

CHAPTER 7 CULTURE: NATIONAL AND ORGANIZATIONAL**OBJECTIVES**

This chapter deals with a very popular yet difficult and complicated subject, national and organizational culture. The overriding objective of the chapter is to show that nations and organizations both provide a cultural context that contributes to the stability of member behavior patterns within them.

An objective of this chapter is to present the Hofstede Model of culture that provides a multi-dimensional view of national culture. This model of national culture can be linked to the concept of organizational culture that often reflects the culture of the host nation.

Another goal is to show the multilevel model of organizational culture. We seek to show how this is related to various manifestations of organization culture. We also discuss a model in which the concept of modal personality of the dominant coalition is related to different types of organization culture. Finally, we apply the model of organization culture to different issues such as mergers, the implementation of organization development efforts, the issue of subcultures in organizations, and the problems that occur when environmental changes require a modification of internal cultural values.

KEY POINTS

There are several key points in this chapter. One is that the central idea of conceiving organization culture in terms of the modal personality is based on the work of Hofstede. The Hofstede model has been moved to this chapter in this edition and provides a focal point for discussing many of the global/international issues of management that have been woven throughout the text. It is important that students understand the influences of national culture on organizational characteristics.

A second important point is the multi-layered aspect of culture as it develops from the modal personality of the dominant coalition. Students will be interested to see how the top management group protects its position through the development of both social and technical processes, procedures and practices that affect the form of the ultimate product or service. This discussion is related to the discussion of maintenance of organizationally based power presented in a later chapter.

A third key point is the specific types of organizational cultures that are discussed. Often, students will recognize the descriptions of the different neurotic cultures in this chapter as characteristic of places in which they have worked. The manifestations of culture are interesting for the students. They will understand how socialization practices, organizational design, and many rituals in organizations have the effect of influencing members to act in organizationally appropriate ways.

Finally, the issues of implementing or dealing with culture in new or complex organizational situations are considered. Implementing culture in new organizations or dealing with culture when there is change in the organization is an important topic for students to consider.

TOPICAL OUTLINE

Culture

The Hofstede Model of National Culture

Table 7.1: Clusters of nations grouped by culture

Organizational Consequences of National Cultural Differences

Managerial Philosophy and Culture

Organizational Design

Table 7.2: Organizational characteristics and cultural values in various countries

Organizational Consequences of National Cultural Differences

Leadership and Managerial Style

The Effects on Motivational Strategies

Communications

Organizational Culture

A Multi-level Model of Organizational Culture

Basic Values of the Dominant Coalition

Manifestations of Organizational Culture

Modes of implementation

The Model Personality of Top Management and types of Organizational Cultures

Neurotic cultures

Charismatic cultures

Paranoid culture

Depressive Culture

Bureaucratic Culture

Politicized Cultures

Organizational Subcultures

Hierarchical subcultures

Occupational / Task Subcultures

Organizational Culture – Some Special Cases

Implementing a culture in a new organization

Mergers and Acquisitions

Changes in the Environment

Changing the Existing Culture

Changing the CIO

Summary

KEY CONCEPTS

Acquisition
Avoidant culture
Bureaucratic culture
Ceremony
Charismatic culture / charismatic organization
Compulsive managers
Country clusters
Cultural metaphors
Culture
Degradation rites
Depressive personality / culture
Detached personality / culture
Dominant coalition
Dramatic managers
Enhancement rites
Expressive meanings
Hierarchical subculture
Hofstede model of culture
Ideology
Individualism-collectivism
Instrumental meanings
Integration rites
Language
Long-term vs. short-term patterns of thought
Masculinity-femininity
Merger
Modal organizational personality / national character
Myth
Neurotic organization / culture
Occupational/task subcultures
Organizational culture
Organizational status distinctions
Organizational subcultures
Paranoid culture
Pluralism
Politicized culture
Power distance
Renewal rites
Rites
Rites of passage
Selection strategies
Separation rites

Socialization strategies

Symbols

Uncertainty avoidance

EXERCISES

A. Exercise: The Analysis of Neurotic Organizational Cultures

This exercise is designed to give you some insight into the dominant orientation of an organization's culture and whether it may be extreme, in the sense we discuss in this chapter.

