

SUSTAINABLE ENTREPRENEURSHIP PROJECT

Organizational Culture: A Global Survey of Theory and Research

**SUSTAINABLE ENTREPRENEURSHIP PROJECT
RESEARCH PAPER SERIES**

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Organizational Culture: A Global Survey of Theory and Research

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About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) engages in and promotes research, education and training activities relating to entrepreneurial ventures launched with the aspiration to create sustainable enterprises that achieve significant growth in scale and value creation through the development of innovative products or services which form the basis for a successful international business. In furtherance of its mission the Project is involved in the preparation and distribution of Libraries of Resources for Sustainable Entrepreneurs covering Entrepreneurship, Leadership, Management, Organizational Design, Organizational Culture, Strategic Planning, Governance, Corporate Social Responsibility, Compliance and Risk Management, Finance, Human Resources, Product Development and Commercialization, Technology Management, Globalization, and Managing Growth and Change.

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**Organizational Culture:
A Library of Resources for Sustainable Entrepreneurs
Contents**

PART I ORGANIZATIONAL CULTURE

Preface

Chapter 1 Introduction to Organizational Culture

Chapter 2 Definitions and Models of Organizational Culture

Chapter 3 Significance of Organizational Culture

Chapter 4 Elements of Organizational Culture

Chapter 5 Determinants of Organizational Culture

Chapter 6 Dimensions of Organizational Culture

Chapter 7 Typologies of Organizational Culture

Chapter 8 Cross-Cultural Organizational Culture Research

Chapter 9 Managing Organizational Culture

Chapter 10 Organizational Culture and Sustainability

The Sustainable Entrepreneurship Project (www.seproject.org) also prepares and distributes other Libraries of Resources for Sustainable Entrepreneurs covering Entrepreneurship, Management, Organizational Design, Organizational Culture, Strategic Planning, Governance, Corporate Social Responsibility, Compliance and Risk Management, Finance, Human Resources, Product Development and Commercialization, Technology Management, Globalization, and Managing Growth and Change.

§1:1 Introduction

In addition to their formal organizational structure and the rules and standard operating procedures used to support and operate the structure, organizations also rely heavily on their organizational culture as an important tool in controlling and coordinating the activities of their members (e.g., executive, managers and employees), formulating communications among those members, and providing incentives and reasons for them to act in ways that the leaders of the organization considers to be necessary in order to achieve and sustain organizational effectiveness and comply with the requirements and expectations of the organization's external environment.¹

A number of definitions of organizational culture have been offered; however, if managers and employees are consulted they may simply respond that culture is “how we do things around here”. There is obviously truth to such a statement but it would be a mistake to ignore the breadth and scope of the issues that are influenced by an organization's cultural norms and values—how activities within the organization are carried out, how members communicate with one another, who is accepted into the organization and who is ostracized, and what is the organization's overall morale. The culture of a particular organization is created and maintained by its members, particularly the founders and senior managers, based on a variety of influencing factors—both external and internal—and they are also the ones who can change and transform the culture when they are convinced that such actions are necessary in light of the then-current environment that the organization is facing.

Organizational culture should not be underestimated and, in fact, in most cases it is a more influential force than any other set of internal laws—rules and procedures—applicable to the members of the organization. Research has indicated that the culture of an organization has a strong influence on how the organization tackles problems and questions, sets strategy and creates the structures that determine the work activities and relationships of organizational members and also on how members behave when carrying out their organizational activities. There is also evidence that organizational culture plays a big part in defining the competitive position of the organization in its environment and the way in which the organization is perceived by external stakeholders. Organizational culture is an important determinant of the level of risk-taking that a firm is willing to tolerate, and organizational culture can itself become a core competency for an organization and can be used to distinguish it from competitors in the minds of customers and prospective members.

There is no single culture that is universally appropriate for all organizations and there is clearly substantial diversity with respect to the dominant cultural attributes among successful and effective organizations. Cross-cultural organizational culture research—comparing and contrasting organizational cultures in different countries—is a challenging, and some might argue “dubious”—undertaking and lags behind the amount

¹ For further discussion of organizational culture, see “Organizational Culture: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

of interest that has been shown in measuring and comparing societal cultures. If one accepts that, to a certain extent, organizational culture is reflected in the management practices and process of a firm, cross-national comparisons of organizational culture can rightly draw on the substantial body of evidence that indicates that people from different countries have different and unique preferences with regard to how their workplaces are managed and that characteristics of organizational culture that may be successful in one country may be ineffective, and often outright dysfunctional, in other countries.² In general, however, the words of Dickson et al. should be heeded when attempting to directly compare organizational culture dimension scores for organizations from different societal culture: “[w]e have identified several major roadblocks . . . [to such comparisons] . . . including the problem of the comparator, culture-based response biases, the problem of level of societal agreement on related dimensions, and scale equivalence in items”.³

Sagiv and Schwartz argued that since organizational culture is strongly influenced by the surrounding societal or national culture it was possible to identify differences in organizational behavior among organizations in different countries by looking at the characteristics of the societal culture in which those organizations were “nested”.⁴ They believed that a strong influence of societal culture on organizational culture was inevitable given that organizations operate under societal pressures and thus are driven to comply with the norms and values of their societies in order to be accepted as members of that society and survive financially and otherwise. Sagiv and Schwartz provided illustrations of how organizations in different countries might address environmental issues and treat their employees based on the societal culture in those countries. For example, they speculated that organizations in Western Europe would place higher emphasis on egalitarianism versus hierarchy in comparison to organizations in Eastern Europe since the societal culture in Western European was egalitarian and the societal culture in Eastern Europe was hierarchical. As a result, it might be expected that Western European organizations would provide more rights and benefits to their employees in comparison to Eastern European organizations. They also believed that “[n]ational cultures, through their influence on organizational cultures and practices”, are also likely

² K. Haddad, C. Chow, G. Gordon, R. Hwang and A. Wu, Cross-National Differences in Corporate Cultures and the Culture-Performance Relationship: a Two-Country Comparison, *International Journal of Business*, 4(2) (1999), 81-112, 83 (citing, e.g., N. Adler, R. Doktor and R. Redding, “From the Atlantic to the Pacific Century: Cross-cultural Management Reviewed,” *Yearly Review of Management of the Journal of Management*, 12, (Summer 1986), 295-318; C. Bartlett and S. Ghoshal, *Managing Across Borders: The Transnational Solution* (Cambridge, MA: Harvard Business School Press, 1989); J. Child, “Contingency and Capitalism in the Cross-national Study of Organizations” in L. Cummings and B. Staw (eds.), *Research in Organizational Behavior*, 3 (1981), 303-356; G. Hofstede, “Cultural Dimensions in Management and Planning” *Asia Pacific Journal of Management*, January 1984, 81-99; G. Hofstede, *Cultures and Organizations: Software of the Mind* (New York: McGraw-Hill, 1981); J. Lincoln and A. Kalleberg, *Culture, Control, and Commitment* (Cambridge, UK: Cambridge University Press, 1990); and R. Steers, “Organizational Science in a Global Environment” in C. Osigweh (Ed.), *Organizational Science Abroad* (New York: Plenum Press, 1989), 293-326)).

³ M. Dickson, R. Aditya and J. Chhokar, “Definition and Interpretation in Cross-Cultural Organizational Research: Some Pointers from the GLOBE Research Program” in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), *Handbook of Organizational Culture & Climate* (Thousand Oaks, CA: Sage Publications, Inc., 2000), 447-464, 459 (for discussion of each of the references problems see 456-459).

⁴ L. Sagiv and S. Schwartz, “Cultural values in organisations: Insights for Europe”, *European Journal of International Management*, 1 (2007), 176-190, 180.

to influence levels of role stress experienced by managers in organizations; and managers' choices in various organizational dilemmas, such as whether to adopt an integrating rather than analyzing orientation and how to resolve conflicting commitments to the organization and friends.⁵

Ekmekci et al. explored the relationship between societal and organizational culture from a slightly different perspective by relying on the construct of “organizational identity”.⁶ Organizational identity has been referred to as the set of organizational characteristics that are most “core, enduring and distinctive”⁷ and Whetten defined it as including those claims of the organization that are “the central and enduring attributes of an organization, those that distinguish it from other organizations”.⁸ Noting that there had been “little theoretical or empirical work investigating the relationship of societal culture and organizational identity”, Ekmekci et al. proposed a “theoretical framework, exploring how the local societal cultures in which regional offices [of global organizations] are located—as defined by the relative strengths and weaknesses of the GLOBE study— influence the way the employees of a global organization perceive their organizational identity”.⁹ The framework consisted of a series of propositions for each of the nine cultural dimensions of the GLOBE studies which are summarized in Table 1.1.¹⁰

Table 1.1 Societal Culture and Organizational Identity	
Societal Culture Dimension	Organizational Identity Attributes
<i>Higher degree of . . .</i>	<i>leads to more identity attributes associated with . . .</i>
Performance Orientation	Competing, Scoring, Winning, Evaluating, Achieving, Comparing, Distinguishing, Elevating
Uncertainty Avoidance	Categorizing, Regulating, Controlling,

⁵ L. Sagiv and S. Schwartz, “A New Look at National Culture: Illustrative Applications to Role Stress and Managerial Behavior” in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), *Handbook of Organizational Culture & Climate* (Thousand Oaks, CA: Sage Publications, Inc., 2000), 417-435. Role stress includes role conflict, ambiguity and overload and the analyzing/integrating dilemma arises from the choice between focusing on task-orientation (i.e., efficiency is paramount and people are hired specifically to perform defined tasks) or people-orientation (i.e., social relations, rather than formalized task assignments, are most important to proper functioning within the organization). Id. at 425-429.

⁶ O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, “Re-examining the influence of societal culture on organizational identity” *Journal of International Business and Culture Studies*, (7) (2012).

⁷ S. Albert and D. Whetten, “Organizational identity” in L. Cummings and B. Straw (Eds.), *Research in organizational behavior* (Greenwich, CT: JAI Press, 1985), 263-295.

⁸ D. Whetten, “Albert and Whetten revisited: Strengthening the concept of organizational identity”, *Journal of Management Inquiry*, 15 (2006), 219-234, 220.

⁹ O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, “Re-examining the influence of societal culture on organizational identity” *Journal of International Business and Culture Studies*, (7) (2012), 6.

¹⁰ Id. at 8. The dimensions of societal and organizational culture used in the GLOBE study are discussed in the Part on “Cross-Cultural Studies” in “Globalization: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

	Governing, Directing, Planning, Structuring, Communicating
Humane Orientation	Caring, Empathizing, Supporting, Including, Protecting, Fostering, Nurturing, Loving, Comforting
Institutional Collectivism	Collaborating, Team-building, Uniting, Institutionalizing, Bonding, Ritualizing, Consolidating, Building, Tradition
In-group Collectivism	Developing Fraternalism, Creating Sense of Belonging, Building Family, Establishing Roots
Assertiveness	Pressing, Leading, Trailblazing, Exploring, Challenging, Dominating, Commanding
Gender Egalitarianism	Establishing Paternalism, Emphasizing Masculinity, Conveying Toughness, Demonstrating Ruggedness
Future Orientation	Being Patient, Demonstrating Discipline, Saving, Planning for Contingency, Leaving Legacy
Power Distance	Attaining Power, Gaining Status, Establishing Superiority, Possessing Authority, Creating Distinction
<p>Source: O. Ekmekci, A. Casey, K. Rosenbusch, C. Cataldo and L. Byington, “Re-examining the influence of societal culture on organizational identity” <i>Journal of International Business and Culture Studies</i>, (7) (2012), 15 (Table 1).</p>	

If the propositions in their model were proven to be accurate, one would expect to find significant differences in the perceived organizational identities among regional offices of global organizations operating all around the world, an issue that certainly would create challenges for executives and senior managers in the headquarters offices seeking to find the appropriate balance between “global” and “local” when making decisions about organizational structure, formalization, rewards and motivational strategies and methods for communication and collaboration among regional offices. Unfortunately, Ekmekci et al. did not offer empirical evidence to assess their framework, although they did provide a series of suggestions on how the investigation process might be conducted.

Hofstede wrote extensively on what he projected to be the links between his national/societal cultural dimensions and management practices within organizations in various countries. Since many of these so-called “management practices” are often used by researchers as indicators of elements of organizational culture, the summary of Hofstede’s views in Table 1.2 relating to the “consequences for the workplace of differences in national cultures” that is of interest in this entire discussion:

Table 1.2
Hofstede’s Links Between Societal Culture and Management Practices

Small Power Distance Societies Hierarchy means an inequality of roles, established for convenience; subordinates expect to be consulted; ideal boss is resourceful democrat	Large Power Distance Societies Hierarchy means an existential inequality; subordinates expect to be told what to do; ideal boss is benevolent autocrat (good father)
Collectivist Societies Value standards differ for in-group and out-groups: particularism; other people seen as members of their groups; relationship prevails over task; moral model of employer-employee relationship	Individualist Societies Same value standards apply to all: universalism; other people seen as potential resources; task prevails over relationship; calculative model of employer-employee relationship
Feminine Societies Assertiveness ridiculed; undersell yourself; stress on life quality; intuition	Masculine Societies Assertiveness appreciated; oversell yourself; stress on careers; decisiveness
Weak Uncertainty Avoidance Societies Dislike of rules—written and unwritten; less formalization and standardization; tolerance of deviant persons and ideas	Strong Uncertainty Avoidance Societies Emotional need for rules—written and unwritten; more formalization and standardization; intolerance of deviant persons and ideas
Source: G. Hofstede and M. Peterson, Culture: National Values and Organizational Practices in N. Ashkanasy, C. Wilderom and M. Peterson (Eds.), Handbook of Organizational Culture and Climate 401, 407 (2000).	

Studies of organizational cultures in developing countries generally confirm the predicted positive relationship between societal culture and organizational culture. For example, a number of developing countries are large power distance, collectivist societies and researchers have found that in these countries the typical and expected characteristics of organizational culture include hierarchical organizational structure, subordinate submission to authority and directions from the top of the hierarchy, benevolent autocracy from the founder/owner of the firm and greater emphasis on relationships than tasks; however, it should not be forgotten that societal culture is just one of many possible influences on organizational culture.

§1:2 United States: Organizational culture in Silicon Valley

As substantial amounts of economic power and media attention have shifted from Wall Street and manufacturing industries to technology-based companies organizational culture in Silicon Valley has become a popular topic. An interesting study of organizational culture among early-stage technology companies in the Silicon Valley was undertaken by the Stanford Project on Emerging Companies (“SPEC”).¹¹ Based on extensive interviews of the founders and, where applicable, non-founder CEOs of the companies in their study group the researchers identified what they considered to be three crucial dimensions that could be used to categorize how companies created a blueprint for creating and maintaining a relationship with their employees that fostered reliability and accountability. Two of these dimensions—the organizational structure, as determined by the means selected to attempt to coordinate and control employee

¹¹ The discussion below is based on J. Baron and M. Hannan, “Organizational Blueprints for Success in High-Tech Start-Ups: Lessons from the Stanford Project on Emerging Companies”, California Management Review, 44(3) (Spring 2002), 8. See also the chapter on “Dimensions of Organizational Culture” in “Organizational Culture: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

activities, and the criterion used for selecting persons to join the workforce—are discussed in other publications available from the Sustainable Entrepreneurship Project.¹² The third dimension was described as “attachment” and referred to the basis for the bond, or relationship, formed between a company and its employees.

