading to a decrease in population, longer life expectancy that changes their age profile, and several other factors. All of those have affected workforce compositions over the past decades and will continue to involve them in the future. Today, work teams' diversity shows high variations in age, nationality, and ethnicity, a changed gender ratio, and an increased number of people with disabilities integrated into work life.

### Global Trends and Their Relation to Diversity in Society and Work

**Globalization of Economy and Trade**: Entrepreneurial activities have led to increasing economic and political interdependencies between countries. Logistics have expanded and created cross-border infrastructures, and information and communication technology allows for continuous 24/7 real-time communication. Additionally, governments have created contextual structures that enable and promote international trade. The internal market within the area of the 27 member states of the European Union fosters trade within Europe, and international trade agreements secure easy access to other markets. International ventures of corporations include joint ventures, mergers, and acquisitions.

**Increase in the mobility of people and migration**: Countries like Germany, France, the UK, and others have a significant number of people immigrating each year. Overall, this number still increases constantly, despite temporary ups and downtrends. Worldwide there were 153 million people who left their country of citizenship in 2011. The United Nations Department of Economic and Social Affairs (Population Division, 2019) reported that eight years later, in 2019, this number had increased to 272 million, representing 3.5 % of the world population. 74% of them were of the working age from 20 to 64 years old. More than 50.7 million migrated to the USA. In Europe, the destination countries for most migrants were: Germany (13.1 million), the Russian Federation (11.6), the United Kingdom (9.6 million), France (8.3 million), and Italy (6.3 million) (United Nations, Department of Economic and Social Affairs, Population Division, 2019).

The mobility of students beyond national borders also shows a continuous upwards trend. In the year 2000, UNESCO reported that 2 million students studied outside their home country. In 2019, this number had already increased to over 6 million, showing an increasing interest of young people in learning and living in another culture (UNESCO, 2019). In addition to those two groups, many expatriates and contract workers spend part of their working life abroad.

**Diversification of societies and workforce:** Countries in Europe have been undergoing similar societal transformations in terms of population development trends. Their diversity of societies increases due to an ever-increasing life expectancy, immigration and emigration movements, an increasing workforce participation rate of women, and empowered movements of minorities in national societies that demand their rights. The following section will investigate equality issues concerning age, gender, and culture in the labor market of selected countries.

## 3.1 Definitions and Concepts

The term diversity reflects the heterogeneity of societies and workforces. The differences that people bring with them are either visible such as age, gender, ethnicity, or invisible such as religion, sexual orientation, education, or work-related attitudes. Based on Thomas and Ely, we define diversity as “the varied perspectives and approaches that members of different .. groups bring. to work” (1996, p. 80).

**Diversity** as a concept first became the focus of social psychological research and application as a result of the anti-racism movements in the 50ies and 60ies of the last century in the USA. Then finally, in 1964, the US government passed the Civil Rights Act, the first law that prohibited discrimination due to ethnic background, color, gender, and religion (Yadav & Lenka, 2020). The law was a significant milestone in addressing racism and discrimination, but it did not automatically erase it from society. In the years to come, other movements followed. For example, during the late sixties and seventies, the women's movement and the anti-discrimination movement of gays and lesbians in the eighties significantly impacted societies.

With its roots in these civil rights movements, diversity management had and still has an ethical and moral component. Therefore, one of its goals is to combat "discrimination through fostering equal treatment or affording equal opportunities and striving for equality" (Koellen, 2021, p. 259). Some scholars see this moral component as a mere side effect of the second goal because "diversity management was, and continues to be, the economic benefit that is assumed to be inherent in a diverse workforce" (Gilbert, Stead, & Ivancewich, 1999; Koellen, 2021, p. 259). Therefore, the aim is to develop the potentials and abilities of individual employees and combine differences in knowledge, experience, perspectives, or ways of working in the best possible way. To achieve that, diversity management must be one of the strategic tasks within the company.

Diversity Management: Effective diversity management uses organizational setups and practices of heterogenic workgroups in ways that promote team cohesion so that creativity and innovation are enhanced, and economic performance increased.

Within this unit, we consider diversity management as an approach that aims to maximize performance by establishing “organizational systems and practices to manage people” in ways that “potential advantages of diversity are maximized while its potential disadvantages are minimized” (Cox, 1993, p. 11). If diversity is not efficiently managed, the disadvantages could prevail and adversely affect team cohesion and, consequently, economic performance. If it succeeds, it can ensure that innovation and creativity flourish and positively impacts performance.

The concept of **diversity management** has conquered the world since the 1980s and has become an integral part of human resource management in the course of globalization and workforce diversification. Over the years, the focus has broadened to include all minorities living in a society and working in companies. To capture all categories of diversity from a scientific perspective, Gardenwartz and Rowe (1998) developed a three-dimensional model for all groups (categories) that individuals might belong to on different societal levels. The original model is used for all types of organizational settings and adapted according to the social fabric of societies and organizations.

In Germany, a group of corporations, Daimler, BP Europe, Deutsche Bank, and Telekom (German Branch), initiated 2006 a Diversity Charter. Its signatories committed "to create an appreciative work environment – irrespective of age, ethnic background and nationality, gender and gender identity, physical and mental abilities, religion and worldview, sexual orientation and social background" (Diversity charter, About the Diversity Charter, n.d.).

Companies and organizations that signed the charter, meanwhile more than 4000, also commit themselves to creating a culture of appreciation and respect within their teams, departments, and organizations. Their goal is to implement diversity management that uses all employees' talents and competencies to their full potential (Diversity Charter, 2021). Based on Gardenwartz and Rowe (1998) and adapted to the German context, the figure above shows the categories considered relevant for Germany.

|  |
| --- |
| The Dimensions of Diversity according to the Diversity Charter in Germany |
| Chart, sunburst chart  Description automatically generated |
|  |

At the core of this model are the individuals with their personality and their uniqueness. Three levels surround them: The inner circle contains the so-called core dimensions, which are either innate or acquired, and "unchangeable" for the person itself. The second circle, the external dimension, contains categories shaped by a person's life and socialization processes (education, work experience, family status), all of which can change several times over a lifetime. The third dimension, also called the organizational dimension, contains all categories relevant to everyone in their workplace or educational setting. For example, the organizational dimension of a university would comprise: the course one is enrolled in, the field of study, the module, the membership in a student union, the semester, and others. Within a work setting, this includes, for example, the function, the workplace, the department, or the membership in a workers union.

Diversity management has become an area of interest not only for companies but also for public institutions, non-governmental organizations, and educational institutions. When looking at international tendencies, the areas of interest differ. Not every country concentrates its efforts on the above listed seven dimensions: In the USA, companies are mainly concerned with the different ethnicities that live in the country, as well as with gender equality and sexual orientation (Hanappi-Egger, Müller-Camen, & Schuhbeck, 2015): Germany and similarly other European countries focus on gender, different cultures of origin, disability, and age. In Asian countries with large populations, the focus areas differ from Western countries. In China, for example, where the percentage of foreign-born workers is only 0.07%, companies focus on regional differences within the country between its various provinces, gender, and age. (David, 2020; Koellen, 2021). And in India, a country that unites in its territory a variety of ethnicities, languages, religions, and social classes, companies concentrate their efforts besides ethnicity issues also on differences between casts, religions, and gender (Cooke & Saini, 2010).

Topics that are relevant for organizational settings and have relevance for this unit regarding diversity management are:

* What goals are companies pursuing that thrive for more diversity?
* Which dimensions of diversity are of relevance for companies in different geographic regions?
* What is the best way to introduce diversity management into work settings?
* How can companies and organizations specifically benefit from a) gender diversity, b) cultural diversity, and c) age diversity?

The following sections will address these questions and discuss examples from various countries.

### Preconditions and the Paradox of Diversity Management

The many differences that individuals bring into their work environments are not easy to manage, and Cox and Beale (1997) suggest that managers have to acquire diversity competency to fulfill this role. This learning process requires them to go through three phases: a) awareness, b) knowledge and understanding, and c) changes in behavior and concrete actions.

|  |  |  |
| --- | --- | --- |
| Process Model for Acquiring Diversity Competency | | |
|  | | |
| Phase 1  Awareness | Phase 2  Understanding | Phase 3  Action |

Being aware of staff members' diversity-related characteristics includes recognizing that individuals belonging to different social groups bring with them a variety of work attitudes, working methods, communication patterns, conflict resolution styles, and needs regarding the workplace and work environment. Additional knowledge acquisition, such as training or informal ways of education, will be required to really understand those. The increased awareness will enable a manager or the management to act accordingly. Awareness, understanding, and action in this model are not a one-time process but a permanently ongoing process cycle, which leads to continuous development in diversity management. With the latter, acquiring diversity competency does go beyond specific skills and abilities; it is rather defined as “a process of learning that leads to an ability to effectively respond to the challenges and opportunities posed by the presence of social-cultural diversity” (Cox & Beale, 1997, p. 2) in work environments.

Oberkircher and Edinger (2016, p. 12) emphasize that companies should comply with and observe a set of principles when managing their specific diversities.

* **Avoid stereotyping:** Managers, team leaders, and employees know that people belong to certain societal groups. These group affiliations do not mean having a certain mindset and emotions or showing certain group-specific behaviors. Furthermore, one should not assume that their mindset, emotions, and behavior are constant, as culturally determined values and beliefs can change over time, and so can people's behavior patterns.
* **Breaking old standards**: Even today, the typical managers in North America and many European countries are from the so-called "PMS groups," meaning pale (white), male, and stale (senior). Companies dismantle these concepts and promote diversity for their staff and all managerial levels in promoting diversity.
* **Balanced regulation:** Diversity management does not mean that everyone can do whatever they want. Instead, it stands for establishing organizational principles and rules for appropriate work and social behavior within companies and organizations, providing a friendly diversity climate that treats everyone with respect, openness, and understanding. Balanced regulation serves here as a prerequisite for achieving common goals not despite the differences in the company but eventually because of these differences and the common goals.

In summary, at the managerial level of companies and organizations, one primary requirement is maintaining a diversity-friendly climate throughout its entities (Thomas, 2016). At organizational as well as department level, it is vital to promote an atmosphere of respect, avoiding any forms of prejudice and discrimination. Flat hierarchies, intergroup communication, and the creation of informal networks help to promote the acceptance of others.

The last aspect is also called the "paradox of diversity management" (Kinne, 2016, p. 33). If these preconditions are fulfilled, the actual task ahead lies in a paradox. Each company has a specific set of goals, which it defines within its vision, mission statement, and throughout the strategic planning process. For a company to succeed, its employees, who have joined the company with their particular backgrounds, must strive towards the same vision and goals and follow the same strategies.

The paradox of diversity management involves bringing together the heterogeneity of personalities, perspectives, experiences, etc., and the homogeneity of common goals, visions, and ways of working.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| The paradox of Diversity Management | | | | | |
|  | |  | | | |
|  | Heterogeneity  (Diversity) | |  | Homogeneity |  |
| * Personalities * Knowledge * Experiences * Culture * Age * Gender * Roles (according to job descriptions) * Approaches to work tasks * World views, Religions * Ideas | | In contrast with | * Vision * Corporate goals * Work strategies and methods * Models * Corporate values * Interpretations |
|  | |  | | | |

Teams diversity in cultures, genders, generations, education, experience, and personalities bring a wealth of views, ideas, and perspectives. In order to take advantage of this knowledge and abilities, however, communication and cooperation among employees must function well. For that to be achieved, managers and team leaders have to succeed in synthesizing the team heterogeneities to follow the vision and corporate goals of the company.

To achieve the latter, organizations must develop into genuinely multicultural and diverse organizations.

## Self-Check Questions

1. **Which of the following global trends is not directly connected to the increasing diversity of workforces?**
2. Globalization of Economy and Trade
3. Increase in the mobility of people and migration
4. Megatrend new work
5. Diversification of societies and workforce

1. **Gardenwartz and Rowe developed a diversity model with four levels. The circle surrounding the individual’s personality contains the core dimensions. Which of the following are included in the so-called core dimensions?**
   1. Age and gender
   2. Social background
   3. Work experience and place of work
   4. Ethnic background and nationality

## 3.2 Introduction of Diversity Management in Organizations

No companies or organizations become diversity management experts overnight; instead, they go through a comprehensive transformational process for which Cox and Blake (1991) identified five components. The components include phases of organizational evaluations and assessments, planning processes, training components, and actual change processes and are accompanied by monitoring activities for these changes. The following figure presents five components adapted from the conceptual work of Cox and Blake (1991; Quach & Frey, 2020).

|  |
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| **Components of Organizational Change Process for Diversity Management Implementation** |
|  |

**Assessment, research, and change management planning**: As for any significant changes that affect all organizational levels, a thorough assessment should also be the starting point for this transformation. A mixed-method approach could be applied. Quantitative data could include information on the diversity of the staff, the board, the employees in leading positions, and the clients or customers. Also of interest are their perceptions of diversity and their attitudes towards different social groups (Cox and Blake, 1991) that could be collected through qualitative methods, such as interviews and focus groups. Another part of the assessment concerns the recruitment and staff development policies to discover areas of unequal treatment or bias towards specific social groups. The assessment can also provide an insight into the country-specific anti-discrimination legislation and the status of implementation in the organization. The organizational culture as a whole reflects the extent to which a diversity-promoting culture has already been established. Analyzing it is, therefore, an essential part of the assessment process.

**Leadership:** Top managers have a leading role in organizational changes. Based on the data and information received from the assessment process, they take the lead in developing a vision and organizational philosophy that sees diversity as an enrichment for the organization and as a source of economic success. It is the upper management that has to show commitment and secure appropriate financial and human resources for the change process. Using a participatory approach (Cox and Blake, 2001) which involves managers on different organizational levels and personalities that serve as role models., can facilitate this process. Quach and Frey emphasize the need to define concrete internal and external goals, which also help develop the organization’s specific diversity identity (2020, p. 20). Examples of such internal and external goals are presented in the following table.

|  |  |
| --- | --- |
| **Selection of Internal and External Diversity Management Goals** | |
| **Internal goals** | **External goals** |
| * Develop a diversity-oriented organizational culture that is appreciative and shared by its employees | * Develop into a globally oriented organization |
| * Promote a mindset of openness and tolerance towards people of different backgrounds | * Acquire knowledge and understanding of the difference between societal and cultural groups |
| * Increase diversity awareness and competence among employees | * Increase orientation towards suppliers, clients, and customers and be an attractive employer |
| * Increase perspectives, innovativeness, and creativity through diverse work teams | * Meet expectations from stakeholders, investors, and business partners |
| * Increase performance | * Increase competitiveness |

**Education and Training:** As managers have to learn about the needs of their diverse workforce, so have the employees. One area is their awareness of diversity, which can be increased through training that focuses on sensibilization towards employees from other cultures, employees with a disability, or employees of another gender. In a further step, training, coaching, foreign assignments, and other activities can also help employees build their culture and diversity competence (Cox & Blake, 1991; Quach & Frey, 2020) to behave and communicate appropriately with different social and cultural groups.

**Change of management and work processes**: Diversity affects major management areas and work processes (Quach & Frey, 2020). The most apparent changes to guarantee equal opportunities for everyone might be applied to recruitment policies, staff development opportunities, and compensation schemes. Changes might also affect workplaces if, for example, special rooms are allocated as quiet rooms or places for praying and if employees are given the possibility to work for several days per week from home. Another area that could assist in the work-life balance of employees and specifically of parents is changes to working schedules like flextime models, paid and unpaid leave options, and time off granted for training (Quach & Frey, 2020).

**Monitoring of organizational changes:** The introduction of diversity management is a long-term process that needs “follow up” (Cox and Blake, 1991) to be observed through monitoring activities, periodic assessments to evaluate the results achieved, and to check the status of institutionalization, and usually adaptations of plans to reach the goals that the organization has set for itself.

If organizations succeed in implementing this transformational process, further evaluation processes will show if the goal of increased performance and competitiveness was actually achieved. This is also of interest for intercultural organizational research and will be addressed in the following section.

## Self-Check Questions

1. **To guarantee equal opportunities for everyone in the organization, changes have to be made in Human Resource Management (HRM). Which of the following change is not part of HRM?**
2. Diversity sensitive policies for recruitment and selection
3. Equal staff development opportunities for all employees
4. National anti-discrimination legislation
5. Fair compensation and benefit schemes
6. **Companies define internal and external goals when introducing diversity management into organizational policies and practices. Which of the following is an internal goal?**
7. Acquire knowledge and understanding of the differences between societal and cultural groups
8. Increase perspectives, innovativeness, and creativity through diverse work teams
9. Be an attractive employer
10. Meet expectations from stakeholders, investors, and business partners

## 3.3 Chances and Challenges

The ‘paradox’ of diversity management (Kinne, 2016) showed that the actual challenge is to expand the focus from one that wants to minimize the disadvantages of diversities to one that aims to synthesize the available valuable diversities to achieve the organization's common goals. Over the past decades, a large number of empirical studies have been conducted to investigate the outcomes of diversity in organizations and validate the respective conceptual works.

Possible positive effects of diversity are often the result of functioning diversity management of organizations that succeed in using the differences in perspectives to their advantage. Cox and Blake (1991) proposed that diversity management could give companies a competitive advantage and positively affect their performance while at the same time emphasizing the ethical perspective on diversity management. Preconditions to these outcomes are that not ‘any diversity management’ is implemented but diversity management that genuinely strives for inclusion and equality, meaning “diversity-friendly management practices” (Scott, Heathcote & Gruman, 2007).

|  |
| --- |
| **Potential Outcomes of Diversity Management in Organizations** |
|  |
|  |

**Human Resource attraction:** With increasingly diverse workforces in organizations, those that actively focus on different societal groups will have an advantage. Companies in aging societies can do that by explicitly targeting older applicants; others might want to attract specifically women or members of minorities. Methods to reach different social groups include job fairs, networking with non-governmental organizations, associations, and governmental job offices, and recruitment and selection processes that reflect this inclusive approach.

**Cost-effectiveness:** If diversity is not managed, members of minorities might experience isolation, and for the organization, possible adverse effects of diversity might prevail; it can then lead to an increase in absenteeism, resignations, and staff turnover, all of which are associated with additional costs. Those with diversity-friendly management in place can foster commitment and long-term group membership by encouraging employee networks and establishing mentoring systems (Scott et al., 2007).

**Better problem solving:** Diverse teams can benefit in this regard from different perspectives and experiences. Therefore, Cox and Blake (1997) presume that this will also positively affect decision-making, solution orientation, and performance. Empirical results in this respect remain modest (Scott et al., 2007).

**Creativity and Innovation:** Cox and Blake (1997) reasoned that the heterogeneity of teams would promote creativity. Empirical research has confirmed that those teams have very diverse cognitive resources available to them. Another positive effect of cultural diversity in working teams results from its members' group affiliations outside of the organization; they increase the social context, which can, in turn, have an impact on team creativity (Scott et al., 2007).

**System flexibility:** The first argument for greater flexibility and resilience of diverse work teams is based on the assumption that these teams often have bi-cultural or multicultural individuals in their teams, therefore benefit from further education, experience, perspectives, and therefore, higher cognitive flexibility. The second argument is related to women, who are known to have higher ambiguity tolerance.

**Better marketing**: Cultural diversity is associated with this possible positive effect. Cox and Blake (1991) presume that culturally diverse staff members can provide insights into different cultures' client or consumer preferences. Additionally, clients and consumers from different countries of origin might prefer to buy products and services from companies known to be culturally diverse (Scott et al., 2007).

Yadav and Lenka (2020) conducted a systematic review and summary of empirical research and theoretical articles on diversity-related topics in organizations over the past thirty years. Scientists focused on possible positive and negative outcomes of diversity on three levels: the individual level looking at impacts on employees, the group level looking at the teams, and the organizational level. According to this review, the indicators and topics listed in the table were among the most researched topics.

|  |  |  |
| --- | --- | --- |
| Possible Outcomes of Diversity in the Focus of Organizational Research | | |
|  | | |
| Individual  level | Group / Team  level | Organizational  level |
| Turnover intention | Group performance | Organizational performance |
| Absenteeism | Team turnover | Organizational competitiveness |
| Job satisfaction | Satisfaction | Commitment |
| Performance | Group cohesiveness | Innovation |
| Organizational citizenship behavior | Commitment | Fairness |

The possible positive effects are often in line with Cox and Blakes's (1997) theoretical reasoning. We find job satisfaction, performance, and organizational citizenship behavior on the individual level. At the group and organizational level, the topics of interest were team cohesiveness, commitment to the work team and the organization, as well as the relation between diversity and innovation, fairness, and performance.