First, decide on a focal organization - a specific organization that you know well. It could be one where you work presently, one where you have worked in the past, or an organization with which a close friend or relative is associated.

Then, using the seven-point scale, indicate the degree to which you think each characteristic listed describes the organization as you know it. If the characteristic describes the organization exactly, circle 7. If the characteristic is not very descriptive of the organization circle the 1.

	Not at all descriptive of my organization			Exactly descriptive of my organization			
Charismatic Cultures							
The top management is the center of attention.	1	2	3	4	5	6	7
When the top manager is happy everyone is happy.	1	2	3	4	5	6	7
Top management operates on instinctive reactions.	1	2	3	4	5	6	7
Paranoid Cultures							
It is hard to get information about what is going on.	1	2	3	4	5	6	7
We are very concerned that competitors will gain an advantage over us.	1	2	3	4	5	6	7
You cannot trust many people in this firm.	1	2	3	4	5	6	7
Avoidant Cultures							
Rules are very important.	1	2	3	4	5	6	7
Managers usually delay decisions.	1	2	3	4	5	6	7
We are in a good market position and should not risk it much.	1	2	3	4	5	6	7
Politicized Cultures							
Machiavelli would do well here.	1	2	3	4	5	6	7
Managers are very selfish.	1	2	3	4	5	6	7
Power struggles are normal events in firm.	1	2	3	4	5	6	7
Bureaucratic Cultures							
The basic rule is to follow the rules.	1	2	3	4	5	6	7

The position is more important than the person in it.	1	2	3	4	5	6	7
There are detailed procedures and plans for almost almost everything to be done in the firm.	1	2	3	4	5	6	7

Now, total the score for each type of cultural category and enter the scores on the appropriate line of the Culture Profile Analysis form below. Connect the points, then examine the set of scores.

Cultural Profile Analysis

	Low						High
Charismatic	3	6	9	12	15	18	21
Paranoid	3	6	9	12	15	18	21
Avoidant	3	6	9	12	15	18	21
Politicized	3	6	9	12	15	18	21
Bureaucratic	3	6	9	12	15	18	21

Are any of the culture scores extremely different from others?

What are some other characteristics of the firm you can describe that have not been discussed in the text or on this scale?

What kind of employees are in the firm? What kind of managers?

CULTURAL STEREOTYPES EXERCISE

Break the class into groups of five students. Tell them that they are to develop behavioral, attitudinal and motivational descriptions of managers from the following countries:

- Israel
- Norway
- England
- Italy
- The People's Republic of China

First, allow each student about 7-10 minutes to select one of the countries and, individually, prepare his or her description of one of the managerial stereotypes.

Second, the group should discuss the different stereotypes and, as the members think necessary, modify them so that a group description is developed for each of the country managers. This should require about 15 minutes.

Third, when this is finished, have each group present all five of its stereotypes to the whole class and then discuss the differences between the descriptions of the managerial stereotypes provided by various groups.

B. Cultural Stereotypes Of Ethical Behaviors Exercise

Have all the students complete the following questionnaire for homework and then bring it to class. Make a frequency distribution of the results on the board. Do this after collecting the questionnaires or by asking the students for scores for each question. If you prefer to use managers from countries other than Germany and Japan, simply indicate this to the students and allow them to modify the questionnaires manually. Discuss the results in terms of stereotypes of other cultures that students have.

Ethical Behavior Scale: Please rate the behavior of the managers described in the following ethical incidents or dilemmas on a 1 to 10 scale from highly unethical (1) to highly ethical behavior (10) as you believe the typical manager in your nation would rate this behavior. Next, do the same as, in your opinion, a German manager and a Japanese manager would rate such behavior.

1. Manager A was having a working lunch one day with two higher level managers from other organizational units while his boss was away. They were having a beer and a pleasant lunch in the restaurant when Manager A was told by the other managers that they were out to get his boss in the future (try to ruin his career). They were doing this because of the way Manager A's boss had treated them at an earlier time. Manager A was then confronted with an ethical dilemma when his boss returned. Should he tell him what the other managers said in a situation that implied confidence, or should he not? He decided to tell his boss.

How would the typical manager in your country rate the ethical behavior of Manager A in your opinion? A German manager? A Japanese manager?