The SPEC researchers described three different bases for attachment: love, work and money. Founders and CEOs wishing to rely on “love” did so by attempting to create and maintain a feeling of community and “family” within the workplace and thus forge strong emotional bonds within the workforce that would motivate employees and make them want to remain with the company. On the other hand, when attachment was based on “work” the focus was on appealing to the desire of knowledge workers to be part of an organization that provided opportunities for interesting and challenging work on cutting-edge technologies and for personal and professional development. In this type of environment, the primary loyalty of employees was to a specific project as opposed to the company, a supervisor or other co-workers. Finally, companies where the attachment was based on “money” tended to be those where both sides looked at the employment relationship simply as an exchange of labor-for-money without the additional emotional connection and/or intellectual challenge associated with the other forms of attachment.¹³

After the SPEC had researchers identified the methods of coordination and control, the criterion for selection and the strategies for attachment present within the companies in the study group they moved on to study the relationships among the three dimensions in order to construct various alternative models for employment relations, a strong proxy for organizational culture. Based on how the choices made by the various companies were clustered the researchers came up with five basic models of employment relations: engineering (challenging work, peer group control, and selection based on the ability to perform specific tasks), star (challenging work, professional control and selection based on long-term potential), commitment (love, peer group control and selected based on cultural fit), bureaucracy (challenging work, formalized control, and selection based on the ability to perform specific tasks) and autocracy (exchange of labor for money, control through personal oversight, and selection based on the ability to perform specific tasks).¹⁴

Not surprisingly, the “engineering” model, which was characterized by challenging work, peer group control, and selection based on the ability to perform specific tasks and thus conformed closely to the standard descriptions of the basic Silicon Valley model, was the most common model among the SPEC study group. Companies formed on the “engineering” evidenced a strong commitment to the project-at-hand, if not the company itself as was the case with the “commitment” model. Employees were attracted to these

¹² See “Organizational Design: A Library of Resources for Sustainable Entrepreneurs” and “Human Resources: A Library of Resources for Sustainable Entrepreneurs”, both of which are prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

¹³ J. Baron and M. Hannan, “Organizational Blueprints for Success in High-Tech Start-Ups: Lessons from the Stanford Project on Emerging Companies”, *California Management Review*, 44(3) (Spring 2002), 8, 10.

¹⁴ *Id.* at 11-12 (Spring 2002). For further discussion of each of the “blueprints” see also J. Baron and M. Hannan, *Entrepreneurship: Lessons from the Stanford Project on Emerging Companies* (September 2003), 6-7.

types of companies by the need to work on closely-knit teams dedicated to resolution of difficult and challenging problems. Employees were performance driven and achievement-oriented and able and willing to work on interdisciplinary teams that were formed for a particular project and then disbanded when work on the project was completed. These companies tended to have a high level of customer focus when selecting their projects. Accordingly, as customer preferences changed the selection criterion for employees had to be modified also in order to ensure that the available personnel were qualified for the current tasks.¹⁵

While the professional background of the founders of the companies in the SPEC study group did not appear to have a consistent correlation with the employment models that they chose there did appear to be, as discussed elsewhere in this chapter, a link between the organizational blueprint selected and the founder's initial business strategy (e.g., companies that selected a "radical innovation" strategy tended to select either the 'star' or "engineering" models). The SPEC researchers claimed that the results of their study provided evidence that the choices made by the founders with respect to the initial employment blueprint did have a strong impact on the evolution of the company and that attempts to significantly alter the blueprint as the company mature would likely have a substantial destabilizing effect. A little over half of the companies in the SPEC study group made no changes in their organizational blueprint as they evolved while another 30% changed on just one dimension, usually to control coordination. About 15% of the companies attempted to change from one of the pure model types to another, although almost three-quarters of these changes were between the closely related "engineering" and "bureaucracy" models.¹⁶

Companies that adopted the commitment model took on lower levels of administrative overhead as they developed and matured¹⁷; were more likely to go public, relative to comparable companies that selected different models; and were also the least likely to "fail," which included declaring bankruptcy, being acquiring on unfavorable terms or simply shutting the doors and disappearing without a formal closure.¹⁸ Companies that selected the star model were least likely to go public; however, star model companies that did go public enjoyed the highest levels of stock market performance once the IPO was completed. Star model companies fared second best, behind the commitment model companies, in their ability to avoid failure. It should be noted that star model was very popular among, and tended to be limited to, companies engaged in medical technology and research, including biotechnology. Companies that selected the autocratic model were most likely to fail and if they were able to survive and complete an IPO they turned

¹⁵ J. Baron and M. Hannan, *Entrepreneurship: Lessons from the Stanford Project on Emerging Companies* (September 2003), 6.

¹⁶ *Id.* at 12-13.

¹⁷ J. Baron, M. Burton and M. Hannan, "Engineering Bureaucracy: The Genesis of Formal Policies, Positions, and Structures in High-Technology Firms", *Journal of Law, Economics, and Organization*, 15(1) (1999), 1, 41, as cited in J. Baron and M. Hannan, *Entrepreneurship: Lessons from the Stanford Project on Emerging Companies* (September 2003), 13.

¹⁸ M. Hannan, J. Baron, G. Hsu and O. Kocak, *Staying the Course: Early Organization Building and the Success of High-Technology Firms* (Unpublished Manuscript) (as cited in J. Baron and M. Hannan, *Entrepreneurship: Lessons from the Stanford Project on Emerging Companies* (September 2003), 14-15).

in the worst post-IPO stock market performance. The second worst performance came from those companies that had no clear model. It should be noted, however, that apart from the striking strengths of the commitment model with respect to completing an IPO and avoiding failure, the differences among the other models were not that significant.¹⁹ In general, the two most unattractive models for Silicon Valley-based companies were the “bureaucratic” and “autocratic” blueprints.

Perhaps the most popularized example of Silicon Valley organizational culture is the famous “HP Way” meticulously developed by Bill Hewlett and David Packard at Hewlett Packard. Saxenian noted that Hewlett and Packard strove to create and preserve “openness, intensity and sense of purpose” within the working life of their employees and followed a management style that was “characterized by a high degree of professional autonomy and generous employee benefits”.²⁰ Saxenian emphasized the crucial role that the personal involvement and engagement of the founders played in institutionalizing the HP organizational culture, noting that Hewlett and Packard were continuously immersed and engaged in the day-to-day operations of their company and always visible to employees through their practice of wandering around and initiating informal lunch and hallway conversations with employees at all levels within the organization. Saxenian also pointed out that there was no place in the HP Way for “most traditional corporate status symbols, including private offices, reserved parking spaces, and differentiated attire and office furniture” and that “[a]ll employees were eligible for the same profit sharing and stock options”. Saxenian argued that while many of these apparent innovations with respect to organizational culture were symbolic they nonetheless “contributed to a culture that was far more participatory than the traditional low-trust management of most American corporations [during the 1960s and 1970s]” and observed that various aspects of the HP Way could be found among many Silicon Valley firms by the end of the 1970s and that the HP Way became the measuring stick for organizational culture in the Valley in the decades that followed. In fact, the SPEC researchers commented that “[a]necdotally, the most well-known and celebrated example of the commitment model within Silicon Valley has been Hewlett Packard.”²¹

Writing in 1998, Trompenaars, who developed and popularized a well-known model of organizational culture that feature four distinguishable types of cultures, argued that, smaller companies from Silicon Valley could be identified as “archetypal incubators”.²²

¹⁹ J. Baron and M. Hannan, *Entrepreneurship: Lessons from the Stanford Project on Emerging Companies* (September 2003), 15.

²⁰ The discussion in this paragraph is adapted from A. Saxenian, *Lessons from Silicon Valley*, MIT Technology Review (1994).

²¹ J. Baron and M. Hannan, *Entrepreneurship: Lessons from the Stanford Project on Emerging Companies* (September 2003), 6-7. The dominant characteristics of the SPEC’s “commitment” model were emotional and familial links between the company and its employees (i.e., “love”), peer group control, and selection based on cultural fit. Baron and Hannan explained that it was common for the founders of companies based on the “commitment” model to speak of their personal involvement in the simplest aspects of the company and its relations with employees, including personal visits with employees on a regular basis and down-to-earth involvement in company events, and that for these founders the goal was to encourage lifetime employment and commitment to the company, its missions and the people who worked there. *Id.*

²² F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 182. For further discussion, see the chapter on “Typologies of

According to Trompenaars, the incubator type of organizational culture was “fulfillment-oriented” and associated with high scores for egalitarianism and person-orientation.²³ In contrast to other types of organizational cultures, incubators placed individual fulfillment before organizational goals and it was expected that the organization would “serve as incubators for self-expression and self-fulfillment”. Incubators have little formal structure or hierarchy in order to free members of the organization from routine; however, with freedom comes the expectation that members will use it “to confirm, criticize, develop, find resources for and help to complete the innovative product or service”. Incubators typically generate intense emotional commitments among their members; however, the emotional ties are not to other members, even though personal relationships are strong, but rather to nature of the work being carried out by the organization (i.e., saving lives, empowering people, “changing the world”, etc.). Trompenaars summed up the incubator well by observing: “Incubator cultures enjoy the process of creating and innovating. Because of close relationships, shared enthusiasms and superordinate goals, the incubator at its best can be ruthlessly honest, effective, nurturant, therapeutic and exciting, depending as it does on face-to-face relationships and working intimacies”. Interestingly, he also noted that incubators rarely survived the maturation of their products and the associated markets.

Beyond the studies mentioned above, organizational culture has been a popular topic for pundits of the Silicon Valley scene who have covered and described the wave of spectacularly successful companies that emerged after the “Dot-Com bubble” burst in 2001. For example, Thompson referred to Google as having a “culture of creativity” supported by perks that are intended to create and promote a “fun and creative atmosphere” and also noted that Google’s policies and decisions were driven by the company’s unofficial motto of “Don’t Be Evil”.²⁴ Facebook’s culture in its early years was described as “relaxed, unstructured and open” and created and nurtured specifically to “encourage collaboration, team-work and an informal atmosphere and communication”.²⁵

§1:3 United Kingdom

Trompenaars believed that “[o]rganizational culture is shaped not only by technologies and markets, but by the culture preferences of leaders and employees” and noted that local branches of international companies, while adopting the same logo and reporting procedures, are often “fundamentally different in the logic of their structure and the

Organizational Culture” in “Organizational Culture: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

²³ The descriptions and quotes in this paragraph are taken from F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed.) (1998), 179-181.

²⁴ S. Thompson, *Google's Business Leadership and Organizational Culture*. Thompson mentioned, for example, that Google employees “receive free food cooked by a company chef, are provided with bus rides to work and are allowed to travel through the building on scooters and bicycles” and that “[t]hey also have access to company daycare facilities, exercise gyms and other amenities”.

²⁵ D. Lehner, “Organizational Culture’s Role in Facebook’s Success” (October 26, 2010), <http://blogs.ubc.ca/daniellehner/2010/10/26/organizational-cultures-role-in-facebooks-success/>

meanings they bring to shared activity” as a result of the influence of local culture.²⁶ Working with his colleague, they built their own “database of corporate culture” based on responses received from 42 countries to questionnaires that “deal[t] with general concepts of egalitarianism versus hierarchy, degrees of formality, different forms of conflict resolution, learning and so on” and asked respondents to “choose between four possible descriptions of their company” that corresponded to the four types of organizational cultures in the model suggested by Trompenaars.²⁷ According to Trompenaars, the results indicated that the highest scores for guided missile cultures were found in the US and the UK.

The guided missile type of organizational culture was “project-oriented” and associated with high scores for egalitarianism and task-orientation.²⁸ Trompenaars commented that this type of organizational culture, so named because of its fit with the way things appeared to be done by National Aeronautics and Space Administration, was “rather like the Eiffel Tower in flight . . . [b]ut while the rationale of the Eiffel Tower culture is means, the guided missile has a rationale of ends”. Guided missile cultures are oriented toward tasks, which are typically undertaken by teams or project groups led by generalists who serve as coordinators²⁹; however, the jobs of team members, who are predominantly specialist experts in their fields, are not fixed in advance and it is expected that everyone will do “whatever it takes” in order to complete a task. In this type of culture there is often uncertainty about what will be needed to achieve the desired ends and it is expected that time will need to be spent in investigating and discovering solutions. Finding new and effective means to hit the target set at the beginning is valued but changing the target in the middle in response to new information is quite problematic. Loyalties to professions and projects are much stronger than loyalties to the organization in the guided missile culture, which is also quite individualistic, and turnover is high as specialists move in and out of the organization frequently as projects begin and end. Temporary residence in the organization means that intimacy is avoided in relationships. Trompenaars observed that “[m]anagement by objectives is the language spoken, and people are paid by performance”.

Among the seven driving values consistently reinforced as part of the organizational culture of ARM are delivery of results that benefit the company, teamwork and selflessness, constructive pro-activity, partner and customer focus, responsiveness, innovation and personal development.³⁰ The aspirational model of many Silicon Fen

²⁶ F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 161.

²⁷ *Id.* at 182. For further discussion, see the chapter on “Typologies of Organizational Culture” in “Organizational Culture: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

²⁸ The descriptions and quotes in this paragraph are taken from F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 177-179.

²⁹ Trompenaars and Hampden-Turner analogized the guided missile culture to a matrix organization in which specialist members of project teams had dual reporting responsibilities—functional and project-based—and commented that in this way the “guided missile culture is superimposed upon the Eiffel Tower organization to give it permanence and stability”.

³⁰ Silicon Fen and the 7 Driving Value of ARM, Target Jobs UK.

companies can be illustrated through the entertaining manual of organizational culture created and distributed by Red Gate, an award-winning Cambridge software company opened in 1999.³¹ The company's Book of Red Gate was first prepared to help new employees absorb some of the firm's organizational culture; however, over time it was distributed outside of the company and fell into the hands of customers and potential applicants for new positions at the company. The book includes multiple tenants of the company's organizational culture including mutual respect and responsibility between the company and its employees; employees should attempt to do the best work of their lives; motivation is not about "carrots and sticks", a reminder that the company seeks to avoid constant oversight and threats of punishment and provide people with the freedom to excel; "don't be an asshole"; the company's best work is done in teams; employees should focus on getting the right stuff done; visible mistakes are tolerated as a sign that the company is a healthy organization; no politics—everyone should be transparent in their dealings with others; do the right things for our customers; profits are only a way of keeping score, not the game itself; the company will succeed if it builds wonderful, useful products; decisions will be based on the available evidence; and contribution will be counted and recognized. Read together, these principles point to an organizational culture that is egalitarian, pragmatic, team-oriented and customer-focused and the book itself is laid out in a whimsical and humorous manner.

§1:4 Israel

In the years prior to and immediately following Israeli independence, Israel has a relatively homogeneous society due in large part to its geographical and political isolation. A very important element of cultural history for Israel is the prevalence of socialist communities called "kibbutz", which is a Hebrew word that translates to "communal settlement". While much has been written about the roles and activities of the kibbutz, Lund et al. provided the following concise summary: "The kibbutz is a unique rural community; a society dedicated to mutual aid and social justice; a socioeconomic system based on the principle of joint ownership of property, equality and operation of production, consumption and education; the fulfillment of the idea 'form each according to this ability, to each according to his needs'; a home for those who have chosen it."³² The kibbutz has existed for over eighty years and even though Israeli society has become more heterogeneous as the country has grown and immigration has brought peoples from different backgrounds to Israel, the principles described above continue to appear in many aspects of contemporary Israeli societal culture. However, the Israeli workplace has seen a significant transition away from the values associated

³¹ The discussion in this paragraph is based on *The Book of Red Gate* (2012), which is available for viewing online at the company's website.