Also, the potential adverse effects were of interest; they include, on an individual level, possible discrimination, low job satisfaction and performance, absenteeism, and the intention to resign from one's job. On the level of working teams, the actual team-building processes might take very long, misunderstandings and miscommunication can lead to conflicts, and the team’s group cohesiveness might remain low. All these factors can contribute to an overall weak performance of the entire team. Adverse effects also have consequences on an organizational level where the management might face more challenges, and performance might not be satisfactory.

Research results have shown both the possible positive and adverse effects, which confirms that the simple presence of diversity in work teams does not automatically lead “to higher organizational performance, but, rather, properly managed diversity” (Koellen, 2021, p. 266). Specific team composition regarding diversity (e.g., culture, age), team size, nature of work task, organizational culture, and the overall organizational climate were identified as contextual factors that moderate the relation between diversity and performance (Scott et al., 2007).

Gender/sex, age, cultural, and ethnic diversity are among the categories relevant for most countries. In the following sections, we will look at where some selected countries stand in their efforts to achieve equality in the work environment.

### Gender/Sex Equity

Achieving more gender equality is one of the priorities in diversity management for many countries because “no country can ever truly flourish if it stifles the potential of its women and deprives itself of the contributions of half of its citizens,” as Michell Obama (2014) put it. The goal to achieve gender equality today relates to all people in society, thereby acknowledging equal rights for women, men, trans\*gender, and inter\*gender people.

**Gender Identity:** Gender identity reflects a person's sense and deep feelings of themselves as female, as male, or as transgender.

**Gender:** Gender is a socio-cultural construct, which reflects on socially expected behaviors and roles for women and men.

One of the first issues to be addressed when discussing gender is the distinction of the terms ‘gender’ as the social construct and ‘sex’ as the biological term. Understanding this difference is a first step to overcoming stereotypes that expect individuals to behave according to gender roles as expected by society (Koellen, 2021).

Gender issues addressed by the countries on all continents relate to the status of women and men in the workplace. Some indicators on a national level that show the status of equity in the work environment are a) the workforce participation rate of women in comparison to men, b) the participation rate of women in management and executive boards of companies and organizations, and c) the status concerning equal pay.

**Labor force participation rate:** The United Nations collect these data annually. The table below shows the female and male participation rates for ten selected countries (United Nations Development Program, 2020).

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Labor Force Participation Rate of Women and Men in 10 Countries in 2019** | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| ♀/ ♂ | DK | GE | FR | IT | LT | US | TU | CH | SAF | BR |
| Female | 58.2 | 55.3 | 50.8 | 40.8 | 55.7 | 56.1 | 23.8 | 60.5 | 49.6 | 54.2 |
| Male | 66.3 | 66.6 | 59.9 | 59.0 | 68.4 | 68.2 | 69.4 | 75.3 | 62.7 | 74.1 |
| Difference | 8.1 | 11.3 | 9.1 | 18.2 | 12.7 | 12.1 | 45.6 | 14.8 | 13.1 | 19.9 |

DK-Denmark, GE-Germany, FR-France, IT-Italy, LT-Latvia, US-United States, TU-Tunisia, CH-China, SAF-South Africa, BR-Brazil

Women’s participation depends on a variety of factors. Among those are educational attainment, the status of the economy of the country, social norms, the availability of early childhood care, and others. The table shows that there is a difference in all countries selected between women's and men’s participation rates. Among those with a minor difference are Denmark and France, where the difference is only minor with 8.1% respectively 9.1%. One positive contextual factor in both countries is their advanced early childhood education systems, which support women's professional ambitions. A relatively high gap was found for Brazil with 19.9% and the highest for Tunisia with 45.6%. In Tunisia, the reasons include educational attainment, area of residence, marital status, and social factors (Mansuy & Werquin, 2015).

**Women in leading positions**: Statistics from Europe (Eurostat, 2021) show that the participation rate of women in leading positions reached an average of 34.5% in 2020 among the countries of the European Union. The highest rates were found in Latvia with 46.6%, Poland with 43.7%, and Sweden with 42.2%. The three countries with the least percentage of women in managerial positions were the Netherlands with 26.5%, Luxemburg with 26.3%, and Cyprus with 25%. In Denmark and Germany, both countries with a relatively high labor force participation rate for women, less than one third, only 28.2 % respectively 28.4% of managers were women.

In the USA the situation is only slightly better. According to the Spencer Steward Board Index (2021), the percentage of women in leading positions in the US in 2020 reached for the first time 30% among the S&P 500. This is an increase of 2% from the previous year and of 14% in comparison to 2010, showing a strong upwards trend.

For this trend to continue globally, companies' awareness of women’s leadership qualities still needs to raise, and contextual factors to improve. In a study conducted in Germany in 2012. The following reasons were given for the low proportion of women in management positions (Statista, 2012):

* The decision-making bodies for leading positions are often still male-dominated
* The low compatibility of family and work-related responsibilities
* Corporate leaders have yet to realize the benefits of diversity in leadership.
* Women’s self-marketing is weaker.
* Women have smaller professional networks than men.
* Specific women empowerment programs are missing.

**Gender pay gap:** The third indicator that shows the status of equity between men and women in work-related contexts is the gender pay gap. Although it has decreased in most countries over the last twenty years, the difference is still significant. In the European Union's Member states (European Commission Factsheet, October 2021), the pay gap had reached 14.1 % in 2019, which is a decrease of 1.8 % since 2010. The most minor gaps can be found in Luxemburg with 1.3 %, Romania with 3.3 %, and Italy with 4.7%. The highest differences exist in Germany with 19.2 %, Austria with 19.9%, Latvia with 21.2 %, and Estonia with 21.7 %.

These still prevailing differences and inequalities that women face in the labor market also severely impact their later lives. In the EU 27, women receive a 30.2% lower pension than men and are therefore at a higher risk of facing poverty later in their lives. According to a recent report from the European Commission (Factsheet, 2021), the causes for this situation include:

* Women still have a low participation rate in leading positions associated with a higher income
* Childbirth and the care for infants lead to career interruptions. The reintegration into positions of the same level is often not secured.
* Women are more represented in occupations and jobs in the sectors of education, sales, and (medical) care, all of which are in many countries associated with lower wages.
* The proportion of unpaid work (household, childcare) to paid work is often high among women.

Equal opportunities for women require the same options for education, career development, opportunities for self-development, and financial reward for their work to improve; companies can provide the necessary contextual factors. Empowering measures for companies were suggested by the International Labor Organization (Empowering Women at Work, 2020, p. 80). Some examples are summarized here:

* Develop a corporate policy that defines gender equality and development targets and secures that all policies and practices are free from discrimination.
* Secure recruitment and candidate selection policies that provide equal opportunities for all genders.
* Introduce flexible working models and secure re-entry options to equally paid positions in the workplace.
* Facilitate access to childcare services (or eventually dependent care services) for women and men.
* Empower women by striving towards a minimum rate of 30% of women in leading positions within the company.

### Age and Generations

In many countries worldwide life expectancy increased constantly over the past decades. According to the United Nations Development Report (UNDSA, 2019), the populations with the highest life expectancy at birth live in the OECD countries, whereas those in developing countries are still significantly lower. Despite of these regional differences, the numbers show that in all countries selected for this overview life expectancy did indeed increase over the past 19 years.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Life expectancy and Fertility Rates in Selected Countries from Different Regions** | | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| **Year** | **DK** | **GE** | **RO** | **IT** | **UK** | **US** | **TU** | **GH** | **CH** | **BR** |
| 1990 | 74.9 | 75.5 | 69.5 | 76.9 | 75.7 | 75.2 | 68.8 | 56.8 | 69.1 | 66.3 |
| 2000 | 76.7 | 78.0 | 70.5 | 79.6 | 77.8 | 76.8 | 73.2 | 57.0 | 71.4 | 70.1 |
| 2010 | 79.1 | 80.1 | 74.1 | 82.0 | 80.4 | 78.7 | 75.0 | 61.0 | 74.4 | 73.3 |
| 2019 | 78.9 | 81.3 | 76.0 | 83.5 | 81.3 | 78.9 | 76.7 | 64.0 | 76.9 | 75.9 |
|  |  |  |  |  |  |  |  |  |  |  |
| **Fertility rate[[1]](#footnote-1)** | | | | | | | | | | |
| 2019 | 1.70 | 1.54 | 1.76 | 1.27 | 1.65 | 1.71 | 2.17 | 3.81 | 1.70 | 1.65 |

Note: The following abbreviations are used in the table: DK-Denmark, GE-Germany, RO-Romania, IT-Italy, UK-United Kingdom, US-United States, TU-Tunisia, GH-Ghana, CH-China, BR-Brazil

A second trend that the European countries and North America undergo are very low birth and fertility rates. A fertility rate under two contributes to a decrease in population. Together with the increasing life expectancy, this leads to aging societies. One consequence for companies and the labor market is the need to utilize and employ individuals from more generations.

Generations can be defined as social groups (Mannheim, 1952) born and raised in a certain period of time. Each historical period is characterized by particular historical and life events that influence the respective generation's beliefs, values, and attitudes (Becton, Walker, & Jones-Farmer, 2014).

**Generations:** The term refers to the totality of people of a certain age group, raised under similar historical conditions, with similar experiences and life events and similar values, beliefs and attitudes.

The generations that are currently represented in companies and organizations are summarized in the following table. Up to date, there is no universal way for the assigned birth years for each generation; hence the designations for the individual generations as well as the defined periods vary from country to country.

|  |  |
| --- | --- |
| Generations according to Year of Birth | |
|  | |
| Generation | Period |
| Silent generation (silver generation) | 1945 - 1955 |
| Baby Boomer | 1956 - 1964 |
| Generation X | 1965 - 1980 |
| Generation Y (Millennials) | 1981 - 1995 |
| Generation Z | from 1996 |

Age-related diversity can prove to be an advantage for companies. The Organization for Economic Co-operation and Development (OECD) estimates that the number of better educated and healthier employees in OECD countries aged from 55- 64 years rose from 2000 to 2015 by 16% (2020, p. 26), and it is expected that this trend will continue. This group belongs to the baby boomers, who are at present the oldest generation present in the labor market. The OECD presumes that effective management of the resulting multigenerational workforce could help to raise incomes (GDP per capita) by 19% over the coming 30 years (OECD, 2020, p. 10).

Companies and policymakers in those countries are well aware of this population development; therefore, “age” has been identified as one category of relevance for diversity management, for example, in the United States, Germany, and the United Kingdom. (Koellen, 2021).

All three countries have started measures to utilize people of all ages in their labor markets. As scientific research has shown, growing age diversity can also represent a challenge. For example, one study conducted by Jehn, Naele, and Northcraft (1999) found that age and gender diversity were correlated to interpersonal conflicts in workgroups; another study in Danish university departments with 450 staff members (Lauring & Selmer, 2013) found that demographic diversity (age and gender) was associated with less openness to diversity among colleagues and therefore could lead to more “negative group processes” (2013, p. 641).

These results imply that age-related diversity management must support all generations and promote team cohesion to enhance economic success. Therefore, diversity management methods apply to the recruitment process, work management, and staff development. This includes:

* **Generation appropriate recruitment methods:** To prevent age-related discrimination, recruiting methods should attract professionals of all ages.
* **Generation appropriate organizational culture and structure and an organizational climate that promotes openness and tolerance:** Fulfilling this goal serves to promote employees' well-being and
* **Learning and training opportunities for all generations:** provides learning opportunities through continuous education to develop and maintain skills and abilities throughout the working life of their staff members.

It is possible to enhance firm productivity through the experience and knowledge that older workers bring in. In fact, data from OECD countries show that complementing age and skill from all age groups leads to the best results. To fully benefit from a multigenerational workforce, governments and companies need to develop their respective policies and practices and start an intensive social dialogue (OECD, 2020, p. 6).

### Nationality, Ethnicity, and Culture

Cultural diversity is discussed in different ways depending on each country's specific situation. Some countries have an ethnically diverse population, others discuss topics of heritage and ancestry, and the third group deals with different nationalities or countries of origin. The companies’ workforce cultural diversity reflect the social composition of their society. This can, for example, be the result of waves of immigration over hundreds of years or more recent conscious efforts to create a culturally diverse workforce through international recruitment.

In the first case, countries already have a heterogeneous population with different people and ethnicities, as is the case in India, China, and other countries in Asia. Alternatively, the countries’ cultural diversity might result from long periods of immigration, as is the case for the USA, Canada, Australia, as well as for Russia, Germany, and the UK.

Companies and organizations in the US, for example, discuss the cultural diversity regarding ethnic minorities of a) the African American and Black population, b) the Hispanic and Latino population, c) the Asians and Pacific Islanders, and d) the indigenous people. In Germany, Companies deal with people of different cultures of origin. According to the German Federal Statistical Office (2021), the share of the population with a migration background in 2020 was 26.7 %. The cultures of origin from which most migrants came are Turkey, Poland, Russia, Kazakhstan, and Syria.

In the recent past*,* several European countries have been recruiting personnel from abroad. This trend started already in the nineties in Switzerland, and in Germany and the UK during this past decade. These countries have been facing shortages of personnel. In Germany, for example, the medical care sector, the information technology sector, the education sector, and various craft sectors are affected. The shortages are often the result of low birth rates over an extended period as well as migration trends. Therefore, some governments have developed programs to facilitate the integration of foreign workers.

Companies and organizations which recruit employees from different cultural backgrounds and eventually directly from abroad have to be aware of and need to address several challenges, for example:

* The language skills of these professionals might need enhancement. Companies might need to offer additional language courses at a higher level and for specific technical languages.
* The official recognition of foreign professional and university degrees is only regulated in some regions (e.g., within the European Union), and newly recruited staff might need assistance in this process.
* Employees who formerly worked in their country of origin are used to different leadership styles, communication styles, and working styles. Intercultural competence training and coaching for the newly recruited and the staff of the home country, as well as onboarding and mentoring, are possible measures to facilitate the integration process.

**Global teams:** when we look at diversity in the workplace on a team level, then global teams made up of individuals of various countries, as they can be found in multinational companies and international organizations, are the ones with the highest level of cultural diversity. Creating synergies between many cultures is associated with additional efforts that the management has to make.

Example: The Wallstreet Journal reported in 1994 about a joint venture of three corporations in the computer industry, IBM, Toshiba, and Siemens, that was about to fail (Browning, cited after Steers, Sanchez-Runde, & Nardon, 2010, p. 273). Scientists from the US, Japan, and Germany were brought together in New York to develop a new semiconductor chip in one location. The initial phase of this project required much cooperative work. Soon, the cultural difference became apparent: The US American scientists complained about the two other groups because the Germans put too much effort into the plans, and the Japanese were too slow to come to clear decisions. However, the Japanese experts were not happy because they were given individual offices that prevented them from the group work they were used to. That all the meetings were held in English was another challenge to them. Moreover, the German scientists also started to have doubts; they thought their Japanese colleagues got bored during the meetings when they closed their eyes from time to time, which made them appear inattentive to them. The result was misunderstandings, a lack of communication, information flow, and mistrust between the three groups, which eventually led to the failure of the entire project.

To benefit from innovation - and creativity-oriented projects from a multicultural team, additional managerial efforts that focus on its cultural diversity and help to create the synergy needed (Steers et al., 2010, p. 271)

* **Team members should be selected with a focus on their technical skills and international experience.** Including people with previous experience in international activities will facilitate the team-building process. In addition to their technical skills, team members need intercultural competence, which can be acquired through training or coaching activities.
* **A clear definition of work-related goals** and milestones to achieve them will provide team members with a vision and a purpose, which motivate them throughout the process. For team members to develop ownership over these goals, it is necessary to use a participatory approach in work plan development and task assignments.
* **Developing a teamwork culture** **that emphasizes communication and information sharing** is essential for the team to succeed. Clear rules and regulations in the work processes help to achieve that.
* **Enhancing team cohesion and camaraderie** will help the development of intergroup trust and creative processes. Therefore, the team needs to spend social time together, for example, during joint meals and other social events, to get to know each other, learn about the different communication styles in settings outside of work, and develop trust for one another.
* **A monitoring system for team performance and a reward system** helps achieve work-related goals. Developing such a system could, for example, be a team effort so that the team also develops ownership over plans and monitoring reports.

### Diversity and Inclusion in Practice

Over the past decade, the concept of diversity management has developed into one of 'diversity and inclusion' in both research and practice. The term inclusion was initially introduced when referring to the integration of people with disabilities into the world of work. The focus here was particularly on creating working conditions for people with disabilities to enable them to participate in working life. The concept has since been extended to all diversity categories. According to (D'almada-Remedios & O'Leary, 2021), inclusion is experienced differently by every single employee. Companies have succeeded in inclusion when fulfilling four elements: (1) all employees feel respected and valued within their work teams; (2) they can develop a sense of belonging and are connected with their team workers; (3) the different perspectives, talents, abilities contribute to the performance and success of the company; (4) all have equal opportunities for professional development and progress of their careers (D'almade-Remedios & O'Leary, 2021, p. 8). The status of implementation of diversity and inclusion concepts in businesses as well as in public institutions is very different across countries. Many use periodically recurring surveys to track the progress made:

The Diversity Council Australia (DCA, D'almade-Remedios & O'Leary, 2021), a non-governmental organization, collects data from employees in 3000 Australian companies biennially. Australians focus on gender, age, social class, LGBTQ+ status, disability, cultural background, including 'Aboriginal and/or Torres Strait Islander[[2]](#footnote-2) background,' and faith, respectively religion. On the second diversity dimension (Diversity Charter, 2021), the categories of education, profession, experience, and the caring responsibilities that a person might have, are of interest. In the most recent survey, 57% of employees reported that they were aware of diversity and inclusion actions in their companies, compared to 18% that had none and 25 % that were not aware of any (D'almade-Remedios & O'Leary, 2021, p. 13).

Results showed the crucial role of management and team leaders in inclusion-related outcomes. If they do not actively support diversity and inclusion management, the risk of discrimination increases, employees' well-being is negatively affected, and team performance is reduced. The findings at the team level showed that 49% of teams had an inclusive, only 12 % a non-inclusive, and 39 % a somewhat inclusive team leader. Where inclusion has not succeeded, discrimination can occur frequently; 27% of the respondents (5 % less than 2019) had witnessed some form of harassment or discrimination, 15% (2% less than 2019) had experienced harassment themselves, and 18% (3% less than in 2019) discrimination. (D'almade-Remedios & O'Leary, 2021, pp. 15-16)

A recent survey from Germany provides an insight into the specific actions companies take to develop their diversity and inclusion-related policies and practices. Interviews were conducted with middle, and senior managers from 250 randomly selected companies. 33% of the interviewees (EY Building a better working world, 2016, p. 13) reported that their companies had implemented diversity and inclusion measures, which indicated that the implementation is still in its early stages. Among the concrete diversity and inclusion activities already implemented in their companies were (EY Building a better working world, 2016, p. 14):

* The development and implementation of flexible working time models for employees.
* The incorporation of diversity and inclusion into their organizational development strategies.
* The development of diversity-sensitive selection criteria in recruitment processes.
* The inclusion and formalization of equal opportunities in career development through specific training and mentoring programs
* Diversity was introduced as one criterion to be considered when dealing with their equally diverse target groups (e.g., customers, clients).
* The creation of childcare facilities, quiet rooms, and other social facilities inside the companies and organizations

Further results from the survey also showed challenges that companies face. Whereas big corporations often follow a strategic approach and have sufficient human and financial services to implement concrete measures, small and medium-sized enterprises might react more often to requirements that arise more spontaneously (EY Building a better working world, 2016, p. 17).

### Self-Check Questions

1. **Cox and Blake (1991) proposed that diversity management could give companies an overall competitive advantage and the following positive performance results: Mark the correct answers!**
   1. Increased organizational flexibility
   2. More creativity and innovation
   3. Better marketing results
   4. Quicker team building processes
2. **Which of the following is no reason for the low proportion of women in management positions in Germany?**
3. Corporate leaders have yet to realize the benefits of diversity in leadership, especially for women.
4. Unfortunately, women have smaller professional networks, and their self-marketing is weaker.
5. Women in Germany are less interested in a professional career. They prefer home office jobs once they are married.
6. Family and work-related responsibilities are often not very compatible.

## Summary

The term diversity is used to describe the heterogeneity in our societies. Diversity in companies reflects the rich diversity of a country's population. In some countries, cultural and ethnic diversity is historically a given, while in others, it results from migration movements. In Western Europe and North America, the growing life expectancy also contributes to a further age diversification of the workforce in companies. Other international trends contributing to growing diversity in work settings are the globalization of the economy, markets, and trade and people's growing migration and mobility.