2. Manager B worked in a company making pesticides. One day he was called into his boss's office and told in confidence that recent studies had shown this pesticide to have a possible link to cancer and its use would probably be banned in the domestic country. However, the boss said that the product could be marketed in less developed countries and Manager B should work up a marketing plan to sell this product in various other less developed nations. Manager B then complied with this request.

How would the typical manager in your country rate the ethical behavior of Manager B in your opinion? A German manager? A Japanese manager?

3. Manager C works for a manufacturing company. One day he was asked to reduce his budget by a certain amount. He decided to do this by laying off several employees. Previously he had told these employees that they would always have jobs so long as they performed well. At this time, there are no other available jobs paying the same amount in the community.

How would the typical manager in your country rate the ethical behavior of Manager C in your opinion? A German manager? A Japanese manager?

4. Manager D works in a company that produces a food product which is popular around the world. Recently manger D was told that a certain bloc of nations, which had a disagreement with another nation (Z), had formed a boycott against nation Z. They would not accept any product from a company that sold goods in nation Z. Manager D decided to close up operations in nation Z so his company would not lose business in the other countries.

How would the typical manager in your country rate the ethical behavior of Manager D in your opinion? A German manager? A Japanese manager?

5. Manager E works in company that makes a sophisticated piece of equipment needed by large construction companies. This machinery generally works very well and is quite popular. However, Manager E has discovered that the machinery can suffer serious breakdowns in cold weather. Recently a large construction company in a rather cold country has submitted a large purchase order for this equipment. Manager E is confronted with the ethical dilemma of whether to tell the company of his findings about the effects of cold weather on the usefulness of this equipment. Since his company needs the business rather badly at the present time, Manager E decides not to say anything about the cold weather problem with this equipment.

How would the typical manager in your country rate the ethical behavior of Manager E in your opinion? A German manager? Japanese manager?

6. Manager F works in a company which does a lot of work for the government by bidding on contracts. It has been very successful in winning such contracts in recent years. Manager F recently discovers that his boss has been giving a government contracts administrator some very large gifts. He decides that he should report his boss to the president of the company and proceeds to do so.

How would the typical manager in your country rate the ethical behavior of Manager F in your opinion? German manager? A Japanese manager?

7. Manager G is the president of a small company which has decided to produce a particular consumer appliance to fill out its current product line of consumer appliances. Since the company has not made such an appliance before, Manager G purchases different models of this appliance in stores and by mail catalogs. Then he has his subordinate managers pick the one they think will be best for Manager G's company to produce. They choose one, break it down into its component parts, and obtain subcontractors for the components they do not wish to make themselves. Then they start producing and selling this product without paying any fee to the very large foreign company who designed it.

How would the typical manager in your country rate the ethical behavior of Manager G in your opinion? A German manager? A Japanese manager?

8. Manager H is told by a secretary in his department that another manager in the department has repeatedly asked her to participate in sexual activities with him. Although he has not threatened her in any way for not complying with these activities, nor promised any rewards for compliance, his activities have become bothersome to her. She is afraid to complain to higher authorities about this problem. Manager H decides to confront this manager himself, and to warn him to stop this activity or he will report him to higher authorities. He then does this.

How would the typical manager in your country rate the ethical behavior of Manager H in your opinion? A German manager? A Japanese manager?

9. Manager I is director of the personnel/human resources unit in a large company. He was visited by his brother-in-law one day and asked about the possibility of Manager I's company hiring his daughter (Manager I's niece). The young woman had just graduated from college with a degree in art history. She did not perform badly on tests and the interview, but she did not do as well as some other candidates. The company had never before hired anybody with such a background for a management trainee position. Manager I hired his niece. No one in the HRM unit knew about her relationship to Manager I since her last name was different than his.

How would the typical manager in your country rate the ethical behavior of Manager I in your opinion? A German manager? A Japanese manager?

10. Manager J is visiting one of his company's suppliers and having lunch with the president. During the meal, the president of the supplier mentions that his company has recently made a discovery. Because of this discovery, stock in the supplier's company is likely to rise quite rapidly in the future. This information will be made known to the general public in a few weeks. The president gives Manager J the unmistakable impression that he would like Manager J to buy some of the company's stock, not only for himself but secretly for the president as well. Manager J buys the stock, and a few weeks later, the stock increases considerably in price. At that time Manager J sells it.