³² J. Lund, J. Manion, I. Teller, T. Tran and A. Zak, *Israel: Country Briefing* (2004). Lund et al. also commented on the impact of elements of the Jewish value system that were important foundational principals for the formation of Israel, including "the idea that humans establish institutions and relationships on grounds of fundamental equality". These values were consistent with the collectivism embodied in the kibbutz system and ideology. Id. (citing D. Elazar, *Kinship and Consent: The Jewish Political Tradition and Its Contemporary Uses* (Ramat Gan, Philadelphia, London and Montreal: Turtledove, 1981).

with the kibbutz ideology and a decided shift from collectivism toward individualism and materialism.³³

Israel has a smaller power distance preference than the US and is stronger than the US with respect to uncertainty avoidance.³⁴ While the US is consistently ranked as the most individualist country in the world, Israel has been found to be 19th out of 49 countries with respect to collectivism.³⁵ Finally, the US and Israel are both near the midpoint of the masculine/feminine axis with the US being moderately more masculine than Israel.³⁶ The most striking observations with respect to the cultural scores of Israel, which has not been measured for long-term orientation, are the very small power distance and the relatively strong aversion to uncertainty. Orthodox Judaism calls for men and women to live separately lives and places women in an inferior position that excludes them from most of the important traditional religious activities; however, Israeli society as a whole is much more progressive on gender issues and men and women are typically afforded equal status on most legal and social measures. For those that actively practice their religion in Israel, Jews and non-Jews alike, rituals are quite important and daily life includes carving out time for prayer.

Understanding the personal background of others, including information regarding their family, is important among Israelis, and Israelis generally prefer to defer discussions of work until they know the other party a bit better and a sense of mutual trust has been established.³⁷ In general, Israelis are casual in their demeanor, although they do have a tendency to speak loudly and quickly, and Israeli social relationships lack a feeling of distance. Israelis are well known for being honest, direct and frank and for voicing their opinions in a straightforward manner. Public displays of affection, anger and other

³³ Israeli experts participating in a series of annual reviews for the global survey of entrepreneurship conducted by the Global Entrepreneurship Monitor (GEM) have also observed a steady and continuous shift from collectivism to individualism over the last few years and also pointed out that this has led to an increase in the inequality of income distribution that has been accompanied by a growing acceptance of the legitimacy for the inequality. See E. Menipaz, Y. Avrahami and M. Lerner, *Global Entrepreneurship Monitor (GEM): Israel National Entrepreneurship Report 2007* (Beersheba, Israel: Ben-Gurion University of the Negev, 2009), 71.

³⁴ It should be noted, however, that even though Israel was stronger than the US with respect to uncertainty avoidance, experts participating in a series of annual reviews for the global survey of entrepreneurship conducted by the Global Entrepreneurship Monitor (GEM) observed that Israeli culture encourages “risk-taking” by entrepreneurs. See E. Menipaz, Y. Avrahami and M. Lerner, *Global Entrepreneurship Monitor (GEM): Israel National Entrepreneurship Report 2007* (Beersheba, Israel: Ben-Gurion University of the Negev, 2009), 71.

³⁵ The tendency toward collectivism in Israel, which is gradually eroding for a variety of reasons, has been confirmed by several other studies. See, e.g., D. Birenbaum-Carmeli, “Between Individualism and Collectivism: The Case of a Middle Class Neighborhood in Israel”, *The International Journal of Sociology and Social Policy*, 21 (2001), 1-25; P. Early, “East Meets West Meets Mideast: Further Explorations of Collectivistic and Individualistic Work Groups”, *Academy of Management Journal*, 36 (1993), 319; S. Sagy, E. Orr and D. Bar-On, “Individualism and Collectivism in Israeli society: Comparing Religious and Secular High-School Students”, *Human Relations*, 52 (1999), 327.

³⁶ G. Hofstede, “Motivation, Leadership and Organization: Do American Theories Apply Abroad”, *Organization Dynamics*, 9 (1980), 42, 51-54.

³⁷ The discussion of Israel cultural characteristics in this section is adapted from Foreign Affairs and International Trade Canada: Centre for Intercultural Learning, *Cultural Information: Israel*; and from Culture Crossing: Israel.

emotions are commonplace and accepted as normal. The workplace environment is Israel in generally quite relaxed—casual attire is the norm throughout the organizational hierarchies—and interaction among colleagues has been described as “very straightforward, spontaneous, and almost family-like”.³⁸ The work ethic within Israeli organizations focuses keenly on making sure that everyone understands and accepts that they should be working together toward the good of the company and should be doing so in a pleasant environment that stresses teamwork.

Apart from Orthodox Judaism and its specific ideas regarding the role of women in the family, male-female relationships within the Jewish population of Israel are generally equal in most areas and women have achieved success in politics, the military and the workplace. However, progress has often been difficult for women, as women has tended to be viewed as not being as capable as men. As managers, women are slowly but surely being accorded the same level of respect as men and have generally been granted the same rights and authority as their male colleagues with respect to decision making; however, as is the case in the US and other more developed countries, one finds many instances of women being paid less than men with the same qualifications and skills. While Jews are the dominant religious group in Israel in terms of numbers, Christians and Muslims can also be found and, in general, the three groups work well together while typically preferring to maintain their own communities outside of the workplace. The Jewish community is not monolithic and the long-standing tensions between observant and secular Jews are well-documented. Within the Jewish community there is substantial ethnic diversity due to large number of countries from which immigrants to Israel have come over the last several decades and while this has created a society in which multiple languages are used within the same department at Israeli companies there is generally a feeling of respect and tolerance that spans ethnic backgrounds. Notice should be taken, however, that there has been a widening wealth gap in Israel and many people in the middle and lower classes in terms of income and economic resources are struggling while those at the top have been accumulating more wealth in relation to the rest of society. While the government has recognized the dangers of wealth inequality it has been hampered in its efforts to provide assistance given that substantial portions of the public budget are dedicated to maintaining and strengthening national security.

Antal et al. observed differences in the organizational cultures among 43 large Israeli companies in their study of organizational learning conducted in the 1990s and specifically noted that those companies categorized as “decentralized” and “hybrid” and which had implemented flatter organizational structures and decentralized decision making had embraced incremental and evolutionary learning processes as part of their organizational cultures.³⁹ In these companies, value was placed on employees who did not limit themselves to clearly defined tasks and responsibilities but proactively searched for new solutions without waiting for a crisis to arise. In contrast, companies that Antal et al. categorized as “centralized” were slow to embrace change and operated with organizational cultures in which employees were conditioned to simply stick to the task

³⁸ Id.

³⁹ A. Antal, M. Dierkes and L. Marz, “Organizational Learning in Transformation Societies”, *Journal of General Management*, 25(1) (1999), 17.

in front of them and take orders from the top of the hierarchy. Changes were difficult for these companies since they were owned by the state or large trade unions and changes by state-owned companies hinged on governmental approvals that often took months to obtain and changes in union-owned companies in the personnel area, often crucial to influencing organizational cultures, could not be made without union approvals that were often based on considerations other than quality and competence.⁴⁰

Drory and Vigoda-Gadot explained that collectivism had traditionally played an important role in Israeli societal culture for a number of reasons including the historical background of the Jewish heritage of the clearly majority of the population, which featured long periods of persecution that fueled a strong sense of shared identity and mutual responsibility among Jews; the development and influence of Zionist movement in Israel, which was based on collectivist ideas and strongly influenced, both philosophically and practically, by the socialist, communist and Marxist movements that began in the early 20th century Europe and Russia; the Kibbutz Movement, which was the communal way of life that was the basis for the earliest Jewish settlements in Israel; and the continuing threats to the national security posed by the ongoing conflicts in the Middle East, which contributed to a strong sense of common destiny and collective responsibility as evidenced by nearly universal requirements for military service.⁴¹ Drory and Vigoda-Gadot also noted that successive generations in Israel, beginning with the first immigrants at the turn of the 20th century, long before Israel became an independent state, had stressed putting collective interests above individual needs and adopted a long-term perspective that emphasized dedicating their efforts to improving the circumstances for future generations.

Collectivism was the dominant element of Israeli societal culture over the first 25 years of independence and was proactively promoted and supported by the central government's regulatory policies and the national education system. However, Drory and Vigoda-Gadot, among others, have argued that Israel has gone through significant economic, industrial and cultural transformations since the mid-1970s and that "Israeli society has gone from being ascetic, collectivistic, closed, and relatively homogeneous, to being more materialistic, individualistic, open, and pluralistic".⁴² The consequences of this transition in the workplace have been profound and workers have been abandoning the traditional view that work was an obligation to their families and a contribution to their society in favor of seeing their careers as a path to individual self-satisfaction and achievement of personal goals.⁴³ Employees, and their managers, have been abandoning their mindsets of long-term organizational commitment and adopting short-term orientations that include pursuit of immediate gratification. Drory and Vigoda-Gadot

⁴⁰ Id.

⁴¹ A. Drory and E. Vigoda-Gadot, "Organizational Politics and Human Resource Management: A Typology and the Israeli Experience", *Human Resource Management Review*, 20 (2010), 194, 199-200.

⁴² Id. at 199 (citing A. Sagie and J. Weisberg, "The Transformation in Human Resource Management in Israel", *International Journal of Manpower*, 22 (2001), 226).

⁴³ Id. at 199 (citing D. Elizur and A. Sagie, "Facets of Personal Values: A Structural Analysis of Life and Work Values", *Applied Psychology: An International Review*, 48 (1999), 73; and I. Harpaz, "The Transformation of Work Values in Israel", *Monthly Labor Review*, 122 (1999), 46 (arguing that Israeli workers became more individualistic and materialistic in the 1990s and less collectively oriented)).

suggested several reasons for the transformation of societal and organizational culture in Israel including a shift towards an open market economy, marked by a decline in the influence of the Histadrut, the country's long-time central labor organization and implementation of structural reforms to enhance competition, bust up monopolies and cartels and privatize state-owned enterprises; the decline of the socialist ideology, which was accompanied by excessive state intervention in the economy; and the rise of the high-tech industry in Israel, which Drory and Vigoda-Gadot argued had a significant impact on changing cultural values in the workplace toward short-termism and individualism and eroded the sense of mutual commitment between employer and employee that had existed during the early decades of the country's existence.

Tolkowsky noted that due to the small size of their home market emerging companies in Israel need to quickly seek out attractive foreign markets for their technologies and products and, as a result, tend to build an appreciate for globalization into their corporate cultures from the very beginning.⁴⁴ This is evident in a number of areas including recruiting personnel who speak different languages, come from varying cultural backgrounds and who have experience working abroad and thus have developed cultural sensitivity. In addition, realizing that company personnel will be dispersed all around the world in order to get closer to larger primary markets, such as the US and Europe, the founders of Israeli companies emphasize communication and establish mechanisms for people to stay in touch, including travel between the home country and target foreign markets, and make sure that inter-company communications are understandable to everyone by requiring that they be made in a single primary language, such as English, even if specific communicants can exchange information more easily using another language common to both of them.

§1:5 Japan

Basu and Miroshnik examined the national culture of Japan and its impacts on organizational culture and corporate performance within leading Japanese multinational companies in Japan.⁴⁵ Based on their research, they argued that it was possible to identify several different "meso-values" arising from characteristics of Japanese national culture that are fundamental to Japanese organizations and their organizational cultures: exclusivity, or "insider-outsider", psychology which tends to exclude anyone who is not ethnic Japanese from social discourse; conformity, often explained by the phrase "nail that sticks up should be beaten down", meaning that deviations from established norms will not be tolerated; the seniority system, which means that juniors are expected to obey and show respect to their elders, and which is instilled from a very early age when junior students at primary schools are required to follow the directions of older students who in turn are expected to provide help to the younger students with their schoolwork; collectivism in the decision making process, which is expected to include sharing of

⁴⁴ The discussion in this paragraph is adapted from G. Tolkowsky, *Globalization of Technology Ventures: Lessons from Israel*, Knowledge@Wharton (August 17, 2009).

⁴⁵ D. Basu and V. Miroshnik, "National Culture, Organizational Culture and Corporate Performance of Japanese Multinational Companies: A Structural Equation Modelling Approach", *Keiei to Keizai*, 83(3) (December 2003), 207.

information between superiors and subordinates and consultations prior to decisions even in situation where authority with respect to the matter under consideration has already been delegated; and the drive for “continuous improvement”, famously referred to by the Japanese term “Keizen”, which the researchers claimed was the fundamental philosophy of Japanese society.⁴⁶ Basu and Miroshnik also reported that other researchers had found Japanese companies to be comparable to family units with long-term orientations for human resource management and organizational cultures that emphasized and promoted values such as loyalty, harmony, hard work, self-sacrifice, consensus decision making.⁴⁷

Jakonis noted that Japan is a group-oriented society that rewards obedience to authority and that practices a form of business that has been referred to as “communitarian capitalism”.⁴⁸ Confucianism contributes to a social order based on the superiority of the family over other forms of relations and basic ethical and moral rules such as loyalty in accordance with authority and families, observance of social rituals and labels and fundamental values such as education, heavy work and harmonious interpersonal relations. Jakonis observed that Japanese workers regard good interpersonal relations in the workplace as being extremely important and that the morality of Confucianism appears in the Japanese workplace in a number of other ways including the seniority system that promotes older employees and the emphasis on showing those employees respect and paternalism. Comparing organizational culture in the US and Japan, Jakonis argued that the key difference is that firms in the US focused on individuality and competition, while Japanese companies concentrated their attention on cooperation and harmonious and efficient teamwork. For example, according to Jakonis, the Japanese respect and elicit multiple points of view on a particular issue and, in fact, Japanese managers perceive American objectivity as being a weakness. This explains why “quality circles” were so effective in Japanese companies as part of the obsession with total quality management. In addition, Japanese workers are more modest than their counterparts in the US and thus are better able to learn from their mistakes and adjust their behavior to organizational needs.

While lifetime employment is gradually eroding in Japan, its influence on managers and workers remains quite strong in terms of their perceptions regarding their relationship to their companies.⁴⁹ Traditionally workers remained with one company for their entire career and dismissal from employment was considered to be an event of great social disgrace. Japanese workers perceived their companies as their family and, as such, the relationship between the companies and their workers was based on Confucian familial principles such as mutual commitment, respect, obedience, conviction, highly extended hierarchy and benevolent leadership. The principle of lifetime employment promoted a sense of loyalty, gratitude for employment and respect for the employer among employees and their sense of attachment to, and identification with, their companies grew over time as they adapted to the organizational culture and their knowledge of the

⁴⁶ Id. at 221.

⁴⁷ Id. at 214.

⁴⁸ A. Jakonis, “Culture of Japanese Organization and Basic Determinants of Institutional Economy”, *Journal of Intercultural Management*, 1(2) (November 2009), 90, 92-93.