Diversity management is an approach that aims to appreciate people's uniqueness, avoid stereotyping and discrimination in the workplace, and provide equal opportunities in recruitment, development, and compensation for all employees. Diversity management is also a corporate task that thrives towards increasing the performance and success of companies by maximizing the opportunities for creativity and innovation that multiple perspectives and approaches offer. This implies a necessary reduction of the disadvantages and risks of diversity.

Key benefits of diversity include a higher resilience and more flexibility in work teams, enabling them to adapt more quickly to changes. The better performance result from increased innovativeness gives companies a competitive advantage. If diversity is not managed appropriately, there is a risk of misunderstandings among team members, the formation of splinter groups, and discrimination against minorities.

Diversity management focuses on different areas in individual countries. For example, in Western Europe, the focus is on different cultures of origin, gender, generations, and the inclusion of people with disabilities. In the USA, on the other hand, cultural issues tend to concern different ethnic groups, while in China, the focus is more on regional differences and in India on origins from different castes.

Unit 4 – Values in the context of Intercultural Management

### Study goals

**On completion of this unit, you will be able to …**

* explain the role of values in cultures.
* distinguish between personal, organizational, and culture-bound societal values systems.
* explain the role of values in companies and organizations and the importance of value-based management.
* understand the meaning of moral, performance, cooperation, and communication values within organizational settings.
* analyze causes of value conflicts in the context of organizational settings.

## Introduction

The relevance of values to cross-cultural and intercultural psychology is already apparent from how we define culture as systems of explicit and implicit rules that we establish as groups and which incorporate attitudes, norms, beliefs, behaviors, and values (Matsumoto and Juang (2004). Therefore, cross-cultural researchers, for example, Kluckhohn and Strodtbeck (1961) and Schwartz (2004, 2012), have used values as one category for comparisons of national cultures.

What are values? How do they influence what we think and how we behave? How do values change during our life, and why? What role do values play in companies, and how can they influence entrepreneurial success?

## 4.1 Values Relevance in Society

As for many other constructs in social sciences, there are uncountable ways to define values. In this course, we see them as: "guiding principles that refer to desirable goals that motivate behavior" (Matsumoto & Juang, 2017, p. 22).

Depending on the psychological field and the focus of research, scholars emphasize different aspects of values. Schwartz (2012) found in those definitions several recurring aspects that many of them agree on:

* Values are things we believe in; they represent goals that we desire to achieve and motivate our behavior, for example, quality, ambition, and helpfulness.
* Although they apply to specific situations and behavior, like striving for honesty or obeying orders, they also transcend beyond that.
* We use them in our decision-making processes subtly and unconsciously.
* We prioritize some over others within our personal value system simply based on the question: What is more important to me? (e.g., tradition or novelty, achievement, or quality of life)

Those four aspects apply to all personal values, cultural values, or organizational values. Hofstede's focus is on an additional aspect, which applies to most values, their bipolarity.

* In his view, values are an ideal that individuals strive to achieve or the preference of "certain states of affair over other(s)" (Hofstede et al., 2010, p. 9). Thereby, each value has an antonym, which represents the rather undesirable state: for example, tolerant versus intolerant, forgiving versus unforgiving, helpful versus unaccommodating, honest versus dishonest, loyal versus disloyal.

Values should be distinguished from norms, beliefs, and attitudes.

**Norms** in the context of intercultural psychology represent standards, rules, and principles of behavior within any given societal group that regulate what is appropriate and acceptable and what is forbidden (Matsumoto & Juang, 2017). Other than values, which have a positive connotation, norms regulate and restrict our actions.

**Beliefs** are propositions that are considered to be truthful within a societal group. As such, they are also regarded as social axioms; they differ from one society to the other and can change over time. One organized system of beliefs is religion; it "help(s) people to manage themselves and their behavior with others … and provide(s) social coordination" (Matsumoto & Juang, 2017, p. 25). Religions' influence on societal life differs across cultures depending on the religion itself and the degree of religiosity of its citizens.

**Attitudes** are to be distinguished from behaviors, and they represent our evaluations of objects, actions, and behaviors. Examples of positive attitudes in intercultural settings are openness to other cultures and tolerance towards different behaviors. On the other side, we find negative attitudes like prejudice and racism.

Values, norms, beliefs, and attitudes together are an integral part of our cultural imprint. It is our values that guide our actions when we decide to live up to them. As individuals, we each live with several value systems: our personal value system on an individual level, the value systems of the social groups we belong to, for example, schools, working teams, sports associations, and others, and the societal values of the regions and countries we live in.

### Personal values

Our personal values are something that we are often not aware of. Existing value inventories help us get clarity about our own goals and desires for life. Rokeach (1973) and Schwartz (2012) developed such inventories based on their respective value theories.

Rokeach's (1973) model is based on two sets of values: 1) terminal values that represent an individual's goals in life and 2) instrumental values that relate to behaviors to be used in achieving the terminal values in the category. Rokeach’s test can be done online on several platforms.

The list consists of 18 terminal and 18 instrumental values. The terminal values can be further distinguished into those focusing on ourselves as individuals, like self-respect, inner harmony, or a sense of accomplishment, and those focusing on the social groups we belong to, like family orientation, equality, or true friendship. The instrumental values can be further categorized as values with a relationship and moral focus, like being forgiving, responsible, or helpful, and values with a competence focus, like striving to be imaginative, capable, and intellectual (Tuulik, Ounapuu, Kuimet, & Titiv, 2016).

|  |  |
| --- | --- |
| Rokeach's Terminal and Instrumental Values | |
|  | |
| Terminal Values | Instrumental Values |
| Social (Focus on Others) | Focus on Relationships and Morality |
| A World at Peace  A World of Beauty  Equality  Family  Security  Freedom  Mature Love  National Security  Social Recognition  True Friendship | Broadminded  Forgiving  Helpful  Honest  Loving  Cheerful  Obedient  Polite  Responsible |
| Personal (Focus on Self) | Focus on Competences |
| A Comfortable Life  An Exciting Life  A Sense of Accomplishment  Happiness  Inner Harmony  Pleasure  Salvation  Self-respect  Wisdom | Ambitious  Capable  Clean  Courageous  Imaginative  Independent  Intellectual  Logical  Self-Controlled |

These values are part of our personal value system, guide our behavior in life, and influence the decisions that we make for ourselves. Value inventories and surveys like Rokeach’s survey can not only be used on the individual level; it is also an instrument for cross-cultural research to compare national preferences for specific value orientations.

Another example is Schwartz's (2012) theory and model; they were developed with a universal approach to values. His theory contains ten broad values, representing motivational goals and belonging to one of four even more generalized value domains: (1) self-enhancement, (2) openness to change, (3) self-transcendence, and (4) conservation.

**Self-enhancement** stands for a) hedonism, a value that implies the gratification of one's needs and to allow oneself to enjoy life, b) achievement, which stands for the strive for success in life with ambition and capabilities; and c) power, which relates to the status in society, prestige, and actual influence over others, represented by values like authority and wealth.

**Openness to change** incorporates a) self-direction, which relates to individuals' independence in controlling their life and striving towards their goals, freedom, creativity, and self-respect, and b) stimulation, which reflects a need that we have for challenges and novelty. It is associated with values like a varied and exciting life.

Strong expressions of self-enhancement and openness to change values show a correspondingly strong focus on the own person. In contrast, a strong social focus is related to conservation and self-transcendence.

|  |
| --- |
| **Basic Personal Values Presented in a Universal Value Structure** |
| |  |  |  | | --- | --- | --- | | Social focus Personal focus | **Self-enhancement**  Hedonism  Achievement  Power | **Openness to Change**  Self-direction  Stimulation | | **Conservation**  Security  Conformity (customs)  Tradition | **Self-Transcendence**  Universalism  Benevolence | | Prevention of loss goals | | | |

The **conservation** domain incorporates values that reflect on individuals' social needs: a) Security is something that we all require to feel safe, which is only possible with certain stability within our societies. Therefore, individuals look for a certain degree of social order, have a sense of belonging, and need family and societal stability; b) Conformity is related to security and incorporates values like politeness, self-restraint, loyalty, and also respect for older family members and obedience; c) Tradition, which is connected to conformity, reflects on the relation that we have to our past and are often related to cultural customs or religion.

The fourth domain of **self-transcendence** puts us as individuals into harmony with our social groups: a) As human beings, we need functioning social relationships, for example, in the form of friendships and love, and we strive towards benevolence for the people in these social dyads and groups we belong to. The respective values are, for example, honesty, helpfulness, and forgiveness; b) Universalism is the value that represents our concern for society as a whole and the world with its nature and beauty. It incorporates all values that transcend beyond us, like equality, wisdom, environmental protection, and life in unity with nature, all of them focusing on the present and future.

Schwartz and his team have tested the universal approach of this theory by applying it in 82 countries across different societal groups. Two instruments developed based on the above theory, the Portrait Value Questionnaire (PVQ) and the Schwartz Value Survey (SVS), were used, and the results showed the universal presence of the ten values that were applied and could be distinguished in 90% of the samples (Schwartz, 2012). Beyond that, the surveys showed a universal preference in societies for the values of benevolence, universalism, and self-direction. Across cultures, it was also shown that power and stimulation are less influential in people's lives. As previously discussed, values are only one aspect of culture.

### Values of societal groups

For Hofstede, each societal group, such as nations, gender, generations, also associations, and organizations, has its specific "collective programming of the mind" (Hofstede et al., 2010, p.6), which is manifested in the form of culturally specific values, rituals, heroes, and symbols. Hofstede suggests that all four can be visualized in the form of a "cultural onion," a model that shows how much their visibility differs. Whenever we learn about a specific cultural group, it is the symbols that we can see and the heroes and rituals that we get to know slowly over time. It is the values that are implicit "they belong to the invisible software of the mind" (Hofstede et al.,2010, p. 23)

For any cultural group, be it a national culture, a football club, or a region, the three layers: of symbols, heroes, and rituals are based on values and are revealed to us through practices, which include the experiences we make in the enculturation process.

**Symbols** can be found in the form of objects, pictures, and sometimes even gestures or words that a given culture has given meaning. We can find those in the symbols of football clubs, in the uniforms of orchestras, in fashion items that a young generation favors over a period, and as actual symbols on the front of every car, representing the respective brand. It is the respective group that decides on a specific symbol, and this group can also change it at any time.

|  |
| --- |
| **Manifestations of Culture in Values, Rituals, Heroes, and Symbols** |
|  |

**Heroes** are real people, living or already deceased, or imaginary figures (Hofstede et al., 2010). They are admired, serve as models for behavior, and are known for outstanding achievements or visionary views. There is a wide range of possibilities for them to be considered heroes, reaching from those who serve as the moral compass (e.g., Gandhi, historic persons considered saints) to others who are simply a symbol of choice (e.g., comic figures). They can stand for tradition, like the founding fathers for US-Americans or patriotism, like Nelson Mandela for South Africans, or for creativity and unconventionality, for example, some company founders like Steve Jobs or Elon Musk.

**Rituals** are actions and activities performed by group members who are not directed at a specific goal. Therefore, they could be considered superfluous and redundant but are essential to this group due to their social function. They are performed because they promote the respective group's cohesion and manifest themselves in words, gestures, and ways of greeting someone or respecting them (Hofstede et al., 2010, p. 9). For example, every national culture has its own ways of greeting, from shaking hands in Germany to bowing your head in Japan or folding your hands in India. Greeting rituals are culture-bound and represent values like respect for traditions, etiquette, and simply politeness.

The **values** are the core of the 'onion model,' which implicates that they are deeply rooted in a culture and not easily detectable. It is the analysis of the three outer layers and the practices that lead to them. In Hofstede's view, we acquire and internalize values that are part of our national culture when growing up as part of the enculturation process. This also implies that in case of migrating to another country, we learn about its values through the acculturation process that we must go through.

**Values and Cultural Dimensions:** When searching intercultural textbooks, we will often find the theoretical frameworks and research results of the cultural dimension studies under the heading of "cultural values." The studies of Hofstede (see Hofstede et al., 2010) were based on questionnaires, which included sets of cultural indicators. The dimensions were retrieved through factor analysis; hence the resulting dimensions are, in a broader sense, "value dimensions."

Therefore, each cultural dimension can be associated with values that stand for one of the two poles of the dimensions. Schwartz (1999) proposed a theoretical model which linked personal values in work-related settings to his three bipolar dimensions.

|  |  |  |  |
| --- | --- | --- | --- |
| Correlations between Cultural Dimensions and Personal Values | | | |
|  | Dimension Values | | |
| **Dimension 1** | **Autonomy** | **Affective** | Pleasure, exciting life |
| **Intellectual** | Broadmindedness, curiosity |
| **Embeddedness** | | Social order, obedience, respect for tradition |
| **Dimension 2** | **Hierarchy** | | Authority, modesty |
| **Egalitarianism** | | Social justice, equality |
| **Dimension 3** | **Mastery** | | Ambition, Daring |
| **Harmony** | | Unity with nature, a world at peace |

The model was tested in extensive multinational studies. Schwartz (1999) emphasizes the effect that national culture's preference has on personal value systems since they can either promote or hinder personal aspirations. For example, if the country's cultural tendencies strive towards egalitarianism and harmony, personal values like equality, social justice, and harmony with nature will be accepted and promoted by society. Alternatively, in countries with a high index for mastery and hierarchy, values like broadmindedness, success and ambition, and authority are notable.

Similar correlations can be found for Hofstede's dimension. Collectivist societies stimulate values like helpfulness, dependability, generosity, and empathy towards others, whereas individualist societies promote personal goals, personal development, achievement, and self-realization.

### Self-Check Questions

1. **The following statements are definitions of constructs and terms that were discussed in this section: Fill in the blanks:**
   1. Norms regulate and restrict our behavior, and they represent standards, rules, and principles of behavior.
   2. Beliefs are propositions, also called social axioms, which are considered truthful within a cultural group or society. Religion is one of them.
   3. Values serve us as goals that we strive towards; that is also why they motivate our behavior.
   4. Attitudes represent our evaluations of objects, actions, and behaviors.
2. **The "cultural onion" is one model to describe the culture of societal groups. The following statements describe its different levels. Add the missing words!**
   1. The "cultural onion" has four layers. These are values, rituals, heroes, and symbols.
   2. Actions performed by group members, which are important for social reasons but have no specific functions, are called rituals.
   3. The core of the 'onion model' are values, and they are deeply rooted in a culture and not easily detectable.
   4. Natural persons, who might either still be alive or have already died, can be the heroes of a societal group.

## 4.2 Values in the Context of Organizations

We have already discussed that value systems exist on an individual, group, and societal level. Several value systems are relevant within companies, organizations, and educational institutions. The first one (outer layer) incorporates value orientations on a national level, which are part of the country's culture in which the organization or company is located. There is, for example, a difference if a company is in Brazil, Ireland, or Oman. The second level is the system of corporate values (e.g., sustainability, innovation, transparency) that the company has decided to stand for and has incorporated into its mission statement and daily practices.

The third level is working teams' values; those can be very different within one organization. For example, production teams might have very different values from those that work in research and marketing. In summary, values play an essential role within organizations and companies.

|  |
| --- |
| **Value Systems in Organizational Contexts** |
| Graphical user interface, chart, treemap chart  Description automatically generated |

The figure above shows national culture as one context that influences companies' value systems. The value system that a company strives for can be influenced by actors from several contexts of the organization, such as:

* Overall societal trends: Such trends can transport values like conservatism, a sense of tradition, sustainability, environmental awareness, or equality.
* Different cultural influences: If an organization/company is working globally with one headquarters and several branches, it is influenced by more than one national culture.
* The industrial sector they work in.
* Expectations from shareholders, stakeholders, business partners, and customers: for example, environmental awareness among any of these groups can create an environment in which the protection of the environment becomes obligatory.
* Value systems of the company's management and/or of employees or specific teams in the company.

### Value Management

Wieland (2004, 2014) proposes an ethical approach to value management. For organizations or companies, this means they define their own value system, which reflects their identity and guides their management decisions. Beyond that, values determine how companies deal with their business partners and customers, and they form the basis for ways in which employees communicate with one another and work together in teams.

Companies worldwide can use the UN Global Compact as a moral compass for this process. The UN member states have signed several declarations over the years. Their content is reflected in the UN Global Compact's ten guiding principles for companies' value systems (The ten principles, UN Global Compact, 2021). They are based on the UN Declaration of Human Rights, the Rio Declaration on Environment and Development, the Convention against Corruption, and ILO's Declaration on Fundamental and Rights at Work. These principles call for corporate value systems that include: the protection of human rights, a commitment to environmental protection and responsibility, the elimination of forced and compulsory labor, the abolition of child labor, the elimination of any discrimination, and the avoidance of corruption.

**Core values:** Core values are values that have the highest priority both at the societal level as well as in organizations and companies, e. g. human dignity, respect for human rights, and integrity.

The guiding principles represent the fundamental and, thereby, core values of any company's value system. Beyond that, Wieland proposes a model known as the "value matrix" with a selection of four categories: performance values, cooperative values, communication values, and moral values. The values included under each category were derived from German and American company standards (Wieland, 2004, 2014).

|  |
| --- |
| Value Matrix: Categories of Values in Organizations |
|  |
|  |

Therefore, each company carefully selects its values as part of its vision and mission and incorporates them into its philosophy.

* **Moral values:** are shaped, for example, by (national) regulations, industrial standards and norms, the duty of care, and compliance with rules.
* **Cooperation values:** are culturally determined levels of open-mindedness, power distance, individualism or collectivism, culturally specific forms of trust, and conflict styles.
* **Performance values:** are built on the national relevance of masculinity and femininity, the relevance of achievement, knowledge, skill, fault tolerance, and the importance of creativity.
* **Communication values:** are influenced by culturally determined communication styles of management and employees, organizational structure, and levels of power distance.

If companies take an "intercultural" approach and already work or intend to work globally, they must consider this in developing their value systems by involving actors from different cultures. Using this inclusive approach, their value system can contribute to the integration process of their various international branches. The process includes the following steps:

* Develop a value system with the involvement of all branches and subsidiaries to capture as many perspectives as possible during the process.
* Focus on three to seven values that are of relevance for the company or organization
* Communicate the value system within and outside of the company by incorporating it into the code of conduct or code of ethics, mission and vision statements, strategic plans, and also behavioral standards and guidelines of the company or corporation and make all those documents available in multiple languages (Rothlauf, 2012; Wieland, 2014).
* Start an operationalization process by including the fundamental values into the company's operational processes to become a part of the corporate culture, unwritten regulations, perceptions about the company's image, work and relation-building processes, and attitudes and mindsets within the company.
* Encourage engagement with the selected corporate values across all branches and subsidiaries through team and training activities. In this way, value management becomes part of the synthetization of heterogeneity which is part of the diversity management in global companies (Wieland, 2014).

The following figure summarizes the visible and invisible communication instruments that management can use to incorporate their value systems into company policies and daily operations:

|  |  |
| --- | --- |
| Integration of Value Systems into Company Policies and Operations | |
|  | |
| Integrated into Company Policies | Integrated into daily operations |
| * Vision and mission statements * Guiding principles | * Unwritten laws |
| * Corporate philosophy | * Attitudes and mindsets |
| * Company organization | * Relationships * Operation related networks |
| * Corporate goals * Strategies | * Motives * Perceptions and perspectives |

Values that the company has selected as its corporate values are integrated into all policies and documents listed in the left column. They can serve as a first orientation for employees, customers, and the general public. Those listed in the right column are part of the company’s daily operations; although invisible, they become part of work procedures, decision-making processes, and of the way that teams work together.

### Value Conflicts

Due to different value prioritizations, value conflicts can occur in culturally diverse work environments. The following four examples illustrate that:

**Example 1:** Between the four value categories shown in the value matrix, some values harmonize or even complement each other, for example, cooperation and communication values. Other values can, in certain contexts, be non-compatible, for example, the focus on performance values on one side and the security of employees, which is a core value on the other side. This is also the contradiction between the commercial success of the company and value-based ethical demands; the following sample illustrates this:

In 2012 and 2013, several fires occurred in garment factories in Bangladesh and Pakistan. One entire factory burned down in Dhaka (Bangladesh), which cost 112 people their lives, and many were injured (Nova, 2013). The investigation revealed that the factory did not have emergency exits for the employees to escape in time. It also showed that too many employees worked in one production hall under insufficient security and health standards. Another example from the same year was a factory in Karachi (Pakistan), which killed more than 250 people in the same year. In 2012 and 2013 alone, more than 500 people lost their lives. The factories all produce textiles for companies from the US (e.g., Walmart, Gap, Sears, Disney), Sweden (H&M), Germany (KiK), and other countries. Insufficient security measures were the cause of all these fires (Nova, 2013), which raised questions about responsibility and accountability for these companies, all of which regard security very highly in their own countries.