How would the typical manager in your country rate the ethical behavior of Manager J in your opinion? A German manager? Japanese manager?

11. Manager K works in a company that is negotiating a five-year licensing arrangement with a small foreign company (Company X). Company X has just invented a new product that Manager K's company wants. The negotiation was very protracted and had gone on for several months. Then Manager K, a member of his company's negotiating team, was asked directly by a representative of the smaller foreign firm if Manager K's company intended to copy the new technology and then compete with Company X in the future in that business. Manager K answered no, even though he knew his company intended to do that very thing.

How would the typical manager in your country rate the ethical behavior of Manager K in your opinion? A German manager? A Japanese manager?

12. Manager L signed a five-year agreement with a supplier company (W) some three years ago. In this document, the companies had agreed to certain prices and delivery times. Now the economic situation has changed. Manager L tells the supplier company that the prices and delivery times must be changed, because of the changing circumstances, even though only three years have passed.

How would the typical manager in your country rate the ethical behavior of Manager L in your opinion? A German manager? A Japanese manager?

Your home country is?

Your gender? _____ Age?

C. Organizational Cultures Exercise

An effective way to demonstrate differences in organizational cultures is to have the students discuss the differences in the culture of this class compared to other classes. They could begin by listing courses they are taking or have completed which are in the same area (for example, introductory management, human resource management, psychology, sociology) and some which are in different fields (accounting, finance, economics, mathematics as examples). You can then ask:

1. What are the similarities and differences between this class and others, beyond the subject matter?
2. Are there different behaviors (asking questions, levels of participation, etc.) and different attitudes (willingness to participate, acceptance of different ideas, etc.) between the classes?
3. What do you think causes these differences?

D. Discussion About Manifestations Of Organizational Cultures

A short exercise to focus on the manifestations of organizational cultures is to discuss student experiences in which they themselves have been exposed to these factors. Ask:

1. Many of you belong to clubs, student groups, fraternities, or sororities. What are some specific symbols, language, or rites of one of these groups that you can share with the class?
2. Can anyone describe the initiation rite in one of these organizations? What are the implications of this activity?

3. Specific languages, or a jargon unique to an organization, is one manifestation of organizational culture. Are there any examples that one of you can share with the class?

STUDY QUESTIONS

1. Some say that one's own culture is invisible to those who are in it. Do you believe that statement is true? Take a position on this issue and provide arguments for it.

Many students will take exception to this statement. They might say, for example, that it is obvious to them that the U.S. culture does place a very high value on individualism and competition as compared to other cultures. Not only does this appear to be true from what they observe directly, but some will say that there is frequent discussion of the U.S. culture in the country's newspapers, magazines, and other media that reveals much to them. Some students will say it is the culture of other countries that is invisible rather than their own. However, the instructor can certainly point out many examples where U.S. culture is very different than other cultures in ways that are not at all obvious to the students. For example, personal space requirements: Americans need more space than in many other countries. The discussion is likely to end up with how some aspects of one's own culture are obvious but others are not until the characteristics of other cultures become known.

2. How has globalization impacted the educational experiences you have had recently? What changes do you see occurring in the curriculum, student body, and other factors related to the educational process?

Students are likely to say that globalization impacts the content of books and the courses that they take. They can see that their curriculum has a number of international courses, the books have many examples from other countries, and there may be a number of foreign students in their classes. Of course, students do not have the long experience in teaching the same course that their instructors have, and so they may fail to recognize the really significant changes in course content over the past decade (unless the instructor points this out to them).

3. Think about some foreign students you have met or observed recently. What differences in their behaviors or thought patterns did you notice that vary from most individuals in your own nationality group? What underlying cultural differences may be reflected in these behaviors or thought patterns?

In answering this question, most U.S. students would probably feel that foreign students are much more quiet in class than U.S. students and seem to stick together to a significant degree. Many non-Asian students believe that the Asian students especially are very studious, put in long hours at their studies, and tend not to be very concerned with leisure time activities such as parties and sports events. U.S. students may be unable to identify significant cultural difference because they have not had opportunities to observe their fellow foreign students in sufficient depth.