⁴⁹ Id. at 95.

workings of the organization expanded. Jakonis noted that while Japanese workers are not immune from dissatisfaction with certain things about their employer, in general they do not perceive work as being compulsory or a necessity and are fully devoted to the completion of their assigned tasks even if it requires working well beyond regular working hours. According to Jakonis, loyalty within Japanese companies is even more important than a worker's ties to his or her family.

Jakonis also reported that rituals played an important role in Japanese organizational culture and that the ritual most commonly displayed included morning assemblies before starting work, group exercises, acceptance, quality circles, accommodation of expressions, and observance of etiquette.⁵⁰ In addition, Japanese workers are typically required to wear similar uniforms and there are few status-based distinctions between directors and subordinates. Lincoln wrote that it is common to find ornate tapestries of ritual on conspicuous display in Japanese companies and noted that Japanese society as a whole has more examples of ceremonial practices than many other countries, such as the US.⁵¹ Lincoln mentioned several examples of ceremonial actions and events occurring regularly in the Japanese workplace such as checkout clerks chanting their sing-song customer service refrains; the salutes and calisthenics of construction workers at the beginning of their workdays; elaborate ceremonies to sanctify the opening of a new branch or plant; and heavily ritualistic and sentimental ceremonies marking the entry of new employees, including tearful speeches by the president before leading banzai cheers among all the attendees, including family members of the new employees, for the success and survival of the company. Lincoln mentioned that the Japanese themselves prefer to describe their general and business cultures as being “wet with emotion”, thus contrasting strongly with the rationality practiced and favored in the US and other Western societies. Lincoln suggested that the emotionally-charged nature of Japanese corporate rituals is similar in many ways to the methods used to embed culture and cohesion among tribal clans and that these rituals help to incorporate the employees of the companies as real stakeholders of the firm along with executives and stockholders.

Hirota et al. collected and analyzed data relating to large-sized Japanese companies from 1987-2000 to provide support for their hypotheses that the strength of corporate culture significantly affects corporate policies such as employment policy, management structure, and financial structure and that companies with stronger, more “embedded”, organizational cultures enjoy better performance as measured by employee retention, internal promotion of managers and reduced probability of default and hostile takeovers.⁵² In order to assess the strength of organizational culture among the companies that they surveyed the researchers focused on the contents of their mission statements and information on the practical and concrete actions taken by the companies to “embed” the contents of the mission statement into their employees. The researchers found that about three-quarters of the “strong-culture” companies used some of the

⁵⁰ Id. at 96.

⁵¹ J. Lincoln, “Durkheim and Organizational Culture”, in M. Kocsynski, R. Hodson and P. Edwards (Eds.), *Social Theory at Work* (2004).

⁵² S. Hirota, K. Kubo and H. Miyajima, *Does Corporate Culture Matter? An Empirical Study on Japanese Firms* (March 2007).

following tools and strategies: putting up posters or a framed copy of the mission statement in places of high visibility; teaching the mission statement to current employees in training programs; delivering a mission statement booklet to employees; ensuring that the firms' top management (i.e., president and chief executive officer) were engaged in embedding the mission statement through his/her speeches, written statements, direct teaching in the training programs and in day to day operations; and publishing the mission statement into in-house magazines. Other methods that were observed include training programs for newly hired employees, affirmations and pledges during morning assemblies before work began, distribution of mission statement cards and internal schools and training centers using a curriculum based on tenants included in the mission statement. As for the mission statements themselves, the most popular values and philosophies among the strong-culture companies were concern for the happiness of the human being, worthwhile work for employees, concern for customers and commitment to high quality products. Interestingly, among the least mentioned values and philosophies were concern for shareholders and concern for survival. As for the norms and behavioral standards explicitly mentioned in the mission statements, innovation and originality along with conscientiousness and cordiality on the job were the most popular.

As part of his explanation and description of Kaizen management practices used in Japanese companies, Imai emphasized the importance of creating a cooperative corporate culture in which employees accepted the principles of continuous improvement and set aside their own misgivings regarding the change that inevitably accompanied the improvement activities. According to Imai, achieving the appropriate organizational culture required constant efforts to improve industrial relations, emphasis on training and education of workers; development of informal leaders among the workers; formation of small-group activities such as QC circles; support and recognition of worker's Kaizen efforts; conscious efforts to make the workplace a place where workers could pursue and realize their life goals; bringing social life into the workplace; training supervisors so that they could communicate better with workers and create a more positive personal involvement with workers; and bringing discipline to the workplace.⁵³

§1:6 Nordic Europe

As discussed elsewhere in this chapter, Trompenaars asked survey respondents in 42 countries to choose between four possible descriptions of their company that corresponded to four types of organizational cultures suggested by Trompenaars.⁵⁴ The highest score for one of the types, referred to by Trompenaars as "incubator", was found in Sweden. According to Trompenaars, the incubator type of organizational culture was "fulfillment-oriented" and associated with high scores for egalitarianism and person-

⁵³ M. Imai, *Kaizen: The Key to Japan's Competitive Success* (1986), 217-218.

⁵⁴ F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 182. For further discussion, see the chapter on "Typologies of Organizational Culture" in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

orientation.⁵⁵ In contrast to the other types of organizational cultures, incubators placed individual fulfillment before organizational goals and it was expected that the organization would “serve as incubators for self-expression and self-fulfillment”. Incubators have little formal structure or hierarchy in order to free members of the organization from routine; however, with freedom comes the expectation that members will use it “to confirm, criticize, develop, find resources for and help to complete the innovative product or service”. Incubators typically generate intense emotional commitments among their members; however, the emotional ties are not to other members, even though personal relationships are strong, but rather to nature of the work being carried out by the organization (i.e., saving lives, empowering people, “changing the world”, etc.). Trompenaars summed up the incubator well by observing: “Incubator cultures enjoy the process of creating and innovating. Because of close relationships, shared enthusiasms and superordinate goals, the incubator at its best can be ruthlessly honest, effective, nurturant, therapeutic and exciting, depending as it does on face-to-face relationships and working intimacies”. He also noted that incubators rarely survive the maturation of their products and the associated markets.

Routamaa and Hautala identified and discussed value types and work goals among a sample of Finns as part of a comparative study with sample of Pakistanis.⁵⁶ They began by noting that previous studies of societal culture in Finland had found that Finns were characterized by small power distance, femininity, individualism and lower uncertainty avoidance on the dimensions of societal culture popularized by Hofstede. They commented that the work of other researchers, such as Hofstede, would predict that a country with the aforementioned characteristics of societal culture, such as Finland, could be expected to have a preference for resolving conflicts through compromise and negotiation and humanized jobs with more opportunities for mutual help and social contacts and management would be less visible, more intuitive than decisive and more consensus seeking.⁵⁷ They also noted that the societal culture of Pakistan was markedly different than Finland, thus make it a good candidate for comparison, and included characteristics such as higher power distance and masculinity, collectivism and higher uncertainty avoidance.

Routamaa and Hautala then collected information from the members of their Finnish and Pakistani samples regarding their work goals, or values at work, based on the list of items suggested by Vunderink and Hofstede.⁵⁸ They found many common values in the top fifteen for each country, including health, family security, true friendship, self-respect, freedom, inner harmony and loyalty; however, the Finns differed from the Pakistanis with respect to the higher value that they placed on enjoying life, responsibility, mature love,

⁵⁵ The descriptions and quotes in this paragraph are taken from F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed.) (1998), 179-181.

⁵⁶ V. Routamaa and T. Hautala, “Understanding Cultural Differences: The Values in a Cross-Cultural Context”, *International Review of Business Research Papers*, 4(5) (2008), 129.

⁵⁷ G. Hofstede, *Cultures and Organizations: Software of the Mind* (1991), 92-94, 125.

⁵⁸ M. Vunderink and G. Hofstede, “Femininity Shock. American Students in the Netherlands”, in G. Hofstede (Ed.), *Masculinity and Femininity: The Taboo Dimension of National Cultures* (1998).

equality, sense of belonging, independent and politeness.⁵⁹ The Finns also indicated that the most important work values for them were, in order having sufficient time left for their personal lives, fully using their skills and abilities on the job, having challenging tasks to do, having a good working relationship with their supervisor and working with people who cooperated well. Finns were far less interested than the Pakistanis in getting recognition for performing their jobs well, making a contribution to the success of the company, and having opportunities for advancement to higher positions.

§1:7 France

Results obtained by Trompenaars from a survey of respondents in 42 countries asked to choose between four possible descriptions of their company that corresponded to the four types of organizational cultures in a model suggested by Trompenaars indicated that the highest scores for the “family culture” were found in France and Spain.⁶⁰ However, Trompenaars also cautioned that other factors, such as the size of the organization, often played a significant role in the selection of organizational culture that overrode, or certainly reduced, influences of from national culture and noted that in France there was a tendency among its larger companies to select the Eiffel Tower model.

The family type of organizational culture was “person-oriented” and associated with high scores for hierarchy and person-orientation.⁶¹ Trompenaars described this culture as having “close face-to-face relationships”, thus being personal, yet power-oriented with a hierarchical framework of authority that placed a leader at that top as a sort of “father” who had experience and authority that greatly exceeded his or her “children” (the other members of the organization) and who thus would be regarded as “a caring father who knows better than his subordinates what should be done and what is good for them”. As daunting as this might appear, the expectation was that the power exerted by the leader was intimate and benign and that the atmosphere in which work was conducted by the organization “in many respects mimics the home”. Significant characteristics of the family type include an emphasis on strong and pleasurable personal relationships among organizational members, moral and social pressures rather than financial or legal pressures, high context, strong influence of the “father” in all situations relating to work-related events, greater interest in intuitive than in rational knowledge, more concern with the development of people than with their deployment or utilization, avoidance of loss of face by prominent “family members” and low priority to efficiency (i.e., doing things right) but high priority to effectiveness (i.e., doing the right things).

⁵⁹ V. Routamaa and T. Hautala, “Understanding Cultural Differences: The Values in a Cross-Cultural Context”, *International Review of Business Research Papers*, 4(5) (2008), 129, 133-134.

⁶⁰ F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 182. For further discussion, see the chapter on “Typologies of Organizational Culture” in “Organizational Culture: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

⁶¹ The descriptions and quotes in this paragraph are taken from F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 162-170.

Buckermann explored the influence of French cultural standards and dimensions on the corporate culture and management style of a large French multinational petroleum company and found evidence confirming results of previous studies that several “typical French cultural standards” could be identified in the kind of communication, hierarchical structure and procedures for work organization and decision making used by the company: “an implicit and indirect communication style, external and concentrated authority as a characteristic feature of power and influence paths, the human-oriented rationality in task management and the dissent orientation in decision-making processes”.⁶² Respondents from within the surveyed company described the firm’s attitude as paternal, caring and not highly performance-oriented and indicated that there was a controlling mentality within the company coupled with a distinctive number orientation, characteristics that Buckermann attributed to the strong uncertainty avoidance in French societal culture. Other researchers have also argued that certain societal-level characteristics of French culture—individualism, risk avoidance and acceptance of high power distance—translated into a “typical” French organizational culture that was based on bureaucratic principles because, in the words of Kos, “bureaucracy is the ideal way to realize values and norms of the French national culture—it lowers the functional risks, the people actions are based on clear, objective regulations, it accepts power distance and places people in the hierarchy accordingly to their individual efforts and skills”.⁶³

§1:8 Germany

German societal culture has also been characterized as high on masculinity, leading Ardichvili and Kuchinke to suggest that Germans are assertive and competitive and value success in the workplace over things such as quality of life, warm personal relationship and service.⁶⁴ Gorrill similarly argued that the importance of interpersonal relationships in Germany is not strong and that Germans tend to be very task-oriented and generally create and observe strict separation between their private and life and work.⁶⁵

In 2006 Andrijevskaia and Vadi published the results of their exhaustive survey of available theoretical research and empirical studies of organizational culture in Germany.⁶⁶ They began by noting that at the beginning of the 1980s, organizational culture was seen as an effective management tool in Germany and companies were adopting strategies to create the most effective culture including introduction of symbols and rituals and pronouncements regarding organizational values and norms. However,

⁶² W.-A. Buckermann, *Corporate Culture and Management Style of a French Multinational Petroleum Company*.

⁶³ J. Kos, *Cultural Differences and How They Influence the Organizational Culture* (citing J. Cerdine and J. Peretti, “Trends and Emerging Values in Human Resources Management in France”, *International Journal of Manpower*, 22(3) (2001), 216).

⁶⁴ A. Ardichvili and K. Kuchinke, “Leadership Styles and Cultural Values Among Managers and Subordinates: A Comparative Study of Four Countries of the Former Soviet Union, Germany, and the US”, *Human Resource Development International*, 5(1) (2002), 99.

⁶⁵ J. Gorrill, *Doing Business In Germany: Communicaid* (February 16, 2006).

⁶⁶ J. Andrijevskaia and M. Vadi, “Measuring Organizational Culture in Germany”, in *National and International Aspects of Organizational Culture* (2006), 224.

empirical studies of these efforts indicated that they were producing very limited positive results as managerial tools and they were eventually subjected to widespread criticism on ethical grounds and as being an oversimplification of the nature of organizational culture. Studies of organizational values and culture among German companies that were released during the 1990s included various critiques including a tendency to be product-led rather than market-oriented and a lack of entrepreneurial spirit, and it was popular at that time to characterize German organizational culture as a “well-oiled machine” that valued order as a means for coping with the high uncertainty avoidance said to be prevalent among German employees.⁶⁷

Andrijevskaia and Vadi noted that researchers that had analyzed ethnocentric German companies working in traditional German business sectors such as iron and steel, machinery, mechanical engineering, electrical engineering, precision instruments and optical goods, electronics, construction, chemicals, banking and insurance had repeatedly found evidence of the following organizational culture features: an emphasis on formal rules and procedures, a desire for stability and security, and a strong belief in the company’s own elaborated and tested methods. Several of those researchers had also concluded that organizational culture was an important coordination tool for vertical communications in the German companies they had studied, but was less important on the horizontal organizational level.⁶⁸ Opresnik compared organizational culture in the US and Germany, a popular topic among researchers given the interest in the impact of American-based theories of organizational culture on German companies⁶⁹, and concluded that German organizational culture was characterized by strong rituals and orientation on past success, inflexibility and resistance to change and centralization, all of which made it much more difficult for German companies to innovate by taking risks and striking out on new paths.⁷⁰

One particular feature of traditional German organizational culture that interested Andrijevskaia and Vadi was the orientation toward product quality and performance rather than on relationships, which meant that the emotional bonds among were employees were not strong. Eckstein explained that collectivism in Germany was focused on the familial level, rather than the workplace, and that Germans tended to create and maintain strict separation between private relationships with family and friends on the one hand and their working lives on the other.⁷¹ According to Eckstein, German managers realized and respected employee attitudes and thus tended to avoid injecting

⁶⁷ See, e.g., C. Randlesome, *The Business Culture in Germany: Portrait of a Power House* (1990), 1; and G. Hofstede, *Culture and Organizations: Software of the Mind* (1994).

⁶⁸ W. Ruijgrok and L. Achtenhagen, “Organizational Culture and the Transformation towards New Forms of Organizing”, *European Journal of Work and Organizational Psychology*, 8(4) (1999), 521; and B.-L. Gunnarsson, “Discourse: Organizations and National Cultures”, *Discourse Studies*, 2(1) (2000), 5.