**Example 2**: Conflicts of values can also arise from contradictions between nationally influenced personal values of employees and company values. This can occur whenever a multinational company tries to implement a universal corporate culture without considering cultural values in the countries of branches and subsidiaries. If, for example, the value of "employee co-determination" is viewed positively and practiced and the company plans to open a subsidiary in a country with high power distance, this can lead to conflicts due to the employees in the new branch not being used to expressing views and opinions and therefore feeling overwhelmed, or consider the team leader indecisive and incompetent. It is one task of intercultural psychology that companies conduct a thorough cultural assessment process early in the cooperation process to be prepared for such situations

**Example 3:** Culturally shaped personal values can cause conflicts between employees from different countries and between companies and their employees. Environmental awareness and a moral obligation to protect the environment are already very high in some societies but not in others. Companies that decide to live this value might have to follow very different strategies and activities for employees in different countries.

**Example 4**: The four different generations who are part of the current workforce have very different work-related values. In Germany, the values of 'self-development,' ‘flexibility,’ and 'work-life balance' are prevalent in the generations Y and Z. Silver Workers and Baby Boomers, on the other hand, put work before their private life, care for ‘security’ of their job and ‘commitment’ to their company (Eberhardt, 2019). These opposite value systems can be the source of conflict in work teams. To promote intergenerational teamwork and shared work values, managers and team leaders must acknowledge these differences and foster understanding between generations through joint training activities.

All four examples show the high potential for misunderstandings and conflict in diverse working teams due to the differences in value systems. When dealing with value conflicts, solution-oriented approaches and the conscious establishment of value hierarchies can be helpful. Here, fundamental values (e.g., human rights, human dignity) always have priority. All other value categories are subordinated to them.

**Value hierarchies**: A value hierarchy is the prioritization of one or more values over others, ranking them ordered by their importance.

Values obligatory for international corporations are ‚diversity' and 'openness towards other cultures,' but ‘equality for all societal groups’ is still a goal to be achieved in most countries. Those values are essential for companies to reach their corporate goals and fulfill their roles in society.

### Value changes

A constant change in values is also taking place on an organizational level, which occurs in the course of time and organizational development and parallel to worldwide trends such as globalization, digitalization, and diversification in many national societies. Whereas in the past, the national cultures were of profound influence, today, companies face a variety of international stakeholders, for example, investors, employees, suppliers, customers, and unions, all of them with values determined by globally accepted principles and behaviors.

Therefore, their value system should reflect their responsibilities as global actors in international business and should include values that can be considered 'transcultural.' Also, the UN Global Compact might serve as a reference point. Examples of transcultural values for companies everywhere today are Corporate Social Responsibility (CSR), sustainability, environmental protection, transparency, diversity and inclusion, and innovation (UN Global Compact, Ten guiding principles, 2012).

An international survey conducted among more than 525 companies in twenty-two countries (Bennett, 2021) showed that companies today are more aware of their role and responsibility to society; therefore, their focus extended to people and the communities. ‘Integrity’ was the value mentioned by most participants. The table below shows the results for international trends using the examples of six selected countries.

The values of integrity, innovation, transparency, sustainability, and diversity and inclusion have all gained momentum in several countries.

|  |  |  |
| --- | --- | --- |
| Five Most Popular Values in Six Selected Countries | | |
|  | | |
| Sweden | Germany | United Kingdom |
| Innovation | Responsibility | Integrity |
| Transparency | Sustainability | Respect |
| Collaboration | Diversity | Safety |
| Customer focus | Innovation | Customers |
| Respect | Integrity | Innovation |
| USA | Japan | Brazil |
| Integrity | Integrity | Ethics |
| Innovation | Innovation | Innovation |
| Inclusion | Customer focus | Integrity |
| Trust | Social Contribution | Transparency |
| Excellence | Trust | Sustainability |

Integrity is associated with an ethical and moral approach; a thrive towards "doing the right thing" and values like honesty and sincerity (Bennett, 2021). This intense focus on integrity and, in some countries, transparency shows companies' commitment to openness and law obedience. Others acknowledge that societies keep changing and become more heterogenous; a focus on diversity and inclusion is one of their preferences.

## Self-Check Questions

1. **Sort the following values into the four categories of moral, communicative, cooperative, and performance values:** quality, honesty, transparency, conflict management skills, creativity,openness, fairness, team spirit

**Performance values**: quality, creativity

**Moral values**: honesty, fairness

**Communicative values**: transparency, openness

**Cooperative values:** conflict management skills, team spirit

2. **Which of the following statements about corporate values are correct?**

1. A company’s value system can be influenced by the country the company is located in, the industrial sector, expectations from customers, and overall societal trends.
2. A corporate value system is incorporated into the vision and mission statements, corporate philosophy, company organization, and corporate goals and strategies.
3. Most value conflicts in companies result from opposite cooperative and performance values.
4. Examples of transcultural values for companies worldwide are Corporate Social Responsibility (CSR), sustainability, environmental protection, transparency, diversity and inclusion, and innovation.

## Summary

Values guide us as desirable goals in our work and private life. They motivate behavior as we strive toward them, and we use them as a reference in decision-making processes. They are distinguished from norms, beliefs, and attitudes; and are an integral part of our cultural imprint. The culture of any societal group can be described and visualized in the form of the layers of an onion. Its core are values, which are invisible. The three outer layers of rituals, heroes, and symbols are realized in cultural practices. Helping to fulfill companies’ strategic goals, they are incorporated in its 'code of ethics and all its official documents, for example, mission statements, planning documents, and guidelines and standards. Managements operationalize value systems as part of the corporate culture and daily work routines. Those systems contain fundamental values as their foundation, complemented by performance, moral, cooperative, and communication values.

Value conflicts might arise whenever the values of societal groups are non-complementary. This can occur between personal and corporate values and between corporate and cultural values. As far as possible, companies should respect value systems in other cultures unless they conflict with fundamental values. Value hierarchies and a change of focus towards commonalities can resolve conflicts.

Corporate values are influenced by worldwide globalization trends, digitalization, and diversification and change over time. They should reflect the responsibilities of companies as global international actors and towards their communities. International tendencies of corporate value systems show that integrity, innovation, transparency, sustainability, and diversity are among the preferred values across countries.

Unit 5 – Intercultural Communication

Study Goals

On completion of this unit, you will be able to …

* explain the importance of communication competence in intercultural interactions and understand the specific challenges of intercultural communication.
* understand and apply different communication models to specific contexts and situations.
* understand national differences of verbal, non-verbal, and paraverbal components of communication.
* explain how national/regional communication styles influence behavior in work settings.

## Introduction

We spend much of our time communicating. In the workplace, we communicate with one another in team meetings, we talk to customers on the phone, discuss work issues with our colleagues, negotiate contracts with business partners, and write messages or mails to co-workers, clients, or other people we work with. From these interactions in work settings and others with partners, acquaintances, and friends in private life, we also know that the communication processes are vulnerable to misunderstandings and even conflicts. Communication serves us to get to know people, build and maintain relationships, exchange information, and solve our problems.

## 5.1 Challenges and Specifics of Intercultural Communication

Communication is just as crucial in cross-cultural environments. It challenges us because people from different cultural backgrounds have different perceptions, ideas, and beliefs and communicate differently.

### Complicating factors for Intercultural Interactions

La Ray Barna (1997) described those factors as "stumbling stones" that could complicate intercultural communication processes by causing disruptions and irritations. She discusses them in the context of student communication in US university settings.

1. **Assuming similarities:** this misconception can occur in different ways. For once, it is common to think that mimics and gestures have the same meaning. There is some truth to this assumption for facial expressions, meaning that people express joy, anger, fear, astonishment, thoughtfulness, and sadness in the same way. Nevertheless, the intensity in which emotions are expressed differs. People from some regions (e.g., China, Japan) were raised to keep their feelings to themselves, whereas others' upbringing (Italians, Spanish, Dutch) encouraged a relatively free expression of emotions. As for gestures, we will see in the next section that those can have very different meanings across cultures.

1. **Language differences:** When one native speaker and one second-language speaker interact, there is a noticeable difference in vocabulary, rhetorical skills, and pronunciation. Misunderstandings can also occur if English is used as Lingua Franca due to different levels of proficiency and other cultural factors that communication partners bring into the conversation.

**Lingua franca:** The term is used for a language or language mix that speakers with two different native languages use in the communication process

1. **Non-verbal misinterpretation**: It is not only gestures that are different when people from diverse cultural backgrounds interact. There is also a large variety of non-verbal cues, including the length and intensity of eye contact, different ways to say 'no' nonverbally, different meanings of smiles, and the use of body language and postures.
2. **Preconceptions and Stereotypes:** Everyone has stereotypes about people from other countries and other cultures; in fact, stereotyping is a way of categorization that is per se benign because it helps us align people with different social groups and is a result of a normal cognitive psychological process. The problem lies in stereotypes themselves; they are not based on scientific research but are shared beliefs, often resulting from negative judgment and evaluations or overgeneralizations. The typical result is prejudice towards societal or cultural groups (Berry et al. 2010, pp. 351-352).
3. **Anxiety**: we all feel when moving around in another country, whose language is still new to us, for the first time, and we must communicate to manage our daily lives. Any situation in which one communication partner has little knowledge of the language itself as well as of gestures or contextual factors such as business etiquette does not have regular conversation fluency. The unequal situation creates anxiety and tension. If the level of tension is moderate and accompanied by a positive attitude, the communication partners might overcome this stumbling block, but if the levels are too high, the person that is new to the culture might withdraw or show forms of defensive behavior (Barna, 1997, p. 342)

The last two stumbling blocks already showed how much attitudes, behavior, and communication are interlinked. The same applies to the relation between culture and communication, which Samovar and Porter (1991, p. 21) described as "reciprocal." because they affect one another:

"What we talk about, how we talk about it: what we see, attend to, or ignore: how we think, and what we think about are influenced by our culture. Culture cannot exist without communication: one cannot change without causing change in the other. "

To truly understand people from another culture, psychologists, anthropologists, and communication scientists analyze and describe intercultural encounters and compare communication patterns and styles.

### Definitions and Specifics of Intercultural Communication

Communication can be traced back to three Latin terms: "communicare, communis, and communication." The first term, "communicare," means to participate, thereby referring to communication as a process in which at least two people "participate." Moreover, they do this "together" by listening to each other and giving the other person attention, which is also the meaning of the term "communis." The third term, "communicatio," means to exchange, which applies to communication as a process because we use it to exchange information, thoughts, and feelings with others.

When we now imagine that two people from one culture communicate with each other, we can assume that their conversation relies on a common language, values, and beliefs influenced by their cultural backgrounds and similarities in their behavior patterns. These similarities are the basis of their conversations and help them predict each other's responses in the communication process.

Presuming those similarities in intercultural interactions can lead to misunderstandings and even conflict. Cultural differences in values, beliefs, attitudes and behavior patterns are also exercised as different communication styles. Therefore, it is often impossible to predict possible responses within conversations (Bennett, 1998). Instead, both must deal with those differences as well as with uncertainties and ambiguities inherent to intercultural contexts.

Using various communication models, we will investigate intercultural communication's different elements and structures and identify specific problems associated with this kind of cross-cultural interaction. The model of Shannon and Weaver (1949) helps to understand the basics of the communication process between two individuals of similar or different cultures who start a conversation.

**Transmission models:** Transmission models are linear models in which the focus is on the optimum transmission of the message and its comprehension.

**The Encoder-Decoder- Model von Shannon and Weaver:** This intention-oriented transmission model was developed in 1949 by Claude Shannon, a mathematician, and Warren Weaver, a scientist. The model's focus is on the transmission of signals in communication. The model helps to understand what exactly happens between the 'sender' and 'receiver' of any given message. In the case of direct face-to-face communication, the process is a linear process from Person A, the **sender,** to Person B, the **receiver**.

|  |
| --- |
| Encoder-Decoder-Model |
|  |
| A picture containing text, clock  Description automatically generated |

**The sender** codes a message into language signals (speech, written text) and sends it. The signal is then transmitted via the channel (the speech is transmitted as soundwaves) to the receiver, who decodes the message to understand it. The person that receives the message can then respond in the same way.

In our time, this process often happens via technical equipment such as phones or computers. The model applies to oral and written communication. The entire signal transmission is subject to possible disturbances that can occur in all parts of the process, even more so if the sender and receiver are from different cultural backgrounds:

**Different codes:** if two people who do not speak the same language intend to communicate, they are faced with the problem that they have different codes, signs, and cues, which makes communication very challenging in general.

**Coding errors:** if the language used in the communication process is a foreign language to one or both communication partners, it is possible that language errors, for example, wrong word choices, mistakes in syntax, and errors in pronunciation, occur that can result in misunderstandings and errors in interpretation of the message.

**Errors in signal transmission (channel):** During oral conversations, background noises may interfere with or overlap the signal transmission, for example, loud music that is playing or noises coming from traffic outside.

**Errors in the decoding process:** Like in the previously described coding process, it is also possible in intercultural communication that the receiver's vocabulary is not efficient enough, and s/he does not understand the message, which can lead to misunderstandings and misinterpretations. A common error in written communication via handwritten letters is the inability of the receiver to read the handwriting of the sender.

The Encoder-Decoder Model helps to analyze all parts of communication that relate to the message sent in either verbal or non-verbal codes and signals; it does not include an analysis of semantics and of the entirety of contextual factors.

### Components of Communication in Intercultural Contexts

Wherever, whenever and in whatever context, communication takes place, it can be analyzed and described using aspects of a) a verbal, b) a non-verbal, c) a paraverbal component, and d) an extraverbal component (Bolten, 2007)

The **verbal component** concerns all content aspects formulated in any specific language, and the **non-verbal** **component** in oral communication relates to all kinesics, facial expressions, and body language. In written communication, our non-verbal instruments include the overall layout in any text format as well as colors, pictures, and figures that we use. The **paraverbal component** contains all aspects that concern our voice and the use of silence. In written communication, we express that using punctuation, font types, and font sizes and emphasize things by highlighting and in text messages occasionally by capitalizations. The **extraverbal component** concerns all contextual factors, including timing, room setting, and clothes. The choice of the publication type (e.g., newspaper article, magazine, book) and the time of publication are aspects of written text formats. The following table provides a summary of the four components of oral conversations.

|  |  |  |
| --- | --- | --- |
| Components of Oral and Written Communication | | |
|  | | |
|  | Oral communication | Written communication |
| Verbal | Word choice, syntax,  rhetoric style | Word choice, syntax,  rhetoric style |
| Nonverbal | Gestures, facial expressions, eye contact, body language,  posture, proxemics | Photos, illustrations,  colors, layout |
| Paraverbal | Volume, voice pitch,  Intonation,  pauses, silence | Font, spelling,  grammar,  spaces, highlights |
| Extraverbal | Place, time,  room design and décor,  clothing style | Type of publication  (online or printed),  time of publication |

#### The Verbal Component

Verbal communication uses languages in all forms, such as everyday language, dialects, or technical languages of sciences. When listening to someone, we can describe the language and eventually the presence of an accent or a spoken dialect (pronunciation). We can analyze someone's choice of words: e.g., if they use simple everyday language or scientific or technical terminologies (vocabulary), and we can distinguish between simple or complex sentence constructions (syntax)**.**

When two people with different mother tongues and different cultural backgrounds communicate with each other, the following challenges might occur:

* **Vocabulary:** When members of the same culture talk to each other, they typically have a similar vocabulary; differences that might occur here are due to educational status and professional background. In intercultural interactions, those differences are more apparent. If, for example, a native speaker and a second language speaker communicate, their vocabulary size can vary greatly, possibly leading to misunderstandings in the conversation.
* **Syntax:** Long and complicated sentence constructions can make understanding more difficult for the receiver. In conversations in a foreign language, this can represent a challenge or lead to miscommunication.
* **Pronunciation:** One communication partner might have a strong dialect or accent, resulting in misunderstandings on the receivers’ side. When a native speaker has a strong dialect, understanding can be challenging even for listeners from their own culture. It is even more difficult for someone who speaks the language as a foreign language. Foreign accents can be just as difficult to understand. In both cases, non-comprehension and misunderstandings can be prevented by posing additional questions to reach an understanding.

#### The non-verbal Component:

We often assume commonalities in the way non-verbal cues are used across cultures, but there are many differences in all aspects of non-verbal communication. We feel very confident within our own culture and use gestures and mimics subconsciously, but caution is required when we are in foreign countries and learn a foreign language. In contexts that are new to us, they are part of the ambiguities that we face and can be the source of miscommunication.

**Mimics:** Facial expressions are an essential tool in communication for the sender when expressing emotions and for the receiver to understand the emotional state of the other, mainly because they often occur subconsciously (De Paulo, 1992 as cited in Thomas & Peterson, 2018). But is this true for all cultures? Cross-cultural research confirmed early hypotheses that facial expressions are universal, and we all share the way we express the following six emotions, "happiness, anger, fear, sadness, surprise, and disgust" (Ekman et al., 1972). Matsumoto and Juang (2017) report that "contempt" was found to be universal as the seventh emotion in later research, for example, by Ekman and Friesen (1986) and Matsumoto and Ekman (2004). This universal meaning of mimics helps us whenever our proficiency in a foreign language is still low, and we must rely heavily on non-verbal cues.

However, there are differences when we investigate the deeper meanings of certain facial expressions and in the level of intensity.

* A smile is not just a smile: For example, more than in Middle Europe or Canada, does a smile in Japan (and the same applies to China) often mean sadness, sorrow, or even anger (Morsbach, 1982 as cited in Thomas & Peterson, 2018). Both countries also represent cultures that consider emotions to be very private and something to protect and even hide. People across all cultures can control their facial expressions and use them to different degrees.
* The intensity with which people show their emotions in the form of facial expressions varies: Study participants from China, Taiwan, and Turkey showed that facial expressions in their understanding reflected the social reality they lived in; participants from the Netherlands, the USA, and Australia regarded them as an expression of their emotions (Eysenck, 2004). To a large extent, this is the result of our education and upbringing and our societal norms.

**Gestures**: Like facial expressions, gestures are part of our communication. We tell people with hand signs, hello and goodbye, ask them to come closer or move further back; we show if we like something and the opposite, we tell them "Thank you" and show them our love. Gestures are also one of the non-verbal cueswe rely on when our knowledge of another language is still limited, and we often presume a universal meaning of the gestures we know, which is a source of embarrassing misunderstandings that can happen to anyone and especially between cultures we consider as being somewhat similar due to history.

Example: In 1992, the President of the United States, George H. W. Bush, visited Australia. In Canberra, a group of peace protesters appeared. While driving past from the car, he wanted to express his sympathy and showed the V-sign for "peace" with his palm facing inwards. In Australia, this is highly offensive as it is regarded as a double middle finger, and therefore the story was reported with outrage in the newspapers (Associated Press, 1992).

**Examples of gestures that should be used with caution**

* For people in Germany, Austria, South Africa, the USA, and the UK the thump-up gesture tells others "Okay" or "I agree." However, it has a very offensive meaning in Iran, Afghanistan, and Iraq.
* Different cultures count with their fingers in different ways. For example, people will use their index fingers to start with one in China, the USA, Bulgaria, Romania, and India. In contrast, people will begin counting with the thump in France, Germany, Russia, and the UK. In Spain, they will start with their little finger and use different finger combinations to count. In Japan, the one sign is shown with the hand's open palm; the little finger is five. While counting up, the fingers are folded in.

The list of different gestures is endless; the only safe way to use them in communication is to learn them for each country separately.

**Eye Contact**: Different cultures have different rules regarding the visual attention one should give the partners in conversations. The length of eye contact during conversations is associated with showing respect to the person we have in front of us (Matsumoto & Juang, 2017).

On one side of the spectrum, we find countries, like the USA, Germany, France, Greece, and others, where holding the gaze during conversations is considered a sign of sincerity and showing someone attention and respect. If someone avoids eye contact in these countries, their conversation partner might think of them as shy or assume they feel ashamed, especially if they look at the floor.

In the Middle East, intense eye contact is kept during conversations between individuals of the same gender. If a woman and a man who are both religious engage in a conversation, they will avoid extended eye contact while talking; it would be inappropriate, show disrespect, and even be considered offensive toward a woman to stare at her.

On the other side of the spectrum, we find countries like China, Japan, and Vietnam. Here respect is shown by holding the gaze for only a short time, lowering it, or looking sideways instead. In China, the younger or lower hierarchy typically avoids prolonged eye contact and looks down instead.