4. Consider the possibility of being sent to an overseas post for three years. What types and amount of training would you like to receive before moving overseas?

Most students will probably say that they would like to receive training in the cultural customs of the nation so that they will not do things that might embarrass themselves or the organization they represent. In addition they are likely to say that spouse training and language training would be useful as well. They may also express specific needs for information on everyday living, such as currency matters, housing, schools, transportation, taxes and vacationing.

5. Of the several countries mentioned in this chapter along with some of their characteristics, which sounds to you like it would be the easiest for you to live in while conducting business for an American company? Give reasons for your choice.

Most students will probably say that the easiest country in which to live while conducting business for an American company would be one that speaks their own language. As a result, most students will suggest England or another English speaking country. Students are most likely to choose European countries rather than Asian countries as the next easiest to live in. This choice is based on cultural similarity, a factor to consider along with language in judging how difficult it will be to adjust to another country. Some students may have a fascination for a particular foreign country or region which is quite divergent from the American culture. They might consider it the opportunity to work in such a place to be the chance of a lifetime. Thus, despite the language and/or cultural differences, they would be highly motivated to overcome the challenges and accept such an assignment.

6. Discuss the relationship between the culture of a society and organization's culture.

The culture of any specific organization will be affected by broad social factors. For example, broad external influences exist over which the organization may have no control. Historical events which have shaped the society, the geography of the region in which the society is located, and the climate will have an effect on those who live in it.

The dominant beliefs and values of the broader society, such as beliefs about individual freedom, orientation toward authority, and the role of work will reflect the modal personality of the society. These broad social values define the level of acceptability of specific organization cultures. Thus, we must think of the broad social context as the frame within which the organization culture will develop.

7. How does the history of an organization affect its culture? Does it make a difference whether the organization is large or small?

The history of an organization is crucial because it is during its early period that the values of the dominant coalition begin to affect the organization's culture. When these values become

embedded into the fabric of the organization, they are difficult to change, particularly if the organization is located in a stable environment and there is no real threat to its survival.

The size of the organization, from the perspective of the development of culture, in the early periods is also important. There are choices to be made about organization design, selection, and primary and secondary strategies of the organization. Once these are made, the culture begins to take on relative permanence and becomes more resistant to change.

8. What is the advantage of thinking of organization culture as a multi-level concept?

Conceptualizing organization culture as a multi-level or multi-dimensional concept is useful for a number of different reasons. First it suggests importance of congruence or consistency between the different aspects of culture, which is necessary for a strong organization culture. This idea of congruency may be useful in understanding when organization cultures are weak or when they are fragmented.

Second, understanding culture as a multi-dimensional concept makes one aware of the difficulties of changing it. Changing organization culture requires a great deal of effort directed at modifying each level or dimension and ensuring that there is a consistency between the desired states.

Third, this concept is useful in the analysis process and deciding where to focus any efforts to change organization culture. For example, modifying the modes of implementation may require nothing more than a simple analysis of work, an assessment of the environment, or the evaluation of internal organizational operating systems. However, attempting to change the basic values of the dominant coalition may require a strategy which is much more profound and extensive. Such strategies may require modifications of fundamental beliefs and values.

9. What is meant by the organization culture profile? What are some dimensions that have been found to be useful representations of such a profile?

The specific values which form the basis for the organization culture represent its cultural profile. These tend to be broad and general criteria for judging the correctness of actions, ideas, and attitudes of members. The particulars may vary. Among the values discussed in the text are (1) innovation and risk taking, (2) stability and security, (3) respect for people, (4) outcome orientation, (5) team orientation and collaboration, and (6) aggressiveness and competition. It is obvious that organizations may differ on these characteristics.

10. What are the concepts modal personality and dominant coalition? How do they relate to organization culture?

Hofstede developed the concept of modal personality. He argues that individuals in societies are socialized to accommodate to them. This suggests that there are some dominant personality

orientations within a culture. The modal personality refers to the degree of homogeneity and strength of these dominant orientations within a culture. The modal organizational personality is the degree of homogeneity and strength of a particular personality orientation in an organization. It results from several factors. First, individuals develop values in the culture to accommodate to the organizations in the society. Second, selection processes within organizations screen out those who do not fit and organization socialization changes those who join, so some level of personality homogeneity develops. Third, the rewards in organizations selectively reinforce some behaviors and attitudes and not others. Fourth, promotion decisions usually take into account both performance and personality.