⁶⁹ Researchers such as Albach had studied the impact of introducing certain American organizational culture values into German organizations including motivation, teamwork, innovation, intensive communication with clients, suppliers and internal partners, self-accomplishment and ethical norms and values. See H. Albach, *Wertewandel deutscher Manager. Wertewandel und Unternehmensziele im Wandel der Zeit* (1994), 1, 20.

⁷⁰ J. Andrijevskaia and M. Vadi, “Measuring Organizational Culture in Germany”, in *National and International Aspects of Organizational Culture* (2006), 224, 229-230.

⁷¹ J. Eckstein, *Organisationskultur in Ostdeutschland* (1997), 134.

excessive emotional involvement into the organizational processes of their companies. Andrijevska and Vadi accompanied their survey of prior research with their own study of organizational culture among 15 German companies and also found that those companies tended to promote orientation to product quality and performance rather than to relationships, thus creating an organizational culture in which employees were strongly oriented to completion of their tasks without strong emotional ties to their companies and their co-workers.

Among the countries included in the survey conducted by Trompenaars described elsewhere in this chapter the highest score for the type of organizational culture referred to as the “Eiffel Tower” was found in Germany.⁷² The Eiffel Tower type of organizational culture was “role-oriented” and associated with high scores for hierarchy and task-orientation.⁷³ According to Trompenaars, the Eiffel Tower type was representative of the bureaucratic division of labor so often found in the “Western world”, structure was more important than its function and activities and relationships were organized in a way that they described as “steep, symmetrical, narrow at the top and broad at the base, stable, rigid and robust”. In the Eiffel Tower relationships are specific and status is ascribed to roles, which means that the authority associated with a role is impossible to challenge. Trompenaars explained that “bureaucracy in the Eiffel Tower is a depersonalized, rational-legal system in which everyone is subordinate to local rules and those rules prescribe a hierarchy to uphold and enforce them”. Professional qualifications are important for advance in Eiffel Tower cultures. Personal relationships are rejected in the Eiffel Tower out of concern that they might warp judgments, create favoritism, increase the need to make exceptions to rules and break down the desired clear boundaries regarding roles and responsibilities. Each job in the Eiffel Tower “is described, rated for its difficulty, complexity and responsibility, and has a salary attached to it”. Organizational members crave precision, order and predictability and when change is needed it occurs through changing rules and the formal job requirements for employees, which means that Eiffel Tower cultures have difficulty with turbulent environments. Not surprisingly, conflict is seen as irrational—a pathological challenge to orderly procedures—and is dealt with through even more formal rules and procedures.

§1:9 Switzerland

In assessing organizational culture in Switzerland, one must be mindful of the influence of the various language-based subcultures: French, German and Italian; however, it is fair to say that while the Swiss have been receptive to progress, particularly with respect to technology, the business culture remains relatively conservative with proper deference being given to rank and position; however, while one finds many companies in Switzerland that are quite hierarchical, there is growing movement towards more

⁷² F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 182. For further discussion, see the chapter on “Typologies of Organizational Culture” in “Organizational Culture: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

⁷³ The descriptions and quotes in this paragraph are taken from F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (2nd Ed) (1998), 170-177.

egalitarianism.⁷⁴ Direct communications are preferred over non-verbal communications and the Swiss are anxious to learn all of the necessary details regarding the subject under discussion. The Swiss tend to value punctuality, orderliness, planning and preparation. Managers and employees are generally quite task-oriented and prefer to maintain privacy with regard to matters that are unrelated to work. Presentations and reports are expected to be well-prepared and thorough and meetings usually follow a set agenda and are expected to move along on schedule. Discussions leading up to decisions are detailed and methodical and an effort is generally made to consult everyone involved or affected by a decision; however, traditional Swiss organizational culture is quite rigid and hierarchical and responsibility and authority for final decisions rests with those at the top of the hierarchy and there is an expectation that once those decisions are made they will be followed without question. Persons of high rank and authority in Swiss organizations are often quite discreet about their status. Switzerland has been characterized as a “controlled-time culture”, meaning that schedules are important and failure to meet a deadline or milestone, or a commitment in a contract, is perceived as being a sign of poor management and inefficiency.⁷⁵

§1:10 Brazil

Societal culture, not surprisingly, influences organizational culture among Brazilian enterprises; however, while Brazil has clearly attracted international attention due to its rapid ascendancy to the status of an emerging global economic power, Brazil has not received as much attention as other BRIC countries (i.e., China, India and Russia) when it comes to analyzing and measuring aspects of modern business practices and organizational culture within Brazilian firms.⁷⁶ Brazil has been included in major multi-country studies such as the GLOBE project and was part of the original work conducted by Hofstede; however, in-depth studies of Brazil are hard to find and much of what has been written to date has been the work of specialists in other branches of the social sciences who discussed the interaction between Brazilian history and politics and its complex and unique societal culture but rarely ventured into the how all of that impacts the way in which business organizations are operated.⁷⁷

Hofstede argued that societal culture in Brazil contrasted sharply with the US by evidencing large power distance, strong uncertainty avoidance, high long-term orientation and collectivist values but its position near the middle of the masculine/feminine axis was not that much different than the US on that measure.⁷⁸ Not

⁷⁴ Intercultural Management—Switzerland, Being a Manager in Switzerland.

⁷⁵ Id.

⁷⁶ G. Islam, *Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management*, Insper Working Paper: 218/2010 (2010).

⁷⁷ There are some exceptions: see, e.g., G. Amado and H. Brasil, *Organizational Behaviors and Cultural Context: The Brazilian ‘Jeitinho’*, *International Studies of Management and Organization* 38 (1991); and F. Duarte, *Exploring the Interpersonal Transaction of the Brazilian Jeitinho in Bureaucratic Contexts*, 13 *Organization* 509 (2006).

⁷⁸ G. Hofstede, “Motivation, Leadership and Organization: Do American Theories Apply Abroad,” *Organization Dynamics*, 9 (1980), 42-63, 51-54. Hofstede’s findings were later confirmed by O’Keefe & O’Keefe, who used Hofstede’s dimensions to compare Brazilian and US managers and found Brazilian

surprisingly in light of its history as a Portuguese colony the cultural profile of Brazil was quite similar to Portugal and thus distinguishable from its geographic neighbors that had been part of the Spanish colonial empire. Uncertainty avoidance was the most intense cultural dimension for Brazil in the Hofstede survey⁷⁹ and this normally means that the country relies on strict laws, rules and regulation of reduce risk and the threat of the unknown and that the country is reluctant and slow to accept change. For a number of years Brazil did indeed highly regulate foreign investment and inbound technology transfer, a policy which yielded little in the way of benefit and arguably retarded economic growth and social progress; however, reforms designed to open the economy and attract capital from outside national borders have fueled substantial economic growth and change that has largely been welcomed throughout Brazil. Prosperity has not necessarily been shared equally and large power distance remains part of the Brazilian cultural profile along with inequities with respect to wealth and societal and political influence. While Brazil remains, like most Latin countries, collectivist it does have a higher individualism score than other Latin countries.

Pearson and Stephan found Brazilians to be very passionate and emotional⁸⁰ and Baldwin and DeSouza's study of gender roles in Brazil uncovered evidence that male behavior was dominate and aggressive ("machismo") while feminine values reflected an attempt to strike a balance between motherhood and purity.⁸¹ DaMatta examined Brazilian culture using the two dimensional model developed by Dumont to compare values and patterns of social relationships across societies—hierarchy and equality and holism and individualism—and concluded that Brazil falls between the two ideal polar extremes suggested by the Dumont model (i.e., hierarchical/holistic and egalitarian/individualistic).⁸² DaMatta emphasized that one could find evidence of both tendencies on Dumont's dimensions when examining social groups, institutions and practices in Brazil. Garibaldi de Hilal summarized DaMatta's conclusions by explaining

managers to be relatively collectivistic, higher on power distance and uncertainty avoidance than US managers and lower on masculinity than US managers. See H. O'Keefe and W. O'Keefe, "Business Behaviors in Brazil and the USA: Understanding the Gaps", *International Journal of Social Economics*, 31(5/6) 2004, 614-623 (cited in G. Islam, "Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management", *Inspere Working Paper: 218/2010* (Sao Paulo: IBMEC, 2010)).

⁷⁹ The historical ties and cultural similarities to Portugal have been noted; however, it is interesting to note that while uncertainty avoidance was the most intense cultural dimension for Brazil its score on that dimension was much lower than Portugal which had the second higher aversion to uncertainty in the world.

⁸⁰ V. Pearson and W. Stephan, "Preferences for styles of negotiation: A comparison of Brazil and the U.S.", *International Journal of Intercultural Relations*, 22 (1998), 67-83.

⁸¹ J. Baldwin and E. DeSouza, "Modelo de Mari?La and Machismo: The social construction of gender in Brazil", *Interamerican Journal of Psychology*, 35 (2001), 9-29. Ferreira et al. also noted that evolving gender roles in Brazil were impacted by a tension between traditionalism and modernity.

⁸² R. DaMatta, *Carnavais, Malandros e Heróis: Para uma Sociologia do Dilema Brasileiro* (Rio de Janeiro: Rocco, 1997). The summary of DaMatta's findings in the text is derived from A. Garibaldi de Hilal, "Brazilian National Culture, Organizational Culture and Cultural Agreement: Findings from a Multinational Company", *International Journal of Cross-Cultural Management*, 6 (August 2006), 139-167. For further explanation of the Dumont model, see L. Dumont, *Homo Hierarchicus: The Caste System and its Implications* (Chicago: The University of Chicago Press, 1980).

that “Brazilians are constantly negotiating between a modern, egalitarian code and a traditional one”.⁸³

Ferreira et al. commented that “Brazilian organizational cultures can, in general, be traditionally seen as closed systems in which leaders with strong personalities, rigid values, paternalistic patterns and highly centralized hierarchical structures prevail”.⁸⁴ Ferreira et al. suggested that this type of leadership culture explains why one finds an “improvised style of doing things (lack of planning)” among Brazilian firms and that such a cultural predisposition can lead to negative effects on the level of commitment and participation by employees and reliance on bureaucratic structures and regimental rules that stifle initiative.⁸⁵

The dramatic changes that have occurred in the Brazilian economy over the last two decades have created tensions between the traditional paternalistic organizational culture and the cultural norms that are typically associated with competing in open markets.⁸⁶ Firms in the Southeastern part of Brazil, which is relatively well developed from an economic perspective and heavily populated by industrial enterprises, tend to be more receptive to modern notions of leadership, while private and public cultural organizations cling to long-standing leadership practices and styles such as job stability and retirement rights, each of which are accepted element of a more paternalistic culture.⁸⁷

The sheer size of Brazil, as well as the distinguishable differences around the country with respect to colonial experience and historical and economic development, predicts the findings of various researchers of substantial cultural and economic diversity among the geographic regions of Brazil; however, Ferreira et al., among others, have argued that it is possible to identify “strong similarities in the national values, beliefs, norms, customs, and general behavioral patterns of Brazilians”.⁸⁸ Islam has noted that Brazilian is somewhat unique among the countries that have emerged from a long colonial experience

⁸³ A. Garibaldi de Hilal, “Brazilian National Culture, Organizational Culture and Cultural Agreement: Findings from a Multinational Company”, *International Journal of Cross-Cultural Management*, 6 (August 2006), 139-167. Garibaldi de Hilal specifically noted that Brazilians may act differently depending on whether they are in the “home” or the “street”, two concepts popularized by DaMatta. While home and street often overlap in Latin America, Garibaldi de Hilal noted that, in general, “the home, and institutions modeled on the home, such as the workplace, are places where relations among family members and servants or among superiors and subordinates institute hierarchies of race, class, age and gender” while, in turn, “[t]he street is the place where the egalitarian and individualistic principles of the marketplace or legal system are in operation”. Id.

⁸⁴ M. Ferreira, E. Assmar, K. Estol and M. Helena, “Organizational culture in Brazilian public and private companies”, in B. Setiadi, A. Supratiknya, W. Lonner and Y. Poortinga (eds.), *Ongoing themes in psychology and culture* (Online Ed.) (Melbourne, FL: International Association for Cross-Cultural Psychology, 2004). <http://www.iaccp.org> [Accessed May 16, 2011] Ferreira et al. also includes references to various works focusing specifically on aspects of Brazilian organizational culture.

⁸⁵ Id.

⁸⁶ B. Etorre, “A business case for today’s Brazil and Argentina”, *Management Review*, 87 (1998), 10-15.

⁸⁷ M. Ferreira, E. Assmar, K. Estol and M. Helena, “Organizational culture in Brazilian public and private companies”, in B. Setiadi, A. Supratiknya, W. Lonner and Y. Poortinga (eds.), *Ongoing themes in psychology and culture* (Online Ed.) (Melbourne, FL: International Association for Cross-Cultural Psychology, 2004). <http://www.iaccp.org> [Accessed May 16, 2011]

⁸⁸ Id.

in that colonialism meant exposure to Portuguese traits, rather than British or French. Islam specifically commented: “As a coastal country on the periphery of Europe, subjected itself to centuries of Moorish occupation, Portugal already represented a complex mix of different cultures, particularly those of Africa, an aspect which some see as important for establishing its colonial tendencies toward mixture and the subsequent Brazilian eschewal of “essential”, intrinsic, or racial identities.”⁸⁹ Other researchers have similarly noted that Brazilian culture can only be understood by clearly recognizing that it is based on disparate sources due to the long mixture and integration of Western and non-Western cultures. They argue that “mixture”, rather than “diversity”, is the best term for describing Brazil and its people and that “Brazil is a nation of the mixing of races (miscegenation), religions (syncretism), and cultures (diasporas, borderlands)”.⁹⁰

Several researchers have traced elements of Brazil’s current organizational culture and tendencies with respect to managerial practices to the governance structure that Portugal established long ago to control its distant, large colony and its agricultural resources. For example, Islam noted that the Portuguese monarchy divided Brazil into vast territories that were to be managed by landholders designed by Portugal in a manner that closely resembled European feudalism.⁹¹ The authority of these landholders was based largely on politics rather than class, caste or religion and the actions of the Portuguese was an attempt to create a social hierarchy using political methods.⁹² On the face of things, a strict legal order was to be observed throughout the colony; however, as a practical matter this order was difficult to enforce and there eventually arose what Islam described as “a flexible view of social regulations based on personalistic relationships and case by case exigencies” as a means for tempering some of the potentially unfair aspects of an overly formalistic and rigid legal structure.⁹³ Islam argued that the adaptive behaviors of the Portuguese during the colonial period survived to the present day in the form of consistent findings among researchers that the Portuguese highly value “social relationships” and “personalistic ties”.⁹⁴

Vizeu argued that the strengthening of the farming system that Brazil inherited from the colonial period caused the country to lag behind in the social, political and economic modernization processes that were developing in other parts of the world and led to creation and adoption of management styles that were characteristic of patrimonialist

⁸⁹ G. Islam, “Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management”, Insper Working Paper: 218/2010 (Sao Paulo: IBMEC, 2010). See also G. Amado and H. Brasil, “Organizational Behaviors and Cultural Context: The Brazilian ‘Jeitinho’”, *International Studies of Management and Organization*, (1991), 38–61.