**Proximity**: How closed do we stand when we talk to each other? Proximity is one of Edward Hall's (1977) dimensions for which he developed a theory. He differentiates between four dimensions: a) public distance, b) social distance, c) personal distance, and d) intimate distance.

|  |  |  |
| --- | --- | --- |
| **Proximity Dimensions for Public, Social, Personal, and Intimate Distance** | | |
|  | | |
| Distance dimension | Visualization | Description |
| **Public Distance** | Lecturer with solid fillGroup of people outline | * 3.60 m and more * Distance, as used in public settings * Distance between a public speaker and their listeners |
| **Social**  **Distance** | Work from home desk with solid fillSocial distancing with solid fill | * 1.20 m – 3.60 m * Distance between speakers in official settings such as public offices |
| **Personal**  **Distance** | Man with solid fillWoman with solid fill | * 0.45 m – 1.20 m * Space determined by the relationship that people have with each other (e.g., friends, colleagues) |
| **Intimate**  **Distance** | Elevator with solid fill | * Contact – 0.45 m * Space that couples require * Space that people use in intimate relations and when providing safety, protection, and comfort |

Differences between cultures regarding personal distance were investigated using observations, personal experience, qualitative research, and a limited number of quantitative studies. Results indicate a preference for larger distances in Europe, especially in Northern Europe and the United States (0.90 to 1.20 m), and smaller distances in Southern Europe, South Amerika, the Middle East, and Asia (0.45 – 0.70 m).

#### Paraverbal component

This component concerns all ways we use our voice in conversations by either whispering or speaking loud (volume), raising or lowering it to get our conversation partners' attention (pitch), emphasizing certain words (intonation), and using pauses. The volume in which people speak is, in fact, different across cultures. Lively and relatively loud discussions are common in South European countries like Italy and the Middle East. When people, who are unaware of that, visit those countries, these conversations might easily be misunderstood as conflicts.

**Silence:** "Silence is golden" is a famous American pop song and a proverb in all English- and in a similar version in all German-speaking countries. The idea that "silence" has an essential meaning in communication is also well known in other cultures. For many people from European countries, the Middle East, and North and South America, silence causes discomfort, so they will try to break it. In some Asian countries, especially Japan, it is a well-known communication tool based on the belief that one should keep their emotions and inner self inside and not reveal it to others.

#### Extraverbal component

This component is especially crucial in situations of negotiations and meetings with customers from other cultures. It concerns the design, set up, and seating arrangements in offices and meeting rooms; counterparts or business partners may perceive the choice of the location as inappropriate.

Especially sensitive are **seating arrangements** to be handled. When a delegation comes from a hierarchical culture, it is important to know where the team leader should be seated.

The **clothing style** is of importance in terms of the level of formality and the respect for cultural rules. The scheduling and time frame is relevant when people from monochronic and polychronic cultures are involved. For all aspects, country-specific knowledge can help here to prevent embarrassment.

All details discussed in this section concerned basic elements of communication. In the following sections, content issues will be addressed and reflected in communication styles.

### Self-Check Questions

1. **Which of the following statements about stumbling stones in intercultural communication are true?**
2. Gestures have the same meaning across cultures, but facial expressions tend to be different and can lead to misunderstandings
3. Anxiety does not have to be a stumbling stone if the level of tension is moderate and accompanied by a positive attitude.
4. Different ways to say 'no' nonverbally, different meanings of smiles, and postures are nonverbal cues that have the potential for misconceptions.
5. Second-language speakers have a noticeable difference in vocabulary, rhetorical skills, and pronunciation, resulting in misunderstandings.

1. **The following text about the Sender-Receiver-Modell misses some words. Fill in the gaps!**

**The missing words are: channel, decodes, sender, receiver, codes, signals**

The person that starts the conversation is the sender. S/he codes a message into language signals (speech, written text) and sends it. The signal is then transmitted via the channel to the receiver, who decodes the message to understand it.

1. **Communication has four components; please match the following aspects of oral communication with their respective component.**

Eye contact, pronunciation, clothing style, syntax, time, gestures, choice of words, proxemics, voice pitch, room design and decor, rhetoric style, intonation

Verbal component: choice of words, syntax, rhetoric style

Nonverbal component: gestures, eye contact, proxemics

Paraverbal component: voice pitch, pronunciation, intonation

Extraverbal component: room design and décor, clothing style, time

## 5.2 Intercultural Differences in Communication Styles

Numerous aspects characterize the cultural influence on the way people communicate in different cultures. This section will look at three culture-bound factors: First, we will look at two different communication styles, low and high context communication, and show how these influence people's communicative behavior in terms of politeness, readiness for confrontation, and handling of criticism, and bad news? The second relates to 'Smalltalk' and its different functions in cultural communication patterns, and the third aspect deals with the concept of 'face' protection in different cultures.

### Low and High Context Cultures

A contextual view of intercultural interactions considers the role of all surrounding factors in communication. Aside from the messages sent between two individuals in a conversation, several surrounding factors like the situation, the persons involved in the conversation, and the use of verbal, non-verbal, and paraverbal elements influence how "well" they understand each other. Based on qualitative research conducted over decades, Hall (1976, 1990) developed the concept of high and low context communication.

Individuals from low context cultures, e.g., the Netherlands, Germany, or the Scandinavian countries, communicate in ways whereby facts and information are in the coded message itself. The communication is direct, explicit, and seeks clarity. They say what they mean and use the verbal and non-verbal coding and facial expressions available to them.

In contrast, in high context communication, as common in Mediterranean countries and Asian countries like China and Japan, "most of the information is already in the person" and the physical contextual situation (Hall, 1976, 1990 p. 6). Here, the verbal message is only a minor part of the information that is transferred through a set of verbal, non-verbal, and context-related cues. People in the Middle East, China, or Japan communicate preferably indirectly, nuanced, and multilayered (Meyer, 2016). An example of high context communicators, which is international, are twins that are closed or couples that have been married for decades. Both often have their very own language and understand each other with hints and short messages because of the shared context.

|  |
| --- |
| Selected High and Low Context Cultures According to Hall, 1976 |
|  |
| **HIGH CONTEXT**  Japan  China  Middle East  Spain  Italy  Social distancing with solid fill UK  Social distancing with solid fill France  United States  Scandinavia  Germany  **LOW CONTEXT** Swiss |

The distinction between low and high-context cultures is correlated to that of **direct and indirect communication.** It mainly relates to the verbal component of the message. Low-text communicators prefer the direct style. Their communication goal is the transfer of messages in a clear, transparent, and unambiguous way, getting directly to the point. Their reactions to what is said by their counterpart are usually obvious. Indirect communicators' goal is to maintain the relationship's harmony and avoid confrontations. They might 'beat around the bush" when talking about sensitive issues or 'sugar coat' criticism by using ambiguous verbal communication, subtle hints, and non-verbal cues, which they understand and also tolerate themselves.

Direct communication can, for example, be found in Germany, the Netherlands, and to a certain extent also in the USA. Indirect communication is common in many regions of the world, such as Middle Eastern, Latin American, and Asian countries, and also in southern Europe, people communicate somewhat indirectly. Intercultural research has shown correlations between high context and indirectly communicating cultures and collectivism and low context and directly communicating cultures and individualism (Thomas & Peterson, 2018).

When individuals from both communication styles meet, the one communicating directly may perceive the other's style as vague, inefficient, or even insincere, even though this person might try to protect their relationship. On the other hand, the indirectly communicating person might perceive the other as disrespectful, unfriendly, or dismissive, though this person might just attempt to concentrate on the topic of conversation and has no intention to offend the other. Finally, it should be noted that the two extremes are rarely found in their pure form. Usually, people communicate "rather directly" or "rather indirectly." The use of either style is often also dependent on the situation and the interlocutors, who need to decipher the messages of the respective other correctly and send messages themselves that can be understood. The following model helps us understand a message's contents on different levels.

**The Four-Sides Model:** According to Schulz von Thun (1981), each message has four underlying facets that relate to the factual content, the relationship between the interlocutors, the interlocutor's self-revelation, and the appeal of the message to the interlocutor. He presents them in a model known as the Four-Sides Model or alternatively as the Four Ears Model and the Communication Square.

As before, in the Encoder-Decoder model, there is a sender and a receiver, and the messages are transmitted between the two. The four sides relate to the content of the message. As the model below shows, the first side concerns the information that the sender wishes to transmit. The second concerns the relationship because each message implicitly reveals information about the relation between sender and receiver. The third side concerns self-revealing information about the sender, and the fourth relates to the sender's appeal sent through the message. In summary, the four different sides (levels, ears) represent various subtle meanings relevant to any conversation's success.

|  |
| --- |
| The Four-Sides-Model of Communication |
|  |
| Diagram  Description automatically generated  Sender  Receiver |

When applying the four sides model to the specifics of intercultural communication, some of the challenges become more understandable. The first side, **factual information,** reflects on the fact that we communicate typically about a specific topic. What we say might be based on facts, data, and figures. As Schulz von Thun (1981) emphasizes, this factual content might be true or false and might be of relevance to the conversation as a whole or not. Low context communicators, for example, from the US, focus on these depersonalized elements of a conversation when communicating in work settings. For them, facts and data are essential and often their primary concern in conversations. Individuals from high context cultures (e.g., from Egypt) communicate indirectly, elaborate more on details, use other means of expressiveness like exaggerations, express their wishes indirectly, and use more gestures (Feghali, 1997). This could lead to misunderstandings on the part of their conversational partners.

The **relationship side** is reflected in every conversation we have. Already before it starts, the two people involved are in a specific relation with each other. They might be partners, friends, colleagues, or strangers. The nature of the relation is also determined by equality or hierarchy; it reflects if they talk to each other as equals or as superior and subordinate, for example, between a manager and a team member or a teacher and a student. This relation might be an implicit part of the conversation or might be addressed directly. For example, in French, people use the formal “Vous” or the informal “tu” during conversations. Respecting this conversational etiquette is essential because it affects the receiver, who will then feel appreciated. They would feel non-respected, rejected, or even humiliated when this is not the case. Indirect communicators focus on the relation; developing and protecting it during the entire conversation is their primary goal.

Each sent message also contains an **appeal**, either implicit or direct. There is a difference in tone and directness if formulated as a request and very direct (e.g., Hand me the car keys, I want to drive!) or indirect and as a question (e.g., Would you mind if I drive today?). The sender might also wish to share information, express wishes, or give advice.

Also, part of every conversation is **self-revelation**. In any conversation we have, we reveal something about ourselves; what exactly we show is our decision. For the receiver, any self-revelation will contribute to the picture that s/he has of the sender. It will also reveal what kind of person the sender is and what emotional state this person is in. Intercultural differences here exist in what and how much we reveal from ourselves. We show this, for example, in the topics that we prefer in small talk and the ways we use our smiles.

The Four-Sides-Model serves as an analytical tool for comparative cultural analyses regarding the content-related aspects of communication. Although all conversations contain all four sides, they differ in the details. Low context cultures are characterized by a focus on factual information, prefer low levels of self-revelation, and respect the status of the relationship of the communication partners. High context cultures, on the other side, mainly focus on the protection and development of the relation, factual information is provided, and additional cues are sent through subtle elements of communication.

### Face and its Maintenance

Face maintenance is known and relevant for everyone, but it is essential for people from high context cultures, especially in Asian countries, like China, Korea, and Japan. When talking about face maintenance, we refer to behavior that respects and shows concern for everyone’s “appearance in public or reputation” and avoids “potential embarrassment or shame associated with thread to that appearance” (Matsumoto & Juang, 2017, p. 246).

We can assume there is no need for face maintenance in people's first friendly encounters. Still, in longer negotiation processes or when working together over an extended time, it is possible that differences in opinions and conflicts might arise. For those from low context cultures, who usually like to address controversial topics immediately and deal with them heads on, it is vital to be culturally sensitive and make sure they do not embarrass someone from a high context culture in front of their negotiation partners or co-workers.

Face concern for high context communicators is part of their intention to maintain the relationship with their counterparts during a conversation, their own reputation, and the reputation of everyone. In China, this is a question of a positive image and is associated with an individual’s character, decency, and integrity. The loss of face is severe and does not only reflect on the person it concerns. China is a collectivist society with a very low individualism index (Hofstede et al., 2010); therefore, face loss might affect a person’s family and severely damage their reputation (Zhang, 2009).

### Small talk

Small talk can serve as an instrument for getting to know a prospective business partner or colleague by building trust; it reduces uncertainties typical for cross-cultural interactions and helps manage anxiety and communication apprehension (Neuliep & Ryan, 1998), known as neutral conversations about unproblematic topics, small talk is associated with some challenges in intercultural contexts while at the same time fulfilling several functions.

Neuliep and Ryan (1998) conducted a study to examine how much initial encounters can contribute to the reduction of uncertainty. If we think of any first meetings we had, even with people from our own culture, we can easily recall feelings of unfamiliarity, novelty, and possibly many differences. The scientists showed that a communication partner’s ability to be assertive and responsive could reduce fears and uncertainties in such situations (Neuliep, 2009).

Small talk comes naturally for someone from a high context culture (e.g., Latin America, Middle East, Southern Europe, Asia). However, it represents a challenge for many people from low-context cultures. Differences exist in whether small talk is expected, how much small talk is used, which topics are appropriate, and in different levels of self-revelation within the conversations. Finland and Germany generally use very little small-talk; Britain and the USA are already much more familiar with it in their everyday lives.

A widely used metaphorical comparison for the difference is that of peaches and coconuts. Peaches have a large, soft outer layer and a small hard core. Similarly, people from “peach cultures” (e.g., USA) are often open-minded, engage in small talk easily, and quickly establish an initial relationship. However, it is often a long process to build deep companionships and friendships with them. People from “coconut cultures” (e.g., Netherlands, Germany) often seem initially reserved and sometimes even inaccessible to others, but once you get beyond their “hard shell,” they prove to be very open-minded, friendly, and welcoming.

For people from, for example, Latin America, the Middle East, and Asia, small talk is one entry into socializing with prospective business partners, which is essential for the trust-building process that is necessary for longer-term relations. Therefore, the topics here are not limited to the weather or professional contexts but include personal aspects of life, like hobbies, family, and other interests. For anyone engaging with people from another country, it is essential to learn the basics of the other culture, starting with questions like what people eat, who are heroes in their culture, what kind of sports people like, and other neutral topics. It is also essential to know about taboo topics for conversations to avoid offensive behaviors.

### Feedback

The way we give feedback in our own countries is culturally bound. Already early in our lives, we receive different forms of formal and non-formal feedback for our school achievements when we practice sports for competitions or as members of an orchestra or a choir. This continues throughout our education and work life. Feedback helps us develop our abilities and competencies, and it helps us understand how far we are in reaching goals and can strengthen or weaken our confidence (Hardavella et al., 2017).

Feedback is a communicative activity that is often associated with strong emotions. When someone is giving us very positive feedback, it might make us happy or proud, or, if we receive negative feedback, we might react with sadness, anger, embarrassment, anxiety, and even resentment towards the other person.

Therefore, the person giving feedback in any intercultural work setting as superior to employees or colleagues must be aware of the strong cultural determination in how the other might receive what is being said. To be respectful of cultural rules, it is helpful to answer, for example, the following questions to avoid misunderstandings, disappointments, or conflicts. What is considered appropriate? How should criticism be addressed? How frequently should feedback be given? What is an appropriate setting in which to provide feedback?

One rule that applies internationally is that regardless of the ‘culture-specific rules’ for feedback, it should always be given and received appreciatively and respectfully. Contextual and situational factors that need to be looked at are:

**The nature of the relationship between the feedback giver and receiver:** In the workplace, this relation can be somewhat hierarchical (e.g., in China, Russia, Romania) or egalitarian (e.g., in Denmark, Sweden, New Zealand) depending on the power distance index of the respective culture and preferred leadership styles in the company.

**The feedback can either be one-sided or reciprocal**: The latter requires a culture in which praise and criticism of superiors are practiced and permitted without negative consequences for the employee.

**The feedback is formal or informal:** The latter might occur spontaneously at the moment out of a specific work situation. It is the most common form of feedback that runs through our entire work lives and is usually given orally. Formal feedback is planned and scheduled for a specific time. In companies and organizations, it is often one of the annually recurring activities that also serve the employees' career development. It might be given in written form as structured assessments or orally by the respective supervisor or by peers (Hardavella et al., 2017). This form of feedback allows both parties to prepare themselves and be aware of the possible cultural influences.

**The feedback is positive or negative:** Everyone who wants to give feedback must first understand for themselves to what extent positive or negative feedback is accepted in a culture and how much the focus should be on successes or mistakes. For example, in Japan, positive feedback is not always appreciated. Moreover, employees would not expect any praise in work settings for something that is still incomplete and needs perfecting. The Japanese even have a specific term ‘homegoroshi’ for praising when they consider it inappropriate; it literally means ‘to kill with a compliment’ (Kopp, 2019). In reality, superiors prefer to deliver positive feedback sparingly and usually only to the entire team and not to individuals (Rothlauf, 2012). The opposite is true for the USA; Americans focus on positive things when giving feedback and present criticism and suggestions for improvement, sometimes so carefully that people from other cultures might miss the point (Meyer, 2014).

**The preferred feedback style in the respective culture is rather direct or indirect**. Although there is an association with the preferred communication style, both are not always the same. The previous examples of Japan and the USA are proof of that, and the same applies to other cultures. British people, for example, are, in comparison to Dutch or Germans communicating in a very indirect way, when giving their opinion on work issues. The following table (Rottier et al., 2011; Meyer, 2014) compares what they say, what they might mean, and what a Dutch or similarly a person from Germany might understand.

|  |  |  |
| --- | --- | --- |
| **Challenges in Understanding Indirect Communicators: The British and the Dutch** | | |
| **A British person might say …** | **What they mean …** | **What a Dutch person might understand…** |
| Quite good … | I am a bit disappointed … | Quite good … |
| Very interesting … | I disagree…; I do not see it this way… | S/he liked that … |
| Perhaps you would think about … I would suggest … | I am giving an order that should be followed … | This is not very important … |
| Oh, by the way … | The following is important and should be taken seriously … | This is not important … |
| Perhaps you could give this some thought … | ‘This’ is a bad idea, you should not do it … | It was a good idea, keep working on it … |
| With all due respect … | I think, this is wrong…; You are mistaken… (in conversations) | S/he is listening to me … |

Hardavella and her colleagues (2017) suggest that for feedback to succeed, a set of rules, some of which also apply in an intercultural setting: It is always essential to be prepared and consider what should be achieved with this feedback. When a formal feedback meeting is planned, a personal one-to-one setting will secure that the other person is not embarrassed in front of others and provide room for questions for clarification and follow-up questions. A gentle start helps set a friendly atmosphere and avoids tension in the early phase. Later in, it is essential to be specific to allow the other person to reflect on what is being said. To avoid misunderstandings and miscommunication, both need to be attentive and read the non-verbal cues of the other person.

## Self-Check Questions

**1. Schulz von Thun developed the Four Sides Model of communication. Which of the following is not the correct term for a side of this model?**

1. Appeal
2. Factual information
3. Self-concern
4. Relationship

**2. The following are statements about direct and indirect communicators. Which are correct?**

1. The Scandinavian countries are typical low context cultures, whereas Spain and Germany belong to the high context cultures.
2. People in low context cultures are typically using a direct communication style.
3. Small talk is common for people from high-context cultures.
4. People using an indirect communication style are often coming from individualistic cultures.

## 5.3 Becoming a Culturally Competent Communicator

After focusing on challenges in intercultural communication in this section, we will focus on individuals' resources and the possibilities that come with these. As discussed previously, engaging in intercultural interactions is associated with uncertainties and ambiguities that can lead to various emotions, from positive excitement over feeling overwhelmed to pure anxiety and frustration. Therefore, Brislin and Yoshida refer to intercultural encounters as “searches for a common ground” (1994, p. 116). This corresponds with the concept of interculturality, which includes a “willingness to appreciate other cultural elements and integrate them into one’s behavior and culture” (Barmeyer et al., 2021, p. 68).

The following recommendations apply to individuals from any cultural background. To communicate successfully in intercultural encounters, one should:

1. Develop a positive attitude and respect for other cultures, be curious about the unknown one might get to know, and show openness to the learning experiences. When people do things differently from what oneself is used to, it is essential for us to have the ability to accept this and not rush to judgment or condemnation (Deardorff, 2006).
2. Prepare for intercultural encounters by acquiring knowledge about specific cultures in general as well as country-specific aspects that are relevant for communication interactions. This might, for example, include researching the country’s scores on various cultural dimensions, e.g., according to Hofstede et al., 2010; Trompenaars & Hampden-Turner, 2012; Schwartz, 2004. For first encounters, it is also vital to be aware of the country-specific rules of business etiquette as well as communication patterns and styles. Since it is not always possible to prevent conflicts in long-term relationships, it is also helpful to master conflict and problem-solving techniques applicable in the other culture. (e.g., Guirdham, 2011).
3. Handle emotions that might accompany intercultural interactions through emotion regulation strategies and maintain a generally positive attitude. Those might occur due to the insecurity associated with intercultural encounters or due to culturally inappropriate behavior by an interlocutor, which might confuse or even offend the other.