The dominant coalition in an organization is the group which wields the most control and power. Usually they are at the highest levels of the organization, though the dominant coalition may not include everyone at those levels. The values which reflect the modal personality of the dominant coalition will drive the organization culture. The primary strategy of the dominant coalition will be to protect these values. Thus, the instrumental and expressive strategies which are part of the organization culture will reflect the modal personality of the dominant coalition.

11. What is the reason for studying neurotic organization cultures? Do you think most organizations have these extreme types of culture?

The point we have tried to stress in the text is that, like individual neuroses, neurotic organizational cultures probably exist in relatively large numbers. By understanding the extreme types, it is also possible to understand the more healthy types.

Another important matter is how cultures develop. Healthy cultures develop in the same way as the neurotic ones. They just do not go past the point where the values, beliefs, attitudes, rituals, and so forth are so extreme.

12. What are the consequences of organization culture? How do these make the culture resistant to change?

The consequences of organization culture are the following: (1) organization design; (2) selection and socialization strategies; (3) class distinctions; (4) ideologies; (5) myths and symbols; and (6) language, and (7) rites and ceremonials.

These make the culture resistant to change because they act as reinforcements of the culture itself. In other words, they carry messages about values, beliefs, and appropriate behaviors. They serve to structure the behavior of members and extract some levels of compliance, if at no other level than the members participate in them. Further, they serve as vehicles through which rewards and sanctions are distributed.

Anyone wishing to change a culture must understand the importance of these factors to the members of the organization, particularly those in the dominant coalition. In addition, these

sometimes become so ingrained in an organization that they may be very difficult to change. Certain of these factors have not changed over time as the culture has presumably been changing, and vestiges of the old values remain in place and may resurface in the future.

DIVERSITY, ETHICAL AND GLOBAL ISSUES**Diversity Issues:
Corporate culture and incorporating older workers**

Already people over the age of 55 account for 20% of the U.S. population, and this figure will increase in the next several years. One thing that this means is that there will be more older workers in firms, if for no other reason than the percentage of younger workers will be decreasing. Many companies, such as McDonald's, Home Shopping Network, AT&T, and Texas Refinery Corporations have already begun to take advantage of this trend and have successfully incorporated senior employees into their work force. Unlike firms in which there are social and organizational barriers to employ people, from these groups, these firms have made a serious attempt to create an organizational culture that values seniors and makes them productive employees. So, what are the characteristics of such a supportive culture.

It is necessary that others in the organization understand the economic contribution of senior employees. For example, mature workers (a group ranging in age from 50 to 60 stay on the job for an average of 15 years, they have better attendance than other age groups, they have lower accident rates, and the costs of employment (including health care costs) compare favorably with other groups. Mature workers are, generally, highly trainable and can accommodate to many different kinds of work.

In some instances, it may be necessary to modify the work to accommodate to some physical limitations of the older worker. In one hospital, for instance, a nurse's aide is enlisted to help move a patient or change bedsheets for a mature individual who has trouble with those strenuous activities.

Senior friendly policies that permit, for example, flexible and part-time work, should be developed. It is important to maintain pay equity between senior workers and younger workers so that you do not have a second class subgroup of workers. It may be necessary to work with younger managers to ensure that they understand that senior workers are likely to have different work values because they were socialized in a different way. For instance, older workers may have different views on authority, on the value of participative decision making, and on the meaning and importance of work in one's life. Another example is that older adults generally place a high importance on work, seeing it as a responsibility, an important part of their life while many younger adults may tend to see work as a means to an end.

While this kind of senior friendly culture exists in few companies today, it is likely to increase, because it will have to as senior workers become a more important part of the work force and firms will have to employ them if they are to meet customer demand.

Source: Adapted from (Solomon, 1995)

A Question of Ethics: Different Cultures, Different Ethics

Ethical issues in business are complicated enough when they arise within a culture. They can become very complicated when they cross cultural boundaries. For example, both legal and cultural constraints govern the employment contract in any particular country. However, there are situations in which the dominant values of the national culture in which the headquarters of a multinational firm is located affect how it operates in other countries where cultural values are very different. This is what happened to, among others, two multinational firms, Nike and Mattel.