⁹⁰ A. Garibaldi de Hilal, “Brazilian National Culture, Organizational Culture and Cultural Agreement: Findings from a Multinational Company”, *International Journal of Cross-Cultural Management*, 6 (August 2006), 139-167.

⁹¹ T. Meade, *A Brief History of Brazil* (2004).

⁹² G. Amado and H. Brasil, *Organizational Behaviors and Cultural Context: The Brazilian ‘Jeitinho’*, *International Studies of Management and Organization* 38 (1991).

⁹³ G. Islam, *Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management*, Insper Working Paper: 218/2010 (2010).

⁹⁴ Id.

societies that persist to this day.⁹⁵ Vizeu cited two specific adverse consequences of this result: protectionism based on political influence and privileges extended to a business elite, which left the country somewhat ill-prepared for the rigors of global competition once reforms allowed foreign entry into the Brazilian markets; and a failure of professional management, with its formalities and technical competencies, to overcome long-standing “patriarchal personalist logic”, meaning that business owners allocated authority based on family ties and personal loyalties rather than managerial skills.⁹⁶ Vizeu commented that “[t]he direct effect of this preponderance of property rights over the technical authority of professional administrators in the management of Brazilian companies was the difficulty they faced when dealing with basic matters of efficiency” and observed that problems in this area have persisted and that researchers have often noted a “generalized inefficiency of Brazilian companies”.⁹⁷

Islam explored the origins of current management practices among Brazilian multinational corporations (MNCs) and argued that “Brazilian MNCs inherit many of their predominant tendencies from organizational aspects of Brazilian bureaucratic structures, structures which developed early in Brazil’s colonization by the Portuguese, then were refined and changed through independence, republicanism, crisis and democratic renewal”.⁹⁸ He took particular note, as have others, of the dual influence of the Portuguese formal regulatory system implemented during the colonial period and striking diversity within the Brazilian people due to large land mass and demographic and economic diversity of the country.⁹⁹ The result has been a continuing need for Brazilians to balance formality and diversity which led to what Islam succinctly described as a

⁹⁵ F. Vizeu, *Rural Heritage of Early Brazilian Industrialists: Its Impact on Managerial Orientation*, 8(1) *Brazilian Administrative Review* 68 (January/March 2011).

⁹⁶ *Id.* The situation was aptly described in the following quote included from a work by Cardoso: “In companies that are under the direct supervision of members of the owner families or groups of shareholders, the director who is not a shareholder is usually a “man of trust”. There are many channels for acquiring trust and they are only indirectly related to professional competence. When the companies are run by foreign families or controlled by descendants of immigrants who are in constant touch with the homeland of their ancestors, one of the important conditions for access to the positions that require great responsibility is to be of the same national origin as the owners. It is common in companies that belong to Italian families, for instance, to fill places on the board of directors that must be given to people outside the group by hiring Italians. It is often the case that someone with a high school diploma or graduate degree, but with no qualifications for managing a company, becomes a “specialist” and is higher up in the company hierarchy than workers who have specialist qualifications that were obtained in Brazil.” Citing F. Cardoso, *Empresário industrial e desenvolvimento econômico no Brasil* (2nd Ed.) 124 (1972).

⁹⁷ F. Vizeu, *Rural Heritage of Early Brazilian Industrialists: Its Impact on Managerial Orientation*, 8(1) *Brazilian Administrative Review* 68 (January/March 2011).

⁹⁸ G. Islam, *Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management*, Insper Working Paper: 218/2010 (2010).

⁹⁹ Islam observed that Brazil can be considered unique in that there is a lack of a “homogeneous essence” among its people and that Brazilian “culture” may be seen as an “encounter” involving a wide array of disparate civilizations including Portuguese, African and Indigenous populations and waves of immigrants from other countries such as Germany, Italy and Japan. Accordingly, relational ties are more important than constituent characteristics, or “values”, in discussing and understanding Brazilian culture. G. Islam, *Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management*, Insper Working Paper: 218/2010 (2010). See also T. Meade, *A Brief History of Brazil* (2004); and R. DaMatta, *For an Anthropology of the Brazilian Tradition or “A Virtude esta no Meio”*, in D. Hess and R. DaMatta (eds.), *The Brazilian Puzzle: Culture on the Borderlands of the Western World* 270 (1995).

“seemingly paradoxical Brazilian managerial style marked by both a high deference to formal authority, and a tendency to creative improvisation and innovation”.¹⁰⁰ He noted that this unique approach has been described in a number of colorful ways, including “the *jeitinho* or ‘little way’, the *gambiarra*, or ‘creative fix’ or the style of the *homem cordial* or ‘cordial man’”.¹⁰¹ He also argued that the combination of formality and diversity, when coupled with the flexibility observed by other researchers, explains a good deal about why Brazilian firms have appeared to be adept at accepting management practices from the West and North while maintaining their own “authenticity”.¹⁰²

Ferreira et al. examined potential differences between workers in public and private companies in Brazil with regard to various dimensions associated with organizational culture by collecting information from 547 male and female workers, all volunteers, from either public or private trading, industrial, and service-providing organizations, 56 in all, living in the city of Rio de Janeiro.¹⁰³ They found that the respondents from private companies tended to believe that their organizations valued cooperative professionalism¹⁰⁴ and employee satisfaction and well-being at levels that were significantly higher than what was found in responses from workers at public companies, and that private companies were thus more interested than public companies in humanizing the work environment and making it a more pleasant place to work. In turn, respondents from public companies reported much higher levels of rigid hierarchical power structures and competitive professionalism within their organizations than what was found at private companies. Questions regarding organizational practices led the researchers to conclude that private companies exceeded public companies in their enthusiasm for external integration practices (i.e., strategic planning and decision-making processes that facilitated integration with the requirements of external customers in the marketplace), reward and training practices, and interpersonal relationship practices designed to promote employee cohesion and satisfaction. They also concluded that public companies relied more on decision-making and communication practices than private companies. The emphasis on reward and training practices among private companies was consistent with their organizational values of employee satisfaction and

¹⁰⁰ G. Islam, *Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management*, Insper Working Paper: 218/2010 (2010).

¹⁰¹ Id. See, e.g., G. Amado and H. Brasil, *Organizational Behaviors and Cultural Context: The Brazilian ‘Jeitinho’*, *International Studies of Management and Organization* 38 (1991); and L. Barbosa, *The Brazilian Jeitinho: An Exercise in National Identity*, in D. Hess and R. DaMatta (eds.), *The Brazilian Puzzle: Culture on the Borderlands of the Western World* 35 (1995).

¹⁰² G. Islam, *Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management*, Insper Working Paper: 218/2010 (2010). Islam observed that his impressions of common elements of Brazilian organizational culture in the business context—a highly bureaucratized formal sector, marked by rigid authority relations and a highly personalistic informal sector, meant to smooth over interpersonal conflict—are consistent with the picture of Brazilian societal culture painted by Hofstede and others, including both high power distance and femininity.

¹⁰³ M. Ferreira, E. Assmar, K. Estol and M. Helena, *Organizational culture in Brazilian public and private companies*, in B. Setiadi, A. Supratiknya, W. Lonner and Y. Poortinga (eds.), *Ongoing themes in psychology and culture* (Online Ed.) (2004), <http://www.iaccp.org>.

¹⁰⁴ The researchers explained that the elements of “cooperative professionalism” included carrying out the assigned job efficiently and competently and demonstrating a team spirit, ability, dedication, professionalism and initiative, so as to reach common organization goals.

development. In contrast, the researchers noted that the centralized and authoritarian system of authority favored by public companies made it difficult for them to implement professional development programs and the researchers observed that “the culture of the public companies that have taken part in this research can be fundamentally defined by valuing authority and competition, detrimental to the human element and to interpersonal relations, as a means of climbing the hierarchy”¹⁰⁵.

Bruno and de Sousa analyzed Brazilian organizational culture found in business management by measuring the elements of the organizational culture of a firm in the Manaus Industrial District of Brazil.¹⁰⁶ They measured nine cultural traits that they posited were present in the Brazilian business environment and found that the “flexibility”, “power concentration” and “personalism” traits had the highest preponderance while the remaining traits were significantly less evident.¹⁰⁷ Flexibility had by far the high preponderance score, a finding that the researchers explained meant that there was “great flexibility within the company” and that “the organization has great capacity to adapt itself to the circumstances of the environment”. The adaptability and creativity within flexible organizations was perceived as a positive characteristic given the turbulent changes occurring in Brazil and around the world that require companies to be extremely agile. While scores for power concentration and personalism were much lower than the flexibility score, they were still enough higher than the scores for the other traits to be designated as significant by the researchers. Power concentration was described as “traditional power” that was “based on hierarchy/subordination”.¹⁰⁸ Personalism refers to the commonly noted phenomenon of power being wielded with great charisma and magnetism, with those in authority leading not through their expertise but rather by their ability to forge personal relationships with others and build networks of supporters.¹⁰⁹

§1:11 China

¹⁰⁵ M. Ferreira, E. Assmar, K. Estol and M. Helena, Organizational culture in Brazilian public and private companies, in B. Setiadi, A. Supratiknya, W. Lonner and Y. Poortinga (eds.), *Ongoing themes in psychology and culture* (Online Ed.) (2004), <http://www.iaccp.org>.

¹⁰⁶ L. Bruno and J. de Sousa, Organizational Culture: How to Measure It – A Case Study, <http://www.g-casa.com/conferences/tallinn/pdf%20papers/Bruno.pdf>.

¹⁰⁷ In addition to the three traits discussed in the text, the researchers measured personal loyalty, impunity, expectant posture, formalism and conflict avoidance, thereby covering the main organizational cultural traits observed in the often-cited earlier work of Barros and Prates which included extensive literature reviews and surveys of thousands of executives and managers from 520 large, mid- and small-sized companies in South and Southeast Brazil. L. Bruno and J. de Sousa, Organizational Culture: How to Measure It – A Case Study, <http://www.g-casa.com/conferences/tallinn/pdf%20papers/Bruno.pdf>.

¹⁰⁸ See also Herman Miller, *Culture and Work Styles in the BRIC Countries: Research Summary 3* (2010) (“Office life [in Brazil] . . . remains hierarchical. How comfortable employees are in communicating with their supervisors may depend on their education level as well as an employee’s level of security in his position.”).

¹⁰⁹ Others have made similar observations about Brazilian business culture. See, e.g., Herman Miller, *Culture and Work Styles in the BRIC Countries: Research Summary 3* (2010) (“Brazil’s culture is a friendly, open one that easily accommodates many ethnicities. Titles and the hierarchy they reflect are important in business situations, even though work processes are often carried out laterally, rather than along a top-down continuum. Relationships are key.”).

It is difficult to characterize a corporate culture that typifies China for two reasons. First, the context for Chinese business is changing rapidly, under the impetus of the economic reform. Second, as a result of the reform, Chinese enterprises vary extensively, ranging from state-owned enterprises (SOEs), some of which are still protected from market forces, through former SOEs which have converted to joint stock companies, to collectively-owned enterprises and private firms. In addition, companies with foreign ownership now make up a sizeable part of the non-agricultural economy.

The most recent landmark changes in corporate culture were initiated in late 1978. The new Chinese managerial model may be seen as a pragmatic experiment that was first piloted in Sichuan Province in 1979 under the leadership of the then Party Secretary, Zhao Ziyang. In the early 1980s, those changes seen to be effective were then applied, with varying degrees of intensity, across the whole of China but it was not until the mid-1980s that management reforms began to take root. As mentioned earlier, state-owned enterprises had once dominated industrial production, and their work-units (danwei) embodied the so-called iron rice-bowl (tie fan wan) which ensured jobs for life and cradle to grave welfare for mostly urban industrial SOE employees.¹¹⁰ The system was partly derived from earlier Chinese Communist experience in the liberated zones, and Soviet practice, but in addition may have had roots in Japanese precedents in Occupied Manchuria.

Under the reforms since 1979, there have been major shifts in enterprise ownership and growing exposure to market forces. Before the reform, China's SOEs dominated its national economy, producing three-quarters of its industrial output value. They operated according to bureaucratically mandated plans, including input and output quotas. By 2002, SOEs accounted for under 25% of industrial output. There is today a wide range of firms with contrasting ownership and governance structures. Urban and rural collective enterprises account for around 40% of industrial output, firms with foreign investment over 15%, and private firms over 20%. Except for a few SOEs, all these firms secure resources and dispose of outputs through markets.

China's industrial structure has become complex and differentiated due to moves towards exposing firms both to markets and private ownership. Government policy is to retain SOEs in key industries, which are strategic in nature and/or where considerable economies of scale are anticipated, while others are to have their ownership restructured or to be sold outright. The government has also encouraged SOEs to merge into business groups, ostensibly to achieve scale economies, but often in reality to bail out weaker enterprises and avoid the social costs of closure.¹¹¹ A significant development in the 1990s has been the conversion of SOEs to joint stock companies, of which there were 13,103 by the end of 1997. An analysis of 40,238 SOEs surveyed in 1998 by the State

¹¹⁰ X. Lu and E. J. Perry, (Eds.), *Danwei: The Changing Chinese Workplace in Historical and Comparative Perspective* (1997).

¹¹¹ L. A. Keister, *Chinese Business Groups: The Structure and Impact of Interfirm Relations During Economic Development* (2000).

Statistical Bureau indicated that 17% of them had completed restructuring.¹¹² Of the restructured SOEs, 55% had become limited liability companies, 16% had transformed into employee shareholding cooperatives and 7% had become private enterprises. Restructured enterprises generally had a significant private stake, though conversely some of the newly formed private enterprises still had a majority of their shares held by the state. The SOEs that had converted into fully private firms were generally small and in most the top manager was the main owner and likely to hold tight control.

Collective enterprises, especially so-called Township and Village Enterprises (TVEs) owned and operated by village and municipal governments, have become a unique and significant force in China's economy. Many of them are low-tech, wasteful and poorly managed.¹¹³ Nonetheless, with the collapse of many SOEs, and the increasing authority delegated by the state to local governments in China, TVEs are likely to remain significant players in China.

In addition to the reconstitution of some SOEs as private firms, the core private sector has been the fastest-growing in China. In the past, private firms operated in a harsh institutional environment.¹¹⁴ In 2000, however, they were granted full legal rights. Raising venture capital may provide needed financial capital to the promising few. Not many private firms have so far become joint venture partners or acquisition targets for foreign firms, but some of them will become more attractive especially in areas such as software and Internet development.¹¹⁵ Another privately-owned part of the economy comprises foreign subsidiaries. Beginning in 1986, foreign direct investors were permitted to establish their own wholly owned subsidiaries (WOSs), and in 1997 the number of newly-established WOSs exceeded that of equity joint ventures (EJVs) with Chinese partners for the first time.

These developments mean that there are today many and varying Chinese corporate cultures. In many SOEs, the residual of the iron rice bowl model continues to persist, though under increasing threat from restructuring. There are, however, an increasing number of reformed SOE cultures; even state of the art entrepreneurial ones, especially in those SOEs that have converted to joint stock companies. Collective enterprises, including the TVEs, vary greatly between conservative unsophisticated cultures to modern entrepreneurial ones. Different corporate cultures also arise through links with foreign firms and their different national ownerships. The greatest impact on Chinese enterprise cultures and practices appears to come when the foreign partner or owner is a multinational enterprise.¹¹⁶

¹¹² Y-M Lin and T. Zhu, Ownership Restructuring in Chinese State Industry: An Analysis of Evidence on Initial Organizational Changes, 166 *The China Quarterly* 305 (June 2001).