### Emotions and Emotion Regulation

Intercultural situations might be associated with emotions like anticipation and joy but also with fear or anger. For example, a first-time encounter might cause positive anticipation and excitement if we feel confident about our language skills and expertise and look forward to collaborating with the person we will meet in the future. Our emotions about the same situation will be different if we have never met someone from this other culture, do not know in what language we will communicate with them, or have no clear idea of how the cooperation will roll out. In this case, we face a complete set of uncertainties that might trigger uneasiness and fear. Anger can result from conflict, which might arise in work contexts for any team; in intercultural contexts, they might occur due to people having different work attitudes, work experiences, or being accustomed to different management styles.

But what are emotions? In psychology, we consider them a “neurophysiological reaction to events that have consequences for our welfare and require an immediate behavioral response” (Matsumoto & Juang, 2017, p. 203). Those reactions are a combination of physiological responses (e.g., an increased heart rate, blushing, perspiring), cognitive changes (e.g., thoughts), and behavioral responses (e.g., verbal replies, facial expressions). If those emotions are negative, such as anger and anxiety, it is crucial to focus on regulating them and try to reduce their impact on our reactions. Otherwise, they prevent efficient communication and interaction in constructive ways (Matsumoto & Juang, 2017). Recognizing one's own emotions and managing them by cautiously controlling our reaction is called emotion regulation, which is a prerequisite for adaptive behavior and functioning (Gross, Richards & John, 2006).

Gross and his colleagues (2006) have addressed two strategies of emotion regulation in the context of family relations and within social groups:

**Cognitive reappraisal** is the first strategy that individuals use; it involves the construction of an alternative view on a situation that causes emotional distress. In a situation where a marketing expert from Mexico meets for the first time a new customer from China and is very insecure due to a variety of unknown issues surrounding the meeting, they might shift their focus on their previous work experience with other countries, their possible knowledge of several languages that could be spoken, their previous successes with other clients. Research showed that cognitive reappraisal correlated with forming closed relations and interpersonal functioning (John & Gross, 2004, Gross et al., 2006).

The second strategy is **expressive suppression**, which describes behavior that prohibits the expression of an upcoming emotion. That means the individual still experiences those emotions but does not show them to their partners in communication. Research regarding suppression showed that physical reactions, like an increased heart rate, still occur, and the suppression can negatively impact social interactions by making them less satisfying for the communication partners (Gross et al., 2006).

Emotion regulation is most relevant when negative emotions occur. Matsumoto and Juang (2017) found that anger often occurs for individuals with ethnocentric views and act on stereotypes they have created for themselves in intercultural interactions. Both lead to negative judgment, which prevents them from seeing conflicts as a chance. On the other hand, the ability to emotion regulation enables individuals to appreciate differences and use them to widen their perspectives. The communication process can then function as an open space to clarify and learn about mutual expectations and exchange and develop ideas. In this sense, emotion regulation here functions like a “gatekeeper ability that allows us to become more mindful … and engage in more constructive and open thought processes” (Matsumoto & Juang, 2017, p. 247).

Neuliep and Ryan (1998; Neuliep, 2009) suggest that the most effective way to reduce uncertainty and, thereby, all fears associated with it is within the communication process by being responsive and assertive. A responsive person listens carefully and can make the other person feel welcome or comfortable during the conversation. They show their attention by using verbal and non-verbal cues, and they would sense if a topic, for example, during small talk, is unsuitable and react appropriately because they understand how to keep the conversation going. An assertive person will not be too shy to ask questions, express their wishes and even demand something if needed. They can also express their feelings and are fearless in agreeing or disagreeing with their counterpart. (Neuliep, 2009). In their research, Neuliep and Ryan (1998) found that feelings of uncertainty and fear were lower among persons who showed high levels of assertiveness and responsiveness.

After the initial stage of conversations in which emotion regulation and uncertainty reduction occur, other abilities are required to build relationships.

### The rules of Communication from Rogers

This model by the American psychologist Carl Rogers (1959, 1979) was developed for client-centered psychotherapy and was later adapted to a person-centered approach in communication, thereby becoming an influential model in communication sciences. It is considered one of the perspective-taking models. The starting point of this model is the relationship of the conversational partners. In intercultural communication, this includes the effort to get to know and understand the perceptual world of the counterpart in the communication process. Maintaining and building this relationship is the basis of functioning communication (Mayer, 2019, p. 222). Rogers suggests three rules of conduct that are useful in this process: congruence, unconditional positive regard (UPR), and empathy, which relate to each other.

**Perspective-taking models:** These models are concerned with the communicators willingness and ability to put themselves in the positions and situations of the others and thus understand each other better.

|  |
| --- |
| **Rules of Communication: Empathy, Congruence, Unconditional Positive Regard (UPR)** |
|  |
|  |

From a humanistic point of view, Rogers presumes that we all have resources for our self-perception and can alter our self-concept and behavior (Rogers, 1979, p. 98). Included in this approach is the idea that it can help to create a positive climate in conversations.

The first rule of **congruence** concerns Rogers' requirement of authenticity in communication. Whenever two people engage in a conversation, they ought to be genuinely in the moment and give their conversation partner their full attention. For the conversation to be successful, their transparence and their coherence in themselves promote an atmosphere of understanding; and it creates congruence for both (Rogers, 1979, p.98).

**Unconditional positive regard** is the second rule that manifests itself in communication as appreciation. It requires communication partners to accept their counterparts and care for them and themselves in an appreciative manner. This form of caring Rogers calls “non-possessive” as it is not bound to any conditions but means to accept the other with all their peculiarities, eventually despite feelings of insecurity, uncertainty, fear, or even anger (1979, p. 99)

Showing **empathy**, the third rule, is an understanding that is more of an affective than of a cognitive nature. Rogers describes it as an ability to sense the other's emotional state, thereby gaining an understanding of positive and negative experiences that the counterpart has made by listening carefully and with sensitivity (1979, p. 99). The goal is to understand the feelings of the other but still be aware that those are not one’s own (1959, p. 211). Empathy is not just there; not easy to achieve because often “we think we listen but rarely do we listen with real understanding and true empathy” (1979, p. 99).

To apply and use Rogers’ rules in intercultural communication, we face both challenges and chances. Achieving congruence can be difficult insofar as interlocutors often have different experiences than oneself, and one must correctly classify one's own experiences within this foreign cultural context. Appreciation can involve some effort, as we often find it challenging to understand what is different and unfamiliar and see it as equal. Moreover, to feel empathy, it is vital to learn to put oneself in the other person's situation, thereby taking the others’ perspective. As previously stated, a more profound understanding will require ways of attentive listening.

### Successful Intercultural communication

In any conversation that we have, it is essential for both communication partners to show interest in their counterparts. One can use various communication tools, including attentive listening, posing questions, mirroring, paraphrasing, and showing appreciation. In summary, improving one’s communication skills will also improve intercultural communication.

#### AttentiveListening

Listening might be the one activity that many consider relatively passive, but this is not true. In fact, the way that people listen in conversation can make all the difference. Rogers and Farson (1987) emphasize that by listening carefully and cautiously to others, we can change our picture of ourselves, increase our self-awareness, and open our minds to new things. Additionally, it has a positive effect on the entire conversation because it “create(s) an atmosphere of equality and freedom, permissiveness and understanding, acceptance and warmth” (Rogers and Farson, 1987, p.2). Establishing new relationships with people of different cultural backgrounds is the foundation needed for interactions to succeed.

Rogers proposes in his theory of attentive listening and his **communication rules** that messages sent in conversations have two components, factual content and a subtle underlying expression of attitudes or emotions**. T**he person who is listening needs to understand both. When they listen attentively, they will send signals in verbal, non-verbal, or paraverbal cues. These tiny signals show attention to the speaker as an individual and interest in what is said (Rogers & Farson, 1987).

Listeners respond with their body language, facial expressions, gestures, and verbally to what is said. To show understanding or agreement, one might nod in Germany, the UK, the US, or Northern Europe, but in other regions or shake the head from side to side, for example, in Greece, Bulgaria, or Iran, wobble the head in India. During conversations in some countries, people might use haptic signals and touch your arm to show empathy or agreement with what one is saying.

Other signs of careful listening are our facial expressions. In many regions, we mirror our conversation partners and smile when positive and joyful things are being said or wrinkle our forehead when the content of the conversation is serious and sad (Roehner & Schuetz, 2020)

Our verbal signals belong to the most vital reactions that we might show are one-word reactions that show attention, like saying simply “Yes” or “Yes, I know,” or showing astonishment with “Really?” or “Oh my god!” or many other expressions that might be used in different languages.

Mayer (2019) emphasizes that some other techniques used in Western countries might, however, not be helpful for intercultural interactions. One such technique is the repetition of things said by the other person in the form of summaries. Why this is a common technique in German-speaking countries, it is not common in parts of Asia and might therefore be perceived as unsuitable and unpolite, which can cause disruptions in the conversation.

#### Questions to advance Conversations

The previous verbal signals are part of active listening and go beyond that when formulated as questions because those can also be used to initiate a conversation or advance the conversation. In the early stages of getting to know someone, we might ask identification questions, like “Where did you grow up?” or “What is your specialization?” those are part of introductory small talk and help us get to know the person. Interlocutors, who prefer a direct communication style, might ask alternative questions that demand “Yes” or “No” answers. However, those might represent a challenge for someone who communicates indirectly because they prefer not to show disagreement or refusal directly. Open questions will be most helpful in advancing the conversation because they demand more information and allow the interlocutors to answer according to their liking, for example, when we ask questions that start with: “When …?”, “Where …?”, “Why …?”.

#### Other strategies for effective intercultural communication

**Grounding** is a technique used by interlocutors who have cultural communication competence and are aware of the differences between their communication patterns and styles and those of the conversation partner. They try to find common ground by agreeing to adapt to the respective others' communication styles and by trying to develop “shared representations of intercultural episodes” using different strategies to improve the conversation and creating a “third culture” perspective (Guirdham, 2011, p. 267). This technique requires that both are aware of the cultural differences in communication and can actively adapt.

**Other orientation:** This technique is closely related to the previous. It includes a) the demonstration of patience towards our conversational partner (Guirdham, 2011). This applies, for example, if one is a second language speaker and includes involving the other person more in the conversation by ensuring they are actively participating.

**Exhibiting open-mindedness**: This is not only an attitude but is shown in one’s conversational behavior (Guirdham, 2011). It means to listen to ideas and opinions from others even when they are unusual and foreign to us. For example, a local expert from a country where we want to launch a marketing campaign suggests a strategy that seems unusual needs to be allowed to explain and explore their vision.

Despite all efforts, non-understanding, misunderstanding, and conflict can still occur, and it is then essential to have a set of communication tools available to find a way out.

**Reframing** is one technique that is understood and accepted across cultures because it is considered solution-oriented and constructive (Mayer, 2019). When something negative is to be communicated, it has the potential for conflict or might upset the communication partner, the speaker “positive verbal expressions” to keep a pleasant atmosphere in the conversation. For example, person A states: “I disagree with the contents you have planned for the workshop.” Person B might then respond by: “Let us talk through your and my ideas and come up with a plan that works for us both.” In the example, Person B keeps the communication positive by overcoming the opposition and suggesting a way ahead.

As a concept, intercultural communication competence is a component of intercultural competence. We can continuously improve our skills in this area through ongoing formal and informal knowledge acquisition and practical experience.

### Self-Check Questions

1. **Rogers defined three rules for his theory of person-centered communication; which of the following does not belong to those?**
2. Empathy
3. Unconditional positive regard
4. Mindfulness
5. Congruence
6. **In intercultural conversations, we show our communication partners our interest in them and the topic of the conversation by …?**

a) Facial expressions like smiles or wrinkling our forehead.

b) Turning away from them.

c) Keeping permanent eye contact.

d) Non-verbal cues like nodding, shaking our head, and others.

Summary

When people from different cultural backgrounds communicate, several challenges can arise. On the linguistic side, these are caused in particular by assumed commonalities, actual language differences, and non-verbal misinterpretations. In addition, effective intercultural communication can be hindered by anxiety and existing stereotypes and prejudices on the part of the interlocutors.

Cultural differences in behavior during interactions can be explained with the help of communication models, such as the encoder-decoder model, the four-level model, and the communication rule model. They help to uncover potential problems in intercultural communication.

There are peculiarities in communication behavior's verbal, non-verbal, paraverbal, and extra-verbal components. In the verbal area, small talk has a different meaning across cultures. The non-verbal differences mainly concern proximity and gestures. Smiling is used by some to show happiness but can also be a sign of discomfort or anger. Frequent and prolonged eye contact can be found in Europe, the Middle East, and Latin America, but it is only short in China, Japan, and South Asia. Paraverbal differences concern the use of voice, pitch, and silence.

Looking at communication styles, we can distinguish between a direct style, typical in low-context cultures, and an indirect style preferred by high context cultures. The former is common in Germany, the Netherlands, and to some extent, the USA, and the latter is common in Middle Eastern countries, Latin America, and large parts of Asia. Studies showed correlations between low context cultures and individualism and high context cultures and collectivism.

For intercultural interactions to succeed, empathic and person-centered communication behavior is required. Communicators can achieve this through attentive listening, various questioning techniques, and a generally appreciative attitude.

Unit 6 – Intercultural Marketing

Study Goals

On completion of this unit, you will be able to …

* conduct a cultural, administrative, geographic, and economic assessment of potential new national markets.
* assign influencing factors of intercultural marketing to specific marketing tools.
* apply the "7P-model" as an individual marketing instrument in international contexts.
* analyze communication and marketing messages in terms of their intercultural meaning and possible intercultural impact.
* consider advantages and disadvantages of standardization and differentiation of marketing messages.

## Introduction

When Proctor and Gamble launched Pampers to the Japanese market, their TV advertisements showed storks flying into a children's room and delivering a bag of diapers to a mother and her baby. The story got Japanese parents only confused. The legend of storks bringing babies is well-known in Europe and the USA but does simply not exist in Japan; here, giant peaches that float bring them instead (Schooley, 2022, March 18). As a result, initial sales were lower than expected. Brand Blunders and other marketing failures in brand names, slogans, and advertisements are no isolated incidents. Companies frequently suffer losses or even fail in international markets due to marketing errors. A systematic intercultural marketing strategy can help to avoid such failures.

Brand blunders: Brand blunder is the term used to describe errors in the marketing of a product, especially in new markets.

## 6.1 Definitions and Assessment Tools

Before defining intercultural marketing, we first have to look into the meaning of marketing in general. This course defines marketing as a "social process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value to others" (Kotler, 2000, p. 4). This can be applied to any market. Marketing involves communication, which is one aspect known to be culturally influenced.

Intercultural marketing involves much more than simply transferring national concepts to the international marketing stage: it has to consider the cultural characteristics of potential customer groups to strive for culturally adequate product development and marketing (Ternès von Hattburg, 2018). Therefore, it uses mainly differentiation strategies to adequately address the needs of targeted customer groups and markets.

What does this imply for companies? In contexts of intercultural marketing, they have to consider a variety of specifics of the prospective new market, such as values, geographic conditions, legal and administrative requirements, languages, and preferred ways of promotion. Also relevant are specific preferences of people regarding: designs, qualities, colors, price levels, and overall consumer habits. To handle those requirements appropriately, marketing teams need a high level of intercultural competence, including self-competencies, communication competencies, as well as culture-related and sector-specific expertise.

### Assessing Differences between Nations, Cultures, and Markets

A country-specific assessment is the first tool needed to enter a new market. One possible instrument for this is the CAGE Distance Framework, which was developed by the Indian-American economist Pankaj Ghemawat (2007). The framework, which has already found a place in the field of international business and also development cooperation, follows a holistic approach. Ghemawat believes that due to our almost constant focus on globalization, we tend to underestimate the differences that actually do exist between countries and markets. Going unprepared for any kind of international venture would be extremely risky. Therefore, he suggests to always conduct a detailed analysis of the administrative, geographic, and economic characteristics of any country and market of interest prior to starting any kind of business activity. (Ghemawat, 2007).

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| --- | --- | --- | --- | --- |
| Unilateral and Bilateral Indicators for Country of Interest Assessment | | | | |
| Cultural | | **Administrative** | **Geographic** | **Economic** |
| 1. Unilateral indicators | | | | |
| * Traditions / Awareness of Traditions * Spiritualism * Inscrutability * Insularity | | * Closed/open economy (home bias / foreign bias) * (Non)-membership in international organizations * Strong/weak legislation / * Transparency and Corruption issues * Societal conflicts * Political Risks | * Landlocked country (no sea access) * Size of the country * Geographical remoteness | * Economic power * Strong / Weak currency * Developed/ Limited infrastructure |
| 2. Bilateral Indicators | | | |
| * Languages * Ethnicities and Cultures * Existence of social networks * Religions * Values * Norms * Attitudes | * (Joined) membership in regional or trade unions (e.g., EU, RCEP) * Legal systems * Administrative systems * Political animosities | * Physical distance * Existence/lack of common borders * Climate | * Per capita income * Differences in resources * Information and Knowledge * Human resources / human capital |

The table shows that the first part of the analysis uses a unilateral approach to country specifics. Focusing only on the new country and market, the analysts try to gain knowledge of its culture and tradition, the way the country is managed administratively, e.g., its division into regional states, governorates, or provinces, and its openness towards trade partners and other markets. Geographic aspects are of particular interest, for example, when the country of interest is on another continent or a country is located on one or more islands. The unilateral indicators listed in the table above can be used for this first part.

Secondly, we should look at both countries comparatively. The aim here is to identify differences between one's home country and the new market to be opened up. As in the first part, the areas of culture, administration, geography, and economy are also analyzed here but using different indicators. Countries might have commonalities such as a common language, historical ties, joint borders, or the same currency, which all serve as risk-reducing factors. Significant differences, for example, in languages, preferred religions, level of spirituality, and different cultural values, attitudes, and norms, have to be considered. Membership in regional trade agreements is essential, as it is directly related to the cost associated with any trade relations. The same applies to geographic conditions like the physical distance between the two countries and the (non)-existence of joint borders. Finally, the analysts have to focus on the economic aspect with several indicators related to the living conditions and standards in the two countries. The knowledge regarding household income will later influence pricing aspects for the products to be marketed.

### Other assessment tools

The country assessment is followed by a sector analysis for the respective industrial sector relevant to the product and its marketing for any new target market. Those can, for example, be conducted for the food sector, the agricultural sector, the energy sector in general or related to alternative energies in particular, the information technology sector or the automobile sector, to name just a few. These sector analyses provide information regarding existing legal frameworks and regulations for the respective market segment. Before entering a new market, they also provide insights into the market situation and dynamics, consumer trends, and other relevant details. Sector analyses are often made available for companies from any country's foreign trade organizations and international organizations like the European Commission, and they can be accessed through their websites.

### Self-Check Questions

1. **What are the four areas of analysis that Ghemawat proposes in his CAGE Model for a country assessment?**
   1. Climate, administration, geography, economy
   2. Culture, administration, geography, economy
   3. Culture, administration, geography, environment
   4. Culture, administration, gender, economy
2. **Which of the following aspects are not part of comparing cultural characteristics?** 
   1. Languages and religions
   2. Physical distance and remoteness
   3. Values, norms, and attitudes
   4. Religions

## 6.2 Intercultural Marketing Strategies and Concepts

The initial assessments provide the marketing team with all the qualitative and quantitative data, which will help to decide on the future marketing strategy and which help to foresee possible challenges and risks that might occur when entering a new market. The first decision to be taken is on the overall approach, which means companies might consider standardizing or differentiating their future marketing activities and messages.

### Standardization versus Differentiation Strategies

Standardization means that the marketing activities for one or more products and messages are the same in all countries and regions (e.g., no differences in website layout). Differentiation means that the company adapts to the target market's culture in question (e.g., translating the message into the local language). When a company decides to follow a standardized approach, products, product names, slogans and advertisements should not evoke negative associations in any culture; consequently, compromises might have to be made in the global standard.