Mattel is a toy company and Nike is a sporting goods company and both have production facilities in foreign countries, particularly Asia. Even though most of these production operations are sub-contractors and operate within legal and ethical standards in their own country, the practices in these firms have come under severe criticism within the United States because they do not meet U.S standards.

Critics said that Nike not only used child labor but also paid workers in China and Vietnam \$1.60 a day and workers in Indonesia less than \$1.00 a day when a wage of at least \$3.00 a day is necessary to meet a minimum standard of living. Under this heavy criticism, Nike changed its child labor policies, but critics argue that its pay policies are still a problem.

Mattel, after coming under severe pressure for wage practices and the use of child labor, established a code of ethics for its manufacturing contractors around the world that banned child labor and set a minimum wage standard. The company also terminated relationships with production sub-contractors in Indonesia for being unwilling to confirm the age of its employees and in China for refusing to meet safety standards.

These problems arise for the simple reason that the concept of what are thought to be proper wages and working conditions often vary from country to country. What is seen as right in one culture can be a problem when viewed from outside. This creates difficulties when there are pressures on the top management to apply these different standards, especially when the economic justification for using these foreign suppliers is the low cost of production. There is a serious conflict between the bottom line and what is right, however that is culturally defined [McCall, 1998].

Global Focus: Cultural Values in China

Cultural values are an important aspect of doing business internationally. US Businesses have often found that a lack of understanding of the culture of the host country can have significant impacts on the success of the international enterprise. Any attempt at understanding cross-

cultural management strategies should be based on structured beliefs, existing worldviews and social relationships. A case in point is the growing international market in China. The Chinese cultural system is influenced by many cultural traits including:

Confucianism includes a focus on the relationship between man and man, defined by 5 virtues:

1. Humanity/benevolence (ren)
2. Righteousness (yi)
3. Propriety (li)
4. Wisdom (zhi)
5. Trustworthiness (xin)

A second focus includes the hierarchical relationships that are considered natural. Ruler and ruled; husband and wife; elder brother and younger brother; friend and friend (considered equal). These relationships provides the basis for Chinese organizational bureaucracy and the related values of respect for seniority, the role of rituals, ceremonies, as well as business relationships.

Familyism is the basic unit of society where people play out their Confucian roles. The importance of the family unity expands to the employer-employee relationship and is considered familyism. There is a close relationship between work and family activities and employees are provided house, medical care, and education.

In China, group orientation means that the individual exists for the benefit of the group. Identities are formed with reference to others around them. Members accept group goals in exchange for the care of the group. It is suggested that the Chinese social needs are more important than individual needs, perhaps in contrast to US Culture.

In the Chinese ideal of life, the emphasis is in enjoyment of the simple life measured by the value of family life and social relationships. The ideals emphasize naturalness and simplicity and leads to attitudes that are carefree, self-satisfied and unhurried.

The character in society refers to the “maturity” of the state of mind. This is developed through self-awareness and relationships with others.

The Chinese ideal of life and related modes of thinking have heavily influenced the direction of business practices. US firms interested in international operations in China should gain a proper understanding of the Chinese culture based on such mechanisms. These firms must try to maintain an open-mind on the variety of management and negotiation styles.

Source: Adapted from Xing (1995) by Elizabeth Campanelli-Johnson

CASE: THE GRADUATE SCHOOL OF BUSINESS ADMINISTRATION**Case:****The Graduate School of Business Administration**

Garden City University is located in a large Southeastern city. For many years it has been an important educational institution for the metropolitan area because it provided an excellent undergraduate education for good students who were not able to go to the main state university at College City, about 200 miles away. Garden City has a wide range of programs located in the various colleges.

The College of Business Administration at Garden City has been, predominantly, an undergraduate program. Students who graduated with a bachelor's degree were well trained and most of them found jobs in business firms in Garden City. The College of Business had five departments: economics, finance, marketing, management, and accounting. Each department had 20 faculty members, except economics, which had 30. There was a chairperson for each department who reported to the dean, Delbert Andrews.