¹¹³ Out of Puff: A Survey of China, *The Economist* 1-16 (following p. 62) (June 15, 2002).

¹¹⁴ International Finance Corporation, *China's Emerging Private Enterprises* (2000).

¹¹⁵ J. Becker, Fortune at China's Fingertips, *South China Morning Post Saturday Review* 1 (August 28, 1999).

¹¹⁶ J. Child and Y. Yan, National and Transnational Effects in International Business 41(1) *Management International Review* 53 (2001).

Through inheriting a culture with strong feudalistic origins, China provides a favorable context for paternalistic corporate cultures.¹¹⁷ Enterprises at both extremes of the range, traditional SOEs and private firms, exhibit corporate cultures that reflect paternalistic cultural values. In traditional SOEs, the culture has been one of top-down leadership and authority, collectivism and mutual dependence, with an emphasis on conformity and attachment to the organization based on moral rather than material incentives.¹¹⁸ A form of noblesse oblige has prevailed. Loyalty to superiors and to the work unit has been complemented by employment protection and the provision of welfare benefits. This moral contract is now fast breaking down, as SOEs either reform or go bankrupt. There is little evidence as yet of what the corporate culture of reformed SOEs may turn out to be, though case studies suggest that it will combine an emphasis on personal achievement with a strong collective spirit.¹¹⁹

In the private sector, most firms are still small and their culture is centered on the owner. In a questionnaire survey of 628 private firms in China, supplemented by interviews with 338 private company chief executives, the International Finance Corporation (IFC)¹²⁰ found that the most usual forms of ownership were sole ownership (40% of the firms) and partnership (30%). In such firms the proprietor or a small group of close associates, which often included spouses and relatives, made most decisions personally and informally. Only among some larger and longer-established private firms was there evidence of decisions being made by more formal bodies such as a board of directors or a management meeting. A small-scale, but more ethnographic, study of rural private firms conducted by Pleister, found that the leadership of these firms was almost exclusively in the hands of their owner-managers.¹²¹

Within private firms, be they urban or rural, workers do not normally participate in decision making, even on questions concerning benefits. In the typical urban private firm, employees can be divided into two groups. The first comprises local people and externally recruited university graduates. These employees generally hold better positions in the firms, enjoy superior wages and benefits and stay with the firm longer. They are regarded as long-term primary members of the corporate collectivity and are likely to identify with its culture. The second group consists of migrants from rural areas, who occupy a much more marginal position.

Tsui et al. effectively explored organizational culture in China, comparing and contrasting practices among three major types of firms (i.e., state-owned enterprises, foreign-invested companies and private domestic companies), using a familiar portfolio of dimensions (i.e., harmony, standardization, communication, employee development, employee contribution, leadership, shared vision, results and quality, customer

¹¹⁷ J.-L. Farh and B.-S. Cheng, A Cultural Analysis of Paternalistic Leadership in Chinese Organizations, in J.T. Li, A. S. Tsui and E. Weldon (eds.), *Management and Organizations in the Chinese Context* 84 (2000).

¹¹⁸ J. Child, *Management in China During the Age of Reform* (1994).

¹¹⁹ J. Xu, *Managerial Communication within a Chinese State-Owned Enterprise in a Period of Transition* (1997); and P. Nolan, *China and the Global Business Revolution* (2001).

¹²⁰ International Finance Corporation, *China's Emerging Private Enterprises* (2000).

¹²¹ H. Pleister, *Organisational Behaviour of Township, Village and Private Enterprises in China: A Transactions Approach* (1998).

orientation, innovation and outcome orientation) and typologies (i.e., highly-integrated, market-oriented, moderately integrative and hierarchical) and concluded that it was possible to develop and validate a measure of organizational culture in the Chinese context that was “grounded in existing literature but ‘localized’ to ensure local relevance and validity” and that there was “some evidence that the functions of organizational culture for firm performance (albeit subjectively reported) and employee attitude in firms operating in the Chinese context are similar to those reported in the extant literature, based on Western firms”.¹²²

§1:12 India

The British occupation had a strong and last influence on organization culture in India, particularly among governmental agencies that were established and operated using organizational structure, administrative procedures and work methods imported from Britain. As industrial activities grew in India Western managerial practices and values inevitably followed and many Indian organizations still can be characterized as bureaucratic, impersonal and operating under the ethos of a welfare organization. Expansion of work opportunities to include employees from a broader spectrum of Indian society has led to greater influence of indigenous social habits and cultural values, particularly the emphasis on harmony and equitable distribution of wealth that is such an important part of Indian societal culture. One sees greater consideration for human values and attempts to create the more open work culture thought to be necessary in order to motivate employees and to provide the effort necessary for Indian firms to be successful in competitive global markets. In knowledge-based industries companies have experimented with performance-based compensation and promotion systems, a nod toward more individualistic influences on organizational culture in certain sectors and recognition that many knowledge-based workers are adopting Western norms of personal growth and striving for achievement. In general, the internal work culture in private enterprises in India places a greater emphasis on internal locus of control, future orientation in planning, participation in decision-making and obligation towards others in the work context than in public Indian enterprises.¹²³

India’s success in entering and building a strong presence in the information technology and business process outsourcing markets has often been attributed to the fact that a majority of India’s educated workers speak English. This has been characterized as a unique advantage of the Indian economy relative to other low-cost areas in Asia, South America and Eastern Europe. However, language is one of just many factors that shape the corporate culture within a country. According to Jain, the English language legacy that the British left in India was only a dormant competitive advantage, and did not become relevant until the 1990s when technologies emerged to enable Indian employees to serve customers anywhere in the world.¹²⁴ In addition to adopting English, India’s

¹²² A. Tsui, H. Wang and K. Xin, Organizational Culture in China: An Analysis of Culture Dimensions and Culture Types, 2(3) Management and Organization Review 345, 346 (2006).

¹²³ P. Mathur, Z. Aycan and R. Kanungo, Work Cultures in Indian Organisations: A Comparison Between Public and Private Sector, 8(2) Psychology Developing Societies 199 (September 1996).

¹²⁴ V. Jain, India’s Corporate Culture: A Potential Source of Competitive Advantage (April 6, 2004).

corporate culture also appears to adopt other Anglo-American global corporate cultural practices in the areas of entrepreneurship, professionalism and governance. For example, Jain referred to a strong culture of entrepreneurialism throughout India fueled by the employee mobility, the influence of Indian businesspeople returning from school and work in foreign countries and the diverse and fragmented nature of India's domestic market that creates numerous niche opportunities for products and services with relatively low barriers to entry. In addition, Indian business organizations, long controlled and managed as familial fiefdoms, are now increasingly led by professional managers knowledgeable about world-class strategies and techniques and focused on advancing the interests of all the stakeholders in their companies. Professionalism among top management has been accompanied by dramatic changes in human resource management practices that have impacted employee recruiting, development and training, promotion and rewards. Finally, advances in governance practices are occurring as firms seek the best management talent and to attract the most knowledgeable employees who suddenly have a number of opportunities from which to choose. Also, to the extent that governance reforms have been in the form of strengthened accounting standards the impact has been to improve information processing within organizations.

Organizational culture has attracted the interest of several important Indian researchers, who often refer to the topic as "work culture". Singh and Paul, for example, defined work culture as "the prevalent and common patterns of feeling and behavior in an organization".¹²⁵ According to Sinha, work culture is "the totality of the various levels of interacting forces around the focal concern of work".¹²⁶ Another conception of work culture adopted for use in studying Indian organizations includes work related activities in the framework of norms and values regarding work.¹²⁷ Singh argued what business organizations in India are not self-contained and are often conceived of as instrument of nation building and thus more susceptible to, and influenced by, societal forces and economic and political conditions.¹²⁸ One byproduct of all this in light of India's economic development and continuously increasing engagement with the global economy is that pressure builds for greater productivity from workers, a goal which is unlikely to be achieved unless and until the work culture is positively aligned with the personal values and attitudes of employees regarding work.

Preliminary research indicates that Indian firms face significant challenges with respect to organizational culture. In many cases indigeneous and universal work values co-exist within Indian organizations and the rush of modern technology does not allow organizational leaders to forget or minimize the unique characteristics of traditional Indian societal culture.¹²⁹ Singh analyzed the relationship between work values and corporate culture in the dynamic and fast-growing Indian automobile industry by

¹²⁵ N. Singh and O. Paul, *Corporate Soul: Dynamics of Effective Management* (1985).

¹²⁶ J.B.P. Sinha, *Work Culture in Indian Context* (1990).

¹²⁷ K. Singh, *Work Values and Work Culture in Indian Organizations: Evidence from the Automobile Industry*, 2(2) *Delhi Business Review* (July – December 2001).

¹²⁸ *Id.*

¹²⁹ See S. Chakraborty, *Management by Values* (1991); and S. Chakraborty, *Values for Indian Managers: What and Where to Seek*, in R. Prasad, S. Shukla and A. Kumar (Eds.), *Indian Management-Emerging Responses* (1995).

collecting data from respondents in five different automobile companies.¹³⁰ Singh found that the relationship between various types of work values—individual, instrumental and participatory—and dimension of work culture were generally either negative or insignificant and counseled that personal work values may have a detrimental impact on corporate culture, and overall company performance, and that it was therefore necessary for organizations in the Indian automobile industry to take steps to socialize their employees and develop congruence between the persons and their jobs.

Singh commented that Indian organizations, not surprisingly, are embedded in their local culture and reported that Sinha and Sinha had found self-realization and inventive values as the highest form of work values in Indian culture.¹³¹ Singh went on to explain that “self-realization” consisted of values such as achievement, ability utilization, advancement, aesthetics, personal development, and peace of mind, and that “inventive values” consisted of values of autonomy, creativity, lifestyles, risk-taking and variety. Singh noted that very little in the way of empirical systematic research had been conducted with respect to the relationship between human resource management (HRM) practices (i.e., planning, recruitment, selection, training and development, performance evaluation, career management and rewards) and organizational culture in India and attempted to improve the situation by collecting and analyzing information regarding HRM practices and organizational culture from two private sector organizations in India. Singh found that there was indeed a positive significant relationship between HRM practices and variables of organizational culture operationalized in terms of not only self-realization and inventive values, but also two other extrinsic values required in the Indian environment: status enhancement and socio economic support.¹³²

If organizational culture is “an organization’s shared beliefs, values, assumptions, and rituals”,¹³³ one cultural measurement method, Cronbach’s scale shown below,¹³⁴ supports the notion that the Indian industry and business culture is highly bureaucratic.

Table 1.3: Organizational Culture in India

Organizational Culture	Scores
Consensual	.62
Entrepreneurial	.74
Bureaucratic	.75

¹³⁰ K. Singh, Work Values and Work Culture in Indian Organizations: Evidence from the Automobile Industry, 2(2) Delhi Business Review (July – December 2001).

¹³¹ A. Singh, A Study of HRM Practices and Organizational Culture in Selected Private Sector Organizations in India (2009) (citing J. Sinha and D. Sinha, Role of Social Values in Indian Organizations, in H. Kao, D. Sinha and S-H Ng (Eds.), Effective Organizations and Social Values (1994)).

¹³² Singh described “status enhancement” as consisting of values of altruism, authority, physical activity and prestige, and “socio-economic support” as consisting of work values of social relationship and interaction, comforts, dependency, good working condition and economic gains. For additional discussion see J. Sinha, Work Culture in the Indian Context (1990).

¹³³ J. Sullivan, Exploring International Business Environments 338 (1999).

¹³⁴ R. Deshpande and J.U. Farley, Executive insights: Corporate culture and market orientation: Comparing Indian and Japanese firms, 7 Journal of International Marketing 117 (1999).

Competitive	.45
Innovativeness	.53
Organizational Climate	.60

As shown in the chart, while Indian culture maintains a substantial organizational climate of consensus and groupthink, it also supports innovation and entrepreneurship.

In a comparison of US and Indian companies, several organizational cultural differences were identified by Tenopir.¹³⁵ First, in Indian firms, founders are highly regarded and employees tend to be very knowledgeable about their stories. This is quite different from US firms where heroes could include inventors and products rather than focusing on corporate founders. Second, diversity exists in both cultures, but is measured in different ways. In the US it is by race and gender, while in India it is more likely to be by linguistic and religious traditions. Third, there is a more supportive culture in Indian companies as indicated by the architecture, design and layout of offices. In the US on the other hand, US firms' architecture demonstrated more variety in culture type, suggesting it was dictated by the firm and not the national culture.

Sinha commented that the initial wave of industrial growth in India following independence, driven by imported Western technology and management practices, was predicted by many to be the catalyst for transformation of traditional values, work habits and lifestyles of Indians that would influence and change all levels of Indian society.¹³⁶ In reality, however, traditional socio-cultural forces in India often proved hard to overcome and the situation among many industrial organizations in India seemed to confirm the views of various Western scholars who had expressed skepticism about "whether Hindu religion was conducive to economic activities"¹³⁷, opined that "the habits and social systems which employees brought to their organizations [in India] were contrary to the requirements of industrial organizations"¹³⁸ and argued that "Indians performed work as a favor to others: work was believed to exhaust a person by draining his energy and was, therefore, to be expended only for someone who could return the favor".¹³⁹

Opinions and research among Indian scholars were mixed. On the one hand, some Indian scholars agreed with the views of their Western counterparts. For example, Sinha reminded that in an earlier work he had observed that "work was intrinsically not valued in India because of the culture of *aram* (i.e. preference for rest and relaxation not preceded by hard work)" and that "Indian organizations have assumed *social* rather than *work* identities, and that work behavior is determined socially rather than

¹³⁵ Carol Tenopir, *The Eagle and the Elephant: Comparing Organization Culture in the United States and India* (November 2008), http://works.bepress.com/cgi/viewcontent.cgi?article=1137&context=carol_tenopir.

¹³⁶ J. Sinha, *Work Culture in a Developing Country: The Case of India*, Chapter 16 in *IUPsyS Global Resource* (2009).

¹³⁷ Id. (citing M. Weber, *The Religion of India: The Sociology of Hinduism and Buddhism* (1958)).

¹³⁸ Id. (citing C. Myers, *Industrial Relations in India* (1960); D. Lambert, *Workers, Factories and Social Change in India* (1963); and G. Myrdal, *Asian Drama* (1968)).