Which strategy to choose always depends on the specific product and the situational context. By choosing one over the other, companies hope to benefit from advantages and opportunities associated with the respective strategy, but at the same time, they must be aware of the risks.

|  |  |  |
| --- | --- | --- |
| **Advantages and Disadvantages of Standardized and Differentiated Marketing Strategies** | | |
|  | **Standardization** | **Differentiation** |
| Advantages  and  Chances | * Balanced profile of company and product * Efficient management of international business activities * Cost savings through standardized product * High recognition value (uniqueness) of product and brand * Cost efficiency of marketing * Faster market entry * Use of synergy potentials | * Higher identification with a product * Better adaptation of product and marketing to consumer needs and behavior * Higher motivation among local managers and marketing teams * Higher level of responsiveness to national and regional conditions (compare CAGE model) * Increased market share in national markets * Better product positioning |
| Disadvantages  and  Risks | * Product and marketing are a lowest common denominator agreement * Possible rejection of product in some markets * Marginalization of smaller cultures * Language and comprehension problems * Risk of Brand blunders | * Additional costs for the marketing campaign * Possible higher price for the product * Higher cost for customization * Time delay in market entry * Possibility for necessary compromises in product design and quality |

Many of these above-listed advantages and disadvantages are predictable. Standardization focuses on main international trends, and the lead cultures, ‘smaller cultures’, and specific needs of minorities are not considered. Marginalization is then mainly a risk in multicultural and multiethnic societies. The standardized marketing strategy might disregard cultural minorities, which also speak a different mother tongue as for example in the USA the group of Hispanics, in India people who speak Tamil or Urdu, or in Romania, people that speak Hungarian.

Small cultures: We refer to cultural groups as 'small cultures' when they have comparatively few members within any given society.

Superimposition or destruction of local cultures might occur when traditions of national cultures might be pushed back due to standardization. This is already occurring in areas where traditional clothing is increasingly being overlaid and supplanted by Western products and clothing standards (e.g., in regions of Egypt, India, and West Africa). Traditionally, Egyptian men used to wear long robes, called 'jilabiyah' (جلابية).) Meanwhile, this has changed into more Western-style clothing.

In practice, companies rarely follow strictly one way or the other. Differentiated standardization is the third strategy, which uses the advantages of both. Here, the marketing teams strive to accommodate cultural specifics while simultaneously utilizing as many standardized performance processes as possible. One possibility is using regional clusters such as (Latin America, Eastern Europe, the Middle East, or North Africa). Such regional clusters can be created using common languages (e.g., Anglo-cluster) or similar ones and other cultural commonalities, e.g., Spanish and Portuguese. This strategy works under the premise of "as much standardization as possible and as much differentiation as necessary" (Emrich, 2014, p. 182).

### Development of Intercultural Marketing Concepts

McCarthy's (1960) Marketing Mix is one of several strategic marketing models. He defined four marketing instruments as part of any marketing strategy: product, price, place, and promotion. Since then, many scholars have extended the model and added other instruments, for example, process, physical facilities, and personnel. Therefore, we find several versions of 7Ps, 8Ps, and even 10 Ps models today. For our purpose of intercultural marketing, we will consider the original 4 Ps from Mc Carthy (1960) and additionally the aspects of people, packaging, and promotion (Tracy, 2004), as all of these are culturally influenced.

Product:

Within this unit, the term product refers to both, goods as well as services.

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| **The 7 Ps Marketing Mix** |
|  |

**Product**

If and how a product is suitable for the targeted market is one of the first questions to be addressed? Is there a need for a specific product or service in a particular country? Are consumers interested in this product? The product itself is subject to numerous cultural influencing factors.

From a theoretical perspective, a distinction can be made between functional and social needs that customers might have. Demand is universal, but social demand is culturally influenced (De Mooij 2010, S. 161). For example, clothing is a functional need, whereas fashion is a social need subject to cultural influences (De Mooij 2010, p. 161). Furthermore, consumer goods are more culturally bound than capital goods.

Consumer versus capital goods: The term consumer goods is used for products, that are consumed, e.g., food or office supplies. Capital goods are products that are used, e.g., cars or technical equipment.

For example, in cultures where the family plays a significant role, there may be less need for commercial childcare or care for the elderly because people help each other. Electronic books are more likely to sell than printed books in technologically advanced cultures.

Product design is also culture-bound. In countries with high uncertainty, avoidance products need to be very safe. For example, airplanes made by the European manufacturer Airbus are designed so that only a few pilot interventions are necessary. In contrast, US Boeings require more manual pilot interventions, reflecting the desire for power or control (Hofstede et al., 2010, p. 409).

**Price**

In pricing, the focus is on the price level for any specific product. The decisive factors include the manufacturing and additional costs and whether people in the target market can afford the product. Here there are significant differences between different countries.

Besides the income, companies have to consider customers' price conception and the level of taxes in their target country. Data on disposable income in a target country indicate whether a product can be sold for equal prices or if it needs to be adjusted to the country in question. Other aspects that influence pricing policy are:

* **Payment methods:** Differences exist regarding the usage of cash, checks, debit or credit cards, transfers, or pay by scan using mobile phones. A study across Europe showed that cash was still the preferred payment method at sales points in 2019 when looking at the European average (European Central Bank, 2021). There are, however, considerable differences across countries. Cyprus (48%), Germany (43%) Austria (42%) are the three countries where people showed the highest preference for cash; the lowest was found in France (9%), Belgium (10%), and Finland (13%), where cards or other cashless payment methods are preferred (European Central Bank, 2021, p. 57). Data from the US show very different results. At the point of sale, cashless methods dominated in 2021 with a share of 74% for card payments (debit, credit, & prepaid), 11 % for e-wallets, and only 11 % still using cash (3% used other methods). Other studies show that the cultures with high uncertainty avoidance often have less confidence in online banking and express concern about data privacy, which directly relates to their preference for cash payments. Further concerns for companies entering new markets are the different fees and administrative costs associated with the various payment methods and relevant when setting the price.
* **Payment terms:** Payment terms and typical payment behavior (adherence to the payment terms) are also of concern because they vary greatly across countries. A survey conducted by Atradius (2018) found that the average business-to-business payment period from the day the invoice is issued till it is due was 35 in 2018. The shortest periods were found in the UK with 20 days and Germany with 22 days, and the longest in Italy, for example, has a payment target of 58 days, and Greece with 75 days. (Atradius, 2018). Long payment terms are associated with interest losses which have to be calculated and considered when setting the price. Another factor of concern is the very different payment behaviors of potential customers in various countries.

**Promotion**

Promotion (advertising) includes all ways and means to inform (potential) customers about the product. Promotion is the activity significantly influenced by culture because promotion is communication and thereby subject to cultural factors. In what sense language can become an issue in promotion can be seen in an ever-increasing number of translation errors that occur even for big brands and companies. One of the best-known brand blunders is Mitsubishi's Pajero: Pajero is a very offensive word in Spanish; therefore, the car had to be renamed Montero in all Spanish-speaking countries. VW called one of its models its attempt to be classic named one of their models Phaeton. Unfortunately, the Greek Phaeton, who was the son of Helios, took his father's chariot without permission, lost control over the horses, and crashed with the sun, causing immense distraction (Krauss, 2015). Similar examples can be found in wrongly translated slogans causing confusion and misunderstandings in other languages.

Language can also be a challenge in countries where many are spoken, such as in India or Peru, and in countries where the illiteracy rate is high, such as in some countries in South Asia, West Asia, and Sub-Saharan Africa. Here, marketing campaigns often use more visuals and fewer text elements in their marketing instruments. Another aspect is the tone and the way that customers are addressed. Whereas US-Americans are used to a hard-selling strategy, do Japanese prefer an indirect way of promotion, and French, Brazilian, and audiences in many other cultures want to be entertained (Mueller & Gelbrich, 2015, p. 627). Campaign creators might also be careful in the use of humor. One successful campaign example that has worked in very different cultures is the Haribo kids voices TV advertisements. It celebrated a massive success across regions like the UK, Germany, Japan, Australia, and other countries.

Functional illiterates are people with minimal reading skills who are able to read simple words but no longer phrases, sentences or texts (e.g. user manuals), which leads to problems in their daily life.

Slogans do also transport values. Hofstede's cultural dimensions can guide for in this regard. Studies have found correlations between some dimensions and contents in advertisements. For example, the value 'status' is suitable in countries with higher scores for power distance. Countries that are rather individualistic advertisements often use 'high performance' as a value (Mueller & Gelbrich, 2015, p. 633). How important the consideration of values showed a worldwide reaction to a commercial from Audi China in 2017. The spot showed how a future mother-in-law "inspects" her son's bride before the wedding, similar to a mechanic inspecting a used car (BBC, July 19th, 2017). As a result, Audi was accused of sexism worldwide, and some even asked to boycott the company and its products. A spokesman for the company apologized with the words: "The ad's perception that has been created for many people does not correspond to the values of our company in any way" (BBC News, 2017, para. 4).

The selection of communications instruments and channels for any marketing campaign should also be different across countries. One global tendency is the still rising influence of social media ads. The channels for effective communication also differ from country to country and change over time. The table below shows for five countries the share that TV, radio, print media, online media, and movie theater advertisements had in 2016 in the respective marketing industry. Increasing are all online formats that had already reached 29.9%; they held the highest share in the UK with 49% and the lowest in Japan with 24% (HIS Markt, 2016).

|  |
| --- |
| Share of Media in Advertising Revenues in Five Selected Countries |
| Chart, bar chart  Description automatically generated |

Japan still mainly relies on TV ads (42,5%), while Germany favors print media (34 %). Significant differences can also be found in the share of out-of-home ads, such as billboards, posters, and wall scrapes. They still held a considerable share in Japan with 15.9%, whereas they have already decreased to 1.1% in China. The lowest share has movie theater ads. Globally their share has declined and had reached 0.6%. The percentages are changing rapidly in favor of all online media. Whenever entering new markets, it is essential to assess these shares for the specific target group selected for the product and consider the marketing strategy.

Additionally, country-specific legal regulations that might apply are directly related to the use of various media. Also, those need to be taken into consideration. For example, advertisements for tobacco products are very restricted in many countries, and those for alcohol might have time restrictions for TV ads to protect children and teenagers from exposure.

**Place**

Place is about the decisions to be made on the distribution of the product in the new market or the place where a new service is being offered. The options for selling physical products include wholesalers, retailers, specialized stores, and online trade. Factory sale is an additional option if a company has premises in the new market.

Culture and consumer expectations and habits have an impact on the decision-making process. Consumer expectations differ across countries. Walmart learned this the hard way in Germany, South Korea, and Japan. Attempting to follow the same concept as in its home market, the company tried in its Japanese stores the concept: "Every day low prices," but Japanese customers associated with low prices low quality, which did not gain their interest in Walmart products. In South Korea, the company did not react to local preferences regarding native products and the presence of other discounters in its surrounding. (International Business Guide, 2013). Similar problems occurred in Germany and led to a loss of several hundred million dollars, and in consequence, the company left Germany (Landler & Barbero, 2006). A supermarket chain from Britain, Tesco withdrew from China after losing over a billion pounds because its consumer habits were misinterpreted and the Chinese culture was misunderstood. (Pendrous, 2013). Too much standardization and too little analysis of local consumer needs and behavior led to inadequate product palettes and contributed to the failure in all these cases.

If companies intend to sell their products online, they are advised to check the access rate of the local population to the internet and the share of online trade in the respective country. The UN International Telecommunications Union (2021) reports that a total of 4.9 Billion people had access to the internet as of 2021, a number that is still increasing rapidly. Those that do not have access are mainly in the poorest countries. There are also significant differences in online commerce utilization, which are available to very different degrees. A third factor relates to the customers themselves and their trust in online commerce. According to Kooli and colleagues (2014, p. 13), this cognitive and affective trust differs across cultures. Companies that intend to sell their products online first must invest in trust-building measures with potential customers in countries with lower trust levels.

Logistics are another issue of concern regarding the sale of products, especially in regard to existing transportation networks. This applies to the transportation of products into the targeted country and market and within those countries. Here, the CAGE analysis results are relevant, providing the necessary information regarding possible transportation. Depending on the location of the target market, goods might be transported via cargo ships, cargo planes, railways, or trucks. The same applies to transport within the country. In many European countries, the railway is well developed and provides an environmentally friendly alternative to other transportation means. In other countries, trucks are the preferred mode of transportation, e.g., in the USA, in Middle Eastern countries like Egypt, Jordan, and others. In Australia, the size of the country by itself is a challenge; therefore, the quickest way here is often via planes. Maritime shipping is a suitable alternative to roads and railways if time permits. Distance due to the size of the country is also an issue in India, the USA, and Kanada.

**Packaging**

The first impression we have of any product is its packaging; it directly influences our willingness to buy based on its effect. When it comes to services, we consider the ambient in which this service is offered as 'packaging,' which includes the furnishing, lighting, setup, and overall design of the room.

As for the product itself, the first question to be answered is the one about standardized or culturally adapted packaging. Then questions of preference for specific shapes, designs, materials, colors, and functionalities are relevant and strongly culturally influenced. A product's packaging visualizes the values that a company wants to communicate. Cultures with high environmental awareness need environmentally friendly packaging (e.g., using recycled paper or cardboard instead of plastic-covered packaging materials).

Of high relevance are colors. Green, for example, is due to its association with nature and is used in many countries in connection with natural products, and yellow is associated with purity and happiness in several Asian countries and in the USA (Mueller & Gelbrich, 2015). When asked which products they would associate with red. Respondents in China, South Korea, and Japan named sweets, whereas Americans expected soft drinks, and detergent (Jacobs et al., 1991 cited in Mueller & Gelbrich, 2015, p. 317)

When products need to be shipped or transported for long distances, the stability of the packages is also of relevance so that they cannot be damaged easily during transport or due to humidity or heat. Depending on the product's material, some might need to be waterproof or airtight to prevent contamination or corrosion. Safety regulations in many countries require wooden boxes, crates, or pallets to be heat- or gas-treated to prevent insect infestations or the introduction of pests or diseases.

**Positioning**

The Positioning of products has gained momentum in marketing research and practices over the past two decades. It relates to the consumers' perception of a product in any given market. This can differ significantly across cultures. For example, in the nineties, Volkswagen was associated with being a 'luxury brand' in Japan, whereas US-Americans considered it a 'consumer good' (Mueller & Gelbrich, 2015).

Therefore, the process of Positioning involves "creating a perception in the consumer's mind regarding the nature of a company and its products relative to competitors (Baak et al., 2013, p. 160). It follows the processes of segmentation during which different customer groups are identified in a new potential market, looking into its demographic structure, and targeting, which relates to the selection of a specific customer group for the product to be marketed. Marketers need to develop a strategy that will make their product stand out among similar ones and thereby influence how it is established in the new specific market. Ideally, it would make people notice the product and eventually share their experience via social media or in their social circles, thereby creating an image of it and eventually of its customer.

Positioning is closely related to various characteristics and variables of the product, such as product attributes, the product's quality and price, other competitors in the market, the possible use of the product, and cultural aspects that might be associated with it (Baak et al., 2013). Especially relevant are the attributes that marketers give to the product during the campaign, which include, besides the name also, slogans used in advertisements. For example, are cleaning products given attributes like ‚green', 'eco-friendly,' 'phosphorus-free' and ~biodegradable~, because customers in cultures with a high awareness of the environment can relate to these.

Positioning in new markets and cultures has several challenges. First, potential consumers might show reluctance towards a new product, especially when the company is not well-known or when products with new technologies are being introduced. Second, the 'country of origin' could either lead to positive associations among potential customers or could represent a second challenge if its products are not yet well known in the new market. Third, are conflicts and animosities that might exist between countries. When two countries are in conflict over a long period, which is sometimes the case between neighboring countries (e.g., India and Pakistan, Turkey and Greece), people might show reluctance towards their products; the Positioning might then become a challenge (Baak et al., 2013)

**People**

The People instrument indicates that products are sold by 'people.' They matter in the marketing process because they place the product or service on the market. 'The customer is the king' is a proverb that exists in several languages, but there are significant cultural differences in practice. Some cultures have a high awareness of people's role in this regard, such as Japan, the USA, and Canada. Here customer service is considered essential and, for many customers, one of the main decisive factors in their purchase decision. Also, the employees are trained to be messengers of the company's services and image and are aware of that.

In Germany and many Eastern European countries (Romania, Croatia, Poland), this awareness is not developed to the same degree. Customer service here is still at lower levels and often has to be demanded by customers.

For companies, this means that selecting suitable People (personnel) in advance is crucial for designing and implementing the marketing campaign if it ought to be culturally appropriate. If, for example, one wants to develop a marketing campaign for South Korea, it is advisable to include South Korean experts and interculturally trained personnel in the team. These people can provide the necessary information about the target culture so that no brand blunders happen here. It is also often advisable to enlist the help of professional intercultural marketing consultants.

### Self-Check Questions

1. **An intercultural marketing strategy based on differentiation is associated with certain benefits and advantages: Which of the following is not an advantage of this strategy?**
   1. An increased market share in the new market
   2. A higher identification with the product among the targeted customer groups
   3. Better adaptation of the product to consumer needs
   4. Cost efficiency of the product marketing
2. **The original Marketing Mix from Mc Carthy (1960) had only four instruments. Which of the following were included?**
   1. Product, Process, Packaging, Price
   2. People, Product, Positioning, Promotion
   3. Product, Price, Place, Promotion
   4. People, Product, Price, Promotion

Summary

Intercultural marketing concerns all activities that are culturally influenced by other cultures, starting from the market analysis, over the design and implementation, to the monitoring of a marketing campaign. As marketing is a form of communication, cultural particularities play a major role.

The analytical part includes a market analysis that evaluates the closeness or possible distance between two countries, which impacts the possible chances or risks with the market entry. The CAGE model of Cultural distance helps assess the cultural, administrative, geographical, and economic distance with unilateral and bilateral indicators.

Based on this analysis, companies might decide on a standardized or differentiated marketing strategy. Standardization implies that the marketing is uniform across countries. The advantages of this strategy are mainly related to cost efficiency and a high recognition value of products and brands. This strategy also bears the risk of product rejection and lower market penetration.

Differentiation means that the marketing campaign is adapted to any new national culture and market specifics. This strategy could lead customers to better identify with the product among the prospective new customers and higher market penetration. The additional efforts needed with this strategy might lead to additional costs and a slower market entry. Both strategies are rarely applied in their pure form; instead, companies use a partial differentiation strategy, for example, by forming country clusters based on language, cultural similarities, or geography.

The 7 P marketing mix contains a set of seven instruments used in an intercultural marketing approach. These include product, price, place, promotion, packaging, Positioning, and people, all subject to cultural influences. Significant influencing factors are, for example, language, consumer behavior, income, media usage behavior, values, trade structures, logistics, emotions, and customer orientation.

Unit 7 – Intercultural Training

Study Goals

On completion of this unit, you will be able to …

* distinguish different intercultural competence and management concepts and their cognitive, behavioral, and affective subcomponents
* develop training concepts for different purposes, for example, in preparation of employees for assignments abroad or the integration of foreign employees into the local labor market
* select appropriate training methods based on the training goals, content, and cultural background of participants
* understand how to meet specific challenges of intercultural training
* determine the necessary knowledge, skills, and abilities of intercultural trainers for various training formats.

## Introduction

Over the past two decades, intercultural competence has become one of the core competencies in the workplace in many countries. This also led to an expansion of scientific discourse and research. The understanding of the ways that intercultural competence can be acquired has changed. Research has shown that training and international work experience can help develop competencies needed in intercultural settings (Barrett, 2012). Intercultural competence has also increasingly become the focus of multinational companies, not least due to high-profile failures such as the case of the failed Daimler-Chrysler merger.

Companies worldwide now see intercultural competence as a sensible investment in the context of their global activities. Whereas they were considered relevant for expatriates to be sent abroad in the past, companies now also see them as relevant to their management and culturally diverse teams. With that broader approach come new developments in the field of training in terms of goals, methods, and expected training outcomes.

## 7.1 Concepts of Cultural Competence in Education and Research

In the scientific fields of comparative and intercultural psychology, several concepts and methods have been developed to describe the individual competencies necessary to behave appropriately in intercultural interactions.

### General and interdisciplinary Concepts and Models

Researchers using a more general approach have defined intercultural competence (ICC) or similar constructs (e. g., cultural intelligence, cross-cultural competence) for all individuals who learn, work, communicate, negotiate, or simply interact in intercultural settings. Students, expatriates, migrants, and employees in international organizations and corporations need intercultural competence in their daily work and private lives.

Darla Deardorff defined intercultural competence as an ability that people show through effective and appropriate behavior in intercultural interactions. (Deardorff, 2006) To get to this point of competence, a learning process is necessary. Deardorff's (2006) process model (see below) starts with **attitudes** that set the stage for the learning process that follows. They include openness and curiosity towards new experiences and respect for other cultures. At that stage, everyone has a certain degree of tolerance towards ambiguities that will increase with training and intercultural experiences (Deardorff, 2012).