The College of Business had only a small MBA program, mainly because the faculty were kept very busy teaching the undergraduate program. As in most MBA programs, the students took courses in marketing, finance, management, and so forth. Most of the teaching in the MBA program was done by only eight professors. They had been teaching the graduate courses for two reasons. First, they had more interest in doing so than other faculty members, and, second, they were very good and very experienced at teaching.

Two years ago, a group from the most influential local business firms in town visited the president of Garden City University and proposed that the MBA program be made larger in order to service their needs for qualified graduate students. These business leaders felt that because Garden City was doing so well in teaching undergraduates, the school would do equally well in training MBAs. They also agreed to support the program through financial contributions and by using the MBA as an element in their management development activities.

After meeting with the group, the president of the university told Dean Andrews about the proposal. Andrews knew very quickly that to increase the MBA program would require 20, not 8, faculty members. He told this to the president and asked if he would be able to have the additional faculty positions. Because funds were tight, the president refused, but did make one important concession. He allowed the College of Business to restrict undergraduate enrollment and free the professors to teach in the graduate program. The president thought that this was justified because, he believed, that the support of the business community is especially crucial to raising funds for the whole university.

Now that the new MBA program is two years old, there are some problems. There have been many student complaints that the courses are not well integrated and that the professors who

teach are not very effective in the classroom. The uproar has been so critical that a group of the original business executives who supported the program came to Dean Andrews to let him know that they could not continue to support the new program unless some changes were made. One of these executives asked Andrews, "Why do you assign such poor teachers to this program? Don't you know how important it is for the both of us-and for the university?" Andrews replied to the question: "Actually I don't make classroom assignments. That is the role of each department chairperson. The dean's office sends each department a list of courses that must be taught each term, and then the chairperson schedules the time and the instructor for each class. I have told each chairperson about the importance of this program. They know what it means to us, but sometimes it is tough to get the right teachers at the right time."

The executives were surprised. They didn't believe that the dean would delegate such crucial decisions to subordinates without some very clear policy and guidance.

1. Why do you think the MBA program has problems?
2. What approach would it take for solving this problem?
3. What are the problems with the organizational structure of the College of Business that relate to this problem with the MBA program?
4. Do you think the organization culture of the university differs from that of most business firms? How would that explain the problems in this case?

Case Discussion: The Graduate School Of Business Administration

1. Why do you think the MBA program has problems?

The problems arise because there is great variability in teaching capabilities and because there are different objectives for each of the groups interested in the MBA program.

2. What approach would it take to solve this problem?

(a.) Get better faculty. This, of course, is a difficult way to solve the problem because it is expensive. In addition, there is likely to be much variation in the quality of classroom performance.

(b.) Use common course outlines. Here you have the problem of forcing a professor who has strengths in one area to teach in different areas. This could lead to less effective teaching, but certainly more even coverage.

3. What are the organizational structure problems?

In setting up departments, the faculty will be more oriented toward the subject matter of the department and less so toward the specific programs. Therefore, its loyalties will be to content areas, not programs. It will be difficult to get them involved in a college-wide program that does not have some identity.

One way to approach this problem is to create a matrix organization, with an MBA director through whom program activities will be coordinated. The director then can negotiate with the relevant department chairpersons to get the best professors in the program.

But what does that do? Put all the bad teachers in the undergraduate program? Is that a good solution?

4. Do you think the organizational culture of the university differs from that of most business firms? How would that explain the problems in this case?

The university culture will differ because of the type of work that is done, the people who work there, and the nature of authority relationships. First, the work provides professors with a great deal of discretion on how they teach classes, the books they use, and often even the times that they teach. This degree of freedom does not exist in many other types of organizations.

Second, the kind of people who choose academic careers are very often interested in working alone in their teaching and research. They have to invest a great deal in their own careers and are likely to have a professional, and not an organizationalist, orientation. Usually at higher levels of firms, the managers tend to be organizationalists. This should lead to strong effects on the different cultures.

Third, there are very different authority structures in universities and business firms. Usually the business firm is more directive and hierarchical while universities tend to be more participative in decision making.

These factors are useful in understanding the problems in the case because they help explain the different values and frames of reference held by managers and university people.