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| **Process Model of Intercultural Competence** |
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An increase in **knowledge and understanding** might include cultural theoretical knowledge as well as culture or country-specific knowledge. Training is only one method to acquire this. Others include frequent interactions with people from other countries, longer-term travels abroad, and all things learned via self-study, films, and literature. Everyone can use their own abilities in listening, observing, and interpreting for themselves to learn about other people's perspectives (Deardorff, 2012).

Over time those new experiences and insights will increase our knowledge and lead to various **internal outcomes**, such as changing our views, beliefs, and attitudes. It also makes us more flexible, and we learn to adapt more quickly to new cultural settings and people. People with extensive intercultural experience often also share a cultural relativistic view.

The expected **external outcome** is the intercultural competence that develops over time. The overall process does not end after a one-time training exercise but continues with the experiences through intercultural encounters or work experiences abroad or new facts and information learned in cognitive training.

A second well-known concept is that of **cultural intelligence (CQ).** It was developed by Ang and Van Dyne (2008), and it determines the intercultural effectiveness of individuals. Cultural intelligence is conceptualized as a multidimensional construct with metacognitive, cognitive, motivational, and behavioral CQ dimensions. Metacognitive CQ enables individuals to think beyond their own culture and adapt their behavior to other cultures. Cognitive CQ relates to the general cultural knowledge and the country-specific cultural knowledge that a person has acquired. A person's motivational CQ secures that persons direct their energy toward learning about other cultures and the fourth dimension of behavioral CQ encompasses their verbal, non-verbal, and speech act flexibilities (Van Dyne et al., 2012).

These intercultural competence and cultural intelligence models are only two of many for the same or similar psychological constructs, such as cultural competence, cross-cultural competence, global mindset, cultural literacy, and cultural intelligence. Leung and colleagues (2014) estimated that more than 300 different constructs define specific intercultural traits, attitudes, capabilities, and world views (2014, p. 490). They all describe the knowledge, skills, and abilities needed when interacting and communicating with people from other cultural backgrounds and the help to understand psychological aspects of behavior patterns and performance outcomes (Leung et al., 2014, p. 489)

One concept of particular interest in intercultural psychology and management is 'intercultural management competence.'

### Models of Intercultural Management Competence

We will look into two different models for intercultural management competence. Bolten (2007) draws our attention to the complexity of intercultural management with his process model: appropriate behavior in the field of intercultural management requires a variety of sub-competencies (e.g., self, social, professional, and management competencies) that are learned and developed over a long period in order to apply them in a variety of intercultural situations. Sheridan's model (2005) selects seven particularly relevant sub-competencies that team leaders and managers working and negotiating in intercultural work and business settings should have.

Bolten (2007, pp. 214-215) followed a holistic approach in his process model; he assumes that intercultural management competence includes social, personal, methodological, and professional competencies. For anyone attempting to develop their intercultural competence, it is essential to understand that all four dimensions need to be applied during different kinds of intercultural interactions in work or private settings; in fact, the synergetic interaction of all of them is needed for a team leader or a manager to function and react appropriately.

|  |  |
| --- | --- |
| **Process Model of Intercultural Management Competence** | |
|  | |
| **Self-competencies**  Understanding one's own culture  Open-mindedness toward new things  Willingness to learn  Tolerance of ambiguity  Flexibility  Adaptability  Change of perspective  Patience | **Social competencies**  Tolerance  Motivation  Ability to listen  Ability to work in a team  Communication skills  Willingness to build trust  Leadership skills |
| **Method competencies**  Strategy development  Team building and motivation  Problem-solving  Decision making  Change management  Negotiation and conflict resolution | **Professional competencies**  Knowledge of  (procurement, production,  sales, marketing, HRM)  Knowledge of the industrial sectors  Knowledge of own and foreign cultures' work attitudes  Sustainability  Ethics |

The area of self-competencies includes, first, some attitudes, such as open-mindedness, patience, and willingness to learn, which form the basis for other competencies. Others are developed through training, experience, and reflection over time, such as changing perspective and tolerance of ambiguity. The same could be applied to social competencies. Professional competencies are based on technical skills in the respective industrial sector applied to different cultures, and methodic competencies mainly relate to managerial aspects, from strategic abilities to problem-solving and decision-making skills in intercultural work settings.

Sheridan (2005) has developed a set of requirements for managers from a more situational approach. She developed her model for American managers and leaders that work internationally.

|  |
| --- |
| **The 7Cs of Intercultural Managers' Competencies** |
|  |
|  |

To better understand the seven sub-competencies, we will discuss them using the example of a negotiation situation in an intercultural setting. (Sheridan, 2005)

* **Capability:** includes the intercultural knowledge and skills that managers should have in all corporate areas and on different organizational levels, e.g., intercultural marketing, intercultural human resource management, and financial management.
* **Care:** is especially relevant in negotiations where managers should keep the interests of value creation for all stakeholders in mind and consider cultural aspects such as the hierarchy within the opposite negotiation team or a high value placed on family in some cultures.
* **Connection:** to connect with people from other cultures, appropriate communication is among, respect for culture-specific rules of business etiquette, knowledge of different communication styles, and negotiation skills are key competencies.
* **Consciousness:** This relates to the necessary self-awareness regarding one's own culture, assumptions, attitudes, and 'cultural bias,' e.g., knowing one's own preferences regarding leadership style or work processes.
* **Context:** Every intercultural situation has a particular context. To adopt a perspective and approach appropriate to the situation without (pre)judgment, and instead with an understanding that respects differences (e.g., different time perspectives)
* **Contrasts:** Knowledge of cultural differences in leadership styles, work attitudes, employee motivation, negotiation techniques, and differences in how meetings are structured.
* **Cultural Immersion**: relates to previous life and work experiences in different cultures, for example, during previous assignments abroad. Such assignments increase knowledge about different cultures and increase one's own ambiguity tolerance.

### Self-Check Questions

1. **In her process model for intercultural competence, Deardorff (2006) describes four possible outcomes. Which of the following does not belong to those?**
   1. Attitudes: those include openness and curiosity towards new experiences and respect for other cultures
   2. Internal outcomes: these include changing views, beliefs, and attitudes.
   3. Knowledge and understanding: individuals increase their country-specific knowledge or cultural theoretical knowledge while building cultural competence.
   4. Motivations: the acquired skills increase the motivation to interact appropriately with people from other cultures.
2. **The 7 C Modell from Sheridan includes seven abilities. Which of the following sets is the correct one?**
   1. Capability, care, connection, consciousness, content, context, cultural immersion
   2. Capability, care, communication skills, consciousness, content, contrasts, cultural immersion
   3. Capability, care, connection, consciousness, context, contrasts, cultural immersion
   4. Capability, care, connection, consciousness, content, contrasts, cultural adaptation

## 7.2 Developing Intercultural Competencies

Intercultural competence (Deardorff, 2006) and similar constructs like cultural intelligence (Van Dyne et al., 2012) are multidimensional sets of knowledge, skills, attitudes, and abilities. Combined, those enable individuals to interact effectively with people from different cultures. Intercultural competencies can be assessed at any time using a variety of instruments and are changeable, which implies that it is possible to develop and improve them. There are different ways to do that, ranging from training measures over different ways of self-study to more extended stays abroad to experience other cultures during studies, in the work environment, and in daily life. In the following, some of these are examined in more detail.

### Design of Intercultural Training Measures

One possibility to enhance one's intercultural competence is a variety of training measures such as workshops, lectures, seminars, or coaching sessions. Based on their contents, intercultural training can be divided into:

* Cross-cultural training with cultural-theoretical contents
* Culture-specific training with target-cultural content and
* Culture interactionist training with intercultural contents.

Cross-cultural training focuses on cultural concepts, theories, and models such as cultural dimensions, value systems, and different communication styles. Typically, these training measures do not focus on one culture; instead, they are used as introductions and provide knowledge about basic instruments for analyzing, describing, and comparing different country-specific cultures.

Country-specific training focuses on a specific culture. Participants learn about cultural specifics in everyday life and work settings through workshops or coaching sessions. Topics might include business etiquette, communication styles (direct/indirect), ways to build trust, monochronic/polychronic time perspectives, work attitudes, leadership styles, and other work-related topics in one specific culture. This type of training is often used for employees or managers selected for long-term assignments as expatriates in other cultures. Students planning study time abroad or emigrants might also benefit from this type of training.

Intercultural training focuses specifically on interactions between individuals and groups of different cultural origins. Therefore, they are targeted at multicultural teams and their management in organizations, institutions, and companies. Their goal is to increase participants' awareness of culturally diverse teams' dynamics, risks, and possible opportunities. Additionally, they might focus on topics of cooperation with international business partners.

Since we understand culture as the entirety of a cultural group's common ways of thinking, behavioral patterns, and feelings, intercultural training activities must enhance participants' cognitive, affective and behavioral skills. Whenever such training is needed for managers, employees, or entire working teams, organizers typically follow a multistep process, which includes: If, for example, a person is assigned to work as an expatriate in another country for one year, the person in charge of the preparation process will: 1) Define the specific tasks in the target culture (country). 2) Conduct an assessment of the person's intercultural (management) competence. 3) Based on the assessment, define what kind of intercultural knowledge, skills, and abilities the future expatriate has to enhance. 4) Develop a suitable training plan.

To enhance participants' ability to interact with individuals from another culture, companies must ensure that the content of the training measures covers cognitive, behavioral, and affective aspects and weigh them appropriately (Barmeyer et al., 2021). The content must always be aimed at solving the defined initial problem. The table below summarizes possible goals that could be defined and show what training methods might be used to achieve those.

|  |  |  |  |
| --- | --- | --- | --- |
| Goals, Methods, and Expected Outcomes of Intercultural Competence Training | | | |
|  | | | |
|  | **Goals** | **Methods** | **Expected**  **Training Outcome** |
| Cognitive | * Acquiring theoretical knowledge about cultures | * Presentations * Case studies * Reports * Country assessments * Documentaries and films | Participants enhanced   * their knowledge of cultural theories * culture-specific knowledge * their attribution abilities |
| Behavioral | * Developing skills to act appropriately in intercultural contexts | * Roleplays * Interactive communication exercises * Interaction in multicultural groups | * Participants developed their abilities to act and interact with individuals from other cultures appropriately |
| Affective | * Development of positive attitudes towards other cultures * Reduction of Anxiety and stress | * Critical incidents * Simulations of intercultural situations * Exercises to increase self-awareness | * Participants increased their awareness of their values, attitudes, and beliefs and those of other cultures * Participants understand other cultural perspectives |

How intercultural workshops, seminars, or coaching sessions are implemented depends on the culture they take place in. Teaching methods, training contents, learning habits of students, employees, or managers, and listening habits are strongly culturally bound. Many of these cultural preferences were shaped by the respective school education systems that the participants have gone through in their respective cultures (Matsumoto & Juang 2017). In some cultures (e.g., USA), the focus is on praise for doing the right thing; in other cultures (e.g., Japan) on criticism for mistakes (cf. Matsumoto/Juang 2016, p. 78).

Bolten (2016) distinguishes three basic teaching methods depending on their degree of trainer versus learner centeredness and knowledge versus application-based approach:

* **Distributive methods:** The training content here is passed on (distributed) by the trainer, usually as knowledge about facts, data, or descriptions of cultural characteristics and particularities. These methods are often used during workshops as lecture segments, presentations, or readings of texts. Also, group discussions and reflections about culture-specific topics and case study analyses are part of such formats (Bolten, 2016, p. 85). Distributive methods are trainer-centered and are often found in cross-cultural training and culture-specific coaching regarding opportunities and risks of intercultural cooperation.
* **Interactive methods**: These methods require the active engagement of attendees and often involve trainee-trainee and group interactions. It is used in intercultural workshops, and the specific exercises include simulations, critical incidents, planning games, practical research, or role-plays. Especially simulations and critical incidents are suitable for learning how to deal with ambiguous situations, uncertainties, and implausibility in other cultures (Bolten, 2016). They simulate the experience of personal interaction in a different culture with rules that one is unaware of. Therefore, they can help us understand and reflect on one's own behavior in such situations (Barmeyer, 2021, p. 185).

**Critical incidents:** Critical incidents are short descriptions of intercultural interactions in which a misunderstanding, a conflict or a difficult situation occurred due to the different cultural backgrounds of the participants.

* **Collaborative methods**: The training content here is primarily developed by the participants themselves and follows the approach of 'learning with practice.' The trainer acts more as a coach and moderator. Participants might be assigned to work together on multicultural projects, in which they have to share their knowledge on work-related topics (Bolten, 2016). Alternatively, they might be assigned to country-specific tasks such as preparing a country profile or a sector-specific country assessment. Collaborative methods help to develop practical intercultural methods and management competencies.

When selecting methods for workshops, it is crucial to consider the expected outcomes for the participants, their cultural backgrounds, and the learning content.

**Challenges:** As previously stated are, culturally diverse groups more challenging for the trainer when selecting suitable teaching methods. Some might prefer distributive methods; for others, interactive methods are preferred. Also, the content might require specific methods and exercises (e.g., practicing changes of perspective, working on a multicultural project, communicating with a person that uses a different communication style than one's own). The following table (Lewis, 2018) compares audiences' expectations from different countries when attending business presentations.

|  |  |  |  |
| --- | --- | --- | --- |
| Expectations of Presentations in Business Situations of Selected Audiences | | | |
|  | | | |
| Sweden | **Germany** | **Japan** | **Mediterranean Region** |
| * Quality * Design * Modernity * Technical details * Delivery dates | * Company solidity * Product quality * Context * Printed materials * Technical Info * Delivery dates * Good price * No jokes | * Good price * USP * Synergy with company's image * Quiet presentation, often with diagrams * Harmony * Politeness * Formality | * Personal touch * Rhetorical eloquence * Liveliness of presentation * May ask questions * May wish to continue the conversation later |

As the table shows do, these expectations differ to a great extent. Whereas the Swedish and German audience focuses mainly on data related to product and company, do those from the Mediterranean region expect a more personal approach, a lively presentation, and a presenter who has good rhetorical abilities. Japanese audiences might prefer a quiet presentation and, as it is custom in their culture, care about harmony and a friendly atmosphere during the meeting.

Similar differences can be found in audiences’ expectations from different cultures when workshops are conducted. Therefore, it is essential to familiarize participants with the methods they might not be accustomed to step by step in such situations. The trainer has to be aware that trainees come with certain expectations. In heterogeneous groups, it is therefore recommended to:

* Address those different expectations in the introductory phase, explain the methods for the respective training, and negotiate to find consensus on the use of specific methods (e.g., some participants might not be comfortable with role plays).
* Remain methodologically flexible to adapt to other methods if necessary. Some simulation exercises can cause stress and are not suitable for all groups.

Trainers must make the training interesting, engaging, and enjoyable to all participants and secure that participants are not over-or under-challenged.

**Trainer-participant relationship:** Also, in this regard, cultural differences exist. In cultures with higher power distance, the trainers are considered persons of respect and act accordingly, whereas where power distance is low, they might instead act as moderators. This trainer–trainee relationship is especially relevant regarding the applied feedback techniques; here, the cultural background of the trainees is of relevance again.

Finally, the question arises, who qualifies as an intercultural trainer?

**Recommended Qualifications of intercultural trainers:** The job title "intercultural trainer" is in many countries not protected. This means that training is often carried out by people who have "been abroad" but do not have the necessary knowledge of cultural theory, didactics, or the necessary international management experience. This can lead to a limited approach when selecting suitable training formats and methods.

Experienced intercultural trainers use a wide range of methods and are able to conduct workshops as well as coaching sessions and mediation in case of intercultural conflicts. When companies decide to hire intercultural trainers, they ought to make sure that those trainers have all necessary qualifications and fulfill all needed requirements, including:

* + Comprehensive knowledge of didactics and culture-specific didactics,
  + Working and living experience abroad for an extended period,
  + In-depth knowledge of cultural theories and of specific cultures,
  + Knowledge of one or even more foreign languages,
  + Certification as an intercultural trainer or equivalent qualification,
  + Experience with virtual training and other online formats - if required,

Intercultural trainer is a profession that - like any other - has to be learned in theory and practice. The completion of this course provides the tools and methods to plan intercultural training plans for different target groups.

### Alternative Methods to Develop Intercultural competence

When it comes to enhancing our own abilities to interact appropriately in intercultural situations, several personal factors, contextual factors, and experiences are also relevant.

**Personal characteristics and attitudes as antecedents:** Caligiuri and her colleagues (2000) showed that openness, extraversion, and optimism were correlated with higher levels of intercultural competence. Gelfand, Erez, and Aycran (2007) showed that openness to experience and conscientiousness were correlated with intercultural effectiveness. Similar results were found in studies examining the relation between cultural intelligence and these personality traits (Ang et al., 2006).

Correlations were also found between intercultural competence and a more global and international perspective, as well as with lower levels of ethnocentrism (Caligiuri et al., 2000).

**Foreign languages and intercultural effectiveness:** Languages are of relevance on several levels. Showing interest in the language of any new culture that we might encounter is part of one's effort and motivation, demonstrating appreciation towards this culture and its people. This can be shown by learning basic words and phrases, for example, to greet someone, thank another person or apologize to a colleague. Brislin and Yoshida (1994) suggest that learning a hundred phrases will help build initial relationships because people appreciate the effort made and will thereby contribute to a positive experience in another culture.

A positive effect on a person's intercultural effectiveness can also be achieved by reaching proficiency in one or more foreign languages (Olson & Kroeger, 2001). It helps us better understand any given cultural context because language and culture are interdependent and evolved together. We find clues in communication interactions about social relationships, how people interact with each other, or levels of formality or informality (Chiu, 2011. One example of this is in the German (and French) language, the informal 'du' (French: 'tu') or the formal 'Sie' (French: 'Vous') in work settings, which can indicate the relation between the interlocutors.

**Effects of long-term stays abroad:** Education or work-related long-term stays abroad on intercultural effectiveness has been researched by many. The results have shown that it contributes to different subdimensions of intercultural competence. Activities abroad might include attending foreign universities, working in international organizations or corporations, and spending an extended period abroad for non-work-related reasons. In a study conducted with senior managers, Caligiuri and Santo (2000) showed that long-term assignments in another culture help develop the knowledge dimension and increase managers' sensitivity towards their competencies. After their assignments: "They know what they do not know" (Calgiuri & Santo, 2000, p. 27). A recent study conducted by Genkova and Kruse (2020) confirmed that extended stays for studying purposes positively affect cultural intelligence and other capabilities. Students that spend one semester or more at a foreign university showed higher levels of cultural intelligence. Once they were employed, they showed higher resilience, better problem-solving skills, and maintained a higher emotional distance from their work (Genkova & Kruse, p. 86).

### Self-Check Questions

1. **When looking at their degree of trainer versus learner-centeredness and knowledge versus application-based approach, which type of teaching method is not one of three introduced for intercultural training when looking at their degree of trainer versus learner-centeredness and knowledge versus application-based approach?** 
   1. Collaborative methods
   2. Affective methods
   3. Interactive methods
   4. Distributive methods
2. **When recruiting intercultural trainers, companies should make sure that they …**
   1. Have comprehensive knowledge of didactics and culture-specific didactics.
   2. Have worked and lived abroad for an extended period.
   3. Have developed their specific training course for intercultural competence.
   4. Have been certified as an intercultural trainer.

### Summary

Intercultural competence and management competence can be developed and improved through different activities and training measures. Bolten's process-oriented model defines four sub-dimensions of intercultural management competence: self-competencies, social competencies, professional competencies, and methodological competencies.

One way to develop effective intercultural behavior is through intercultural training. In order to determine the goals, contents, and methods of intercultural training, the business problem must be clearly identified, the prospective trainee's abilities assessed, and a specific training plan developed.

A distinction according to training contents can be made between cultural-theoretical, target-cultural, and intercultural training contents. Intercultural training and coaching can target cognitive, behavioral, and affective competencies. Depending on the training contents and the cultural background of the trainer and trainees, distributive, interactive, and collaborative methods might be used. In culturally diverse groups of participants, the methods should be discussed with the participants. Trainers must have sufficient qualifications and experience in the areas of culture and didactics.

The personality traits of openness to experience and conscientiousness are correlated with effective intercultural behavior. Intercultural competence can be developed through training and long-term stays abroad for study or work purposes.

1. The fertility rate is calculated as births per woman over the course of her life time. A fertility rate of two and more leads to a population increase, any rate under two leads to a decrease. [↑](#footnote-ref-1)
2. Torres Strait Islanders are indigenous people that come from the Torres Strait Islands, which is an island group that belongs to state of Queensland, Australia. [↑](#footnote-ref-2)