¹³⁹ Id. (citing D. McClelland, *Power: The Inner Experience* (1975)).

technologically”.¹⁴⁰ Sinha also cited the following observations of Kanungo: “Indian workers ... manifest a family-centred ethic ... There is an emphasis on idle leisure pursuits that satisfy security and affiliative needs, rather than creative leisure pursuits that achieve work objectives; on maintaining status positions rather than task goal accomplishment; on performing socially approved duties in inter-personal contexts rather than in the job contexts.”¹⁴¹ On the other hand, however, other Indian researchers had found evidence that “Indian managers had values similar to their Western counterparts, and they cultivated a strong work ethic”.¹⁴² Indian organizations across many major categories—public and large private sectors, family owned and multinationals—had adopted, to some extent, Western systems of management, but it was often necessary to bypass the formal systems and structures and draw on local customs and cultural values in order to keep operations flowing smoothly and efficiently.¹⁴³ Not surprisingly, evidence was found of sectorial differences in organizational culture and practices: local subsidiaries of foreign multinationals were best able to “enforce” their own corporate cultures; public sector enterprises were typically bureaucratic; large private sector enterprises also tended toward bureaucracy but also accepted the need for profit orientation; and family-owned enterprises were generally “personalized, flexible and susceptible to local imperatives”.¹⁴⁴

In the mid-1980s Sinha and his colleagues were interested in mapping the work culture in different types of Indian enterprises and relating it to certain basic organizational factors. They studied two steel plants (one in the public sector and one in the private sector), two fertilizer companies (one in the public and one in the cooperative sector) and two nationalized banks (one having rural thrust and the other having more commercial interests).¹⁴⁵ Sinha explained the key elements of their inquiry as follows: “Work culture was conceptualized as the meaning and importance attached to work in terms of: (1) centrality of work rather than of the family, in the life space of managers; (2) extent to which managers worked hard; (3) hours they spent at work; (4) clarity of their roles; (5) job affect (i.e. feeling about their job); and (6) satisfaction with their job outcomes. These variables were related to six organizational factors including: (1) physical condition of work; (2) superior–subordinate relationships; (3) work pressure; (4) work norms; (5)

¹⁴⁰ Id. (citing J. Sinha, *Psychic Relevance of Work in Indian Culture*, 18 *Dynamic Psychiatry* 134 (1985) and I. Parikh, *Role Orientation and Role Performance of Indian Managers* (1979)).

¹⁴¹ Id. (citing R. Kanungo, *Culture and Work Alienation: Western Models and Eastern Realities*, 25 *International Journal of Psychology* 795, 803 (1990)).

¹⁴² Id. (citing P. Singh, *Occupational Values and Styles of Indian Managers* (1979); R. Soares, G. Valecha and R. Venkataraman, *Values of Indian Managers: The Basis of Progress*, 20 *Indian Management* 32 (1981); D. Sinha and M. Sinha, *Dissonance in Work Culture in India*, in A. Moddie (Ed.), *The Concept of Work in Indian Society* (1990); R. Tripathi, *Interplay of Values in the Functioning of Indian Organizations*, 25 *International Journal of Psychology* 715 (1990); and B. Virmani and S. Guptan, *Indian Management* (1991)).

¹⁴³ B. Virmani and S. Guptan, *Indian Management* (1991) (arguing that Indian organizations often incorporated traditional Indian cultural characteristics such as familism, patronage, personalized relationships and obedience to authority into their work cultures).

¹⁴⁴ J. Sinha, *Work Culture in a Developing Country: The Case of India*, Chapter 16 in *IUPsyS Global Resource* (2009) (citing P. Khandwalla, *Organizational Effectiveness*, in J. Pandey (Ed.), *Psychology in India: The State-of-the-Art* (Volume 3) 97 (1988)).

¹⁴⁵ J. Sinha, *Work Culture in the Indian Context* (1990).

upkeep and age of technology; and (6) performance-based rewards. In addition, items were developed to ascertain the extent to which the managers: (1) glossed over their job requirements in order to meet their socio-personal obligations to their friends and family members; and (2) yielded to such influences on their work-behavior as caste, religion, language groups, region, and political affiliations.”¹⁴⁶

When the results were collected and analyzed Sinha and his colleagues identified two distinct extremes in the way that work was viewed and valued within the organizations that they studied. At one extreme were four organizations (i.e., the two banks, the public steel plant and the public fertilizer company) with a “soft work culture” in which “work received a lower priority than social-personal obligations . . . [n]on-work interests and activities displaced works from its central place in the life space of managers . . . [and] . . . [t]hey neither worked hard, nor felt positive affect for their jobs, nor derived any satisfaction from their work”.¹⁴⁷ The remaining two organizations (i.e., the cooperative fertilizer company and the private steel plant) were at the other extreme and illustrated what was referred to as a “synergetic work culture” in which “managers . . . perceived that their organization rewarded hard work, recognized merit, established clear norms of performance, and gave the employees adequate work load” and “superiors demanded hard work from their subordinates, provided them with close supervision and direction, and differentially rewarded those who worked harder”.¹⁴⁸

Noting that each of the organizations in the above-described study operated in the same socio-cultural milieu and thus had to cope with similar socio-cultural values such as personalized relationships, patronage, hierarchy, and in-group orientation, Singh argued that the critical difference between the organizations was their top leadership and the way that leaders used the dominant socio-cultural values in India in establishing the terms of engagement with their employees in the workplace. The senior managers of those organizations that embraced a synergetic work culture had found ways to motivate their employees by developing an organizational culture that was “highly purposive, task-oriented and humane”.¹⁴⁹ In contrast, the leaders of the organizations with soft work cultures had become uncomfortable with asserting what Singh characterized as “their legitimate role” and thus allowed the organization to drift and enable employees to avoid any sensitive of strong personal obligation to their work activities.¹⁵⁰

Singh argued that the success of many of the larger Indian organizations, particularly in the private sector, can be traced to their embrace of organizational practices consistent with the synergetic work culture; however, other factors certainly played an important role including adoption of new techniques to increase productivity and quality (e.g., quality circles, computerization and ISO certification) and increased use of specific managerial styles (i.e., participative, altruistic, professional and organic) that made

¹⁴⁶ J. Sinha, *Work Culture in a Developing Country: The Case of India*, Chapter 16 in IUPsyS Global Resource (2009).

¹⁴⁷ Id.

¹⁴⁸ Id.

¹⁴⁹ Id.

¹⁵⁰ Id.

significant improvements to organizational culture.¹⁵¹ As for smaller enterprises Singh noted that while they “have the potential to respond quickly to the business environment, play the ancillary role to the larger businesses, and provide quality products and services to people” they have also been neglected, are vulnerable to societal forces and challenged by their inability to access capital and technology.¹⁵² Interested in the work culture among smaller enterprises, Singh investigated 28 medium-sized organizations in the state of Bihar, located in the eastern part of India, representing a wide range of manufacturing activities.¹⁵³ Singh found that within the study group four public sector organizations had a soft work culture, two public enterprises had a synergetic work culture and the remaining 22 enterprises, all private, had what was described as an “exploitative work culture” in which “the management tended to extract maximum work from workers without caring to provide adequate facilities, safety measures, appropriate physical conditions of work, or sufficient training to the employees . . . [p]ay and perks were disproportionately asymmetrical . . . and because of their smaller number, workers were not unionized, and therefore, felt dependent on the management for their wages, benefits, and favors”.¹⁵⁴ Singh speculated that differences among the organizations in the study group with respect to work culture could be traced primarily to size and ownership and argued that because of the interdependence between larger and smaller enterprises in India steps need to be taken to assist smaller enterprises “to renovate their technology, manage and develop their human resources, and above all, create a synergetic work culture”.¹⁵⁵

§1:13 Indonesia

The strong cultural heterogeneity found in Indonesia, which distinguishes it from many other Asian countries, explains why Indonesia does lend itself readily to “country clusters” or regional groupings from the Best International Practices Consortium or Best Practices Project. Within Indonesian ethnicity, the active effort to define oneself or group is commonly synonymous with ethnicity, religion and regional location or territory.¹⁵⁶ For instance, overseas Chinese business people in Indonesia display more of the cultural characteristics found among business people in China than they do with different ethnic and religious business people in Indonesia.

Subroto and Subroto investigated organizational culture in Indonesia by analyzing a group of 165 companies involved in the automotive component industry.¹⁵⁷ They began by noting that the aware of, and motivation to build and manage, organizational culture

¹⁵¹ Id. (citing P. Khandwalla, *Management Styles* (1995)).

¹⁵² Id.

¹⁵³ J. Sinha, *Work Culture in Medium-Size Organizations* (1997).

¹⁵⁴ J. Sinha, *Work Culture in a Developing Country: The Case of India*, Chapter 16 in IUPsyS *Global Resource* (2009).

¹⁵⁵ Id.

¹⁵⁶ R. McVey, *Nation versus State in Indonesia*, in D. Kingsbury and H. Aveling (Eds.), *Autonomy and Disintegration in Indonesia* 11 (2002).

¹⁵⁷ S. Subroto and A. Subroto, *Organizational Culture and Leadership Role for Improving Organizational Performance: Automotive Components Industry In Indonesia*, 2(5) *International Journal of Innovation Management and Technology* 383 (October 2011).

was generally minimal within the manufacturing industry in Indonesia and commented that while there had been some announced efforts to develop corporate culture, particularly in response to the economic crisis in the late 1990s, they were, for the most part, merely ceremonial and companies quickly returned to their traditional culture characterized by paternalism, avoidance of risk, monotonous work and aversion to innovation. Among the companies they surveyed Subroto and Subroto found that organizational cultures remained weak and thus were not able to exert much influence on improvement of performance. They also noted that most of the companies in their survey group did not have cultural or socialization programs (i.e., orientation programs to educate new employees about company culture and values) nor was much effort made to link incentives, performance appraisal and promotion to cultural values. At a more pedestrian level, a majority of the company did not have company-specific attributes generally associated with organizational culture such as the color of the clothing worn by employees, company logos with specific company colors, a company creed or book describing the cultural principals of the company, or a physical layout of the office and/or factory that differentiated it from other firms.

Darwis and Djajadiningrat, noting that little research had been done regarding the relationship between leadership styles and organizational culture in Asian countries generally and in Indonesia specifically, used Denison's Organizational Culture Survey to study an Indonesia-based group of integrated companies engaged in the energy sector with a focus on oil and gas exploration and production, power generation and downstream industries.¹⁵⁸ They found that there was a relationship between immediate supervisor leadership styles and organizational culture as perceived by employees and that, in particular, the transformational leadership style showed a positive and strong correlation to organizational culture. Darwis and Djajadiningrat argued that while the theories and practice models underlying transformational leadership had their roots in individualist societies such as the US it would appear that transformational leadership would be equally or even more applicable in collectivist societies such as Indonesia since most of the subordinates in such societies "would more likely be enhanced further by centrality of work in life and the high level of group orientation among followers".¹⁵⁹

Given that the state, through its various public organizations, plays an important role in the provision of goods and services in Indonesia, as well as in other developing countries, the discussion by Pratiwi of the effect of the democratization process on the transformation of public organization culture in Indonesia is relevant.¹⁶⁰ Pratiwi observed that Indonesian public organizations typically are organized in a hierarchical fashion with characteristics usually associated with bureaucracy including higher

¹⁵⁸ T. Darwis and S. Djajadiningrat, *The Relationship of Leadership Styles and Organizational Culture: Case Study of an Oil and Gas Company in Indonesia*, 9(3) *Journal Manajemen Teknologi* 323 (2010). For further discussion of Denison's Organizational Culture Survey, see the chapter on "Managing Organizational Culture" in "Organizational Culture: A Library of Resources for Sustainable Entrepreneurs" prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

¹⁵⁹ T. Darwis and S. Djajadiningrat, *The Relationship of Leadership Styles and Organizational Culture: Case Study of an Oil and Gas Company in Indonesia*, 9(3) *Journal Manajemen Teknologi* 323, 335 (2010).

¹⁶⁰ A. Pratiwi, *Transformation of Public Organization Culture in Indonesian Democratic Era*, in *Culture and Ethics of Public Organization in Democratic Era* (2011).

authority held by the leader of the organization and use of written regulations to control the attitudes and actions of employees at each level in the hierarchy. Pratiwi commented that the image of public organizations in Indonesia has traditionally been quite negative and that such organizations have been frequently classified as slow and unresponsive, complicated, lacking innovation and aspiration, paternalistic, corrupt and riddled with nepotism. Pratiwi blamed both bad leadership and bad organizational culture for this situation and noted, in particular, that bureaucrats did not think of themselves as “public servants” or see the public as a priority and that they lacked commitment to good job performance. Pratiwi did offer hope for improvements in public sector by describing steps that had been taken in the regional government of *Jembrana* in Bali to overcome the bad image of Indonesian public organizations including several measures to reduce complications and “red tape” in obtaining government licenses and approvals and provide easier access to essential transportation, health, news/information and communications services.

While not providing specific insights into unique issues of Indonesian corporate culture Darmadi and Gustomo nonetheless presented an interesting discussion of transformation of organizational culture using an Indonesian firm, Pertamina Eksplorasi Produksi (PEP), as an example.¹⁶¹ From their interviews during a survey process Darmadi and Gustomo learned that corruption, nepotism, collusion and bureaucracy were the characteristics associated with PEP corporate culture a decade before the interviews were conducted but that steps that had been taken to transform the culture during the intervening period had significantly changed the values of employees with respect to “commercial branding”, meaning that PEP strove to be competitive, exercise corporate social responsibility and prohibit employees from using psychotropic. Additional changes were seen in other areas referred to as “courage” (i.e., confidence and decreased tolerance for corruption) and “professionalism” (i.e., equality in opportunities, avoidance of conflicts of interest, climate of fair competition in business, protection of company’s assets and decreased tolerance for harassment). The authors described the activities of the firm’s newly-created “transformation division” which oversaw various organizational culture change initiatives in three key and related areas: people, processes and technology. Among other things, PEP took advantage of new training techniques, such as e-learning, to help employees understand the desired cultural values; initiated induction training to ensure that new employees quickly understood the essential elements of organizational culture; launched a number of programs to develop people and set performance objectives that could be measured; and established systems and processes for sharing knowledge among employees to build their competencies in areas important to organizational culture.

Shihab et al. conducted a questionnaire survey among owners and managers of small- and medium-sized enterprises (SMEs) in Indonesia and their results confirmed that there was a significant relationship between organizational culture and the development and maintenance of an entrepreneurial orientation (e.g., innovation, risk-taking and pro-

¹⁶¹ L. Darmadi and A. Gustomo, Analysis of Corporate Culture Existence in Pertamina EP, 1(2) Journal of Business and Management 128 (2012).

activeness/competitive aggression) among those enterprises.¹⁶² Interviews with owners of the Indonesian SMEs allowed identification of specific elements of organizational culture that appeared to be particularly important for cultivation of entrepreneurial orientation including openness (e.g., employees were encouraged to express their ideas and opinions related to their work); no communication barriers; placing additional emphasis and effort on achievement of strategic targets; and encouraging and motivating employees to identify business opportunities and to pursue and suggest innovations to take advantage of those opportunities.

§1:14 Korea

Kee has argued that Korean corporate culture is one of the most dynamic and distinct corporate cultures in the world and that with its high quality of labor and positive organizational behavior (i.e., hard work and self-discipline), it has contributed to the rapid development of the Korean economy, including the emergence of big Korean conglomerates such as Samsung, Hyundai and LG as well-known brands in the global consumer market within a short period.¹⁶³ Kee also observed that the poor economy of Korea after the Korean War changed after the 1960s with new leadership and a new economic system, with close cooperation between the private sector and the government becoming an effective strategy in developing the nation's economy, and that in explaining the transition from an agricultural country to a knowledge-based economy today, the contribution of the Korean government's leadership, the positive work culture and the management system of Korea are equally important.

Kee has maintained that there are several factors that have been significant influences on the development of Korean corporate culture. The first, and undoubtedly the oldest, influence has been Confucianism; however, Korea's recent interactions with Japan and the US have also had a substantial impact. Confucianism has long been one of the major national philosophies in Korea and the following elements of Confucianism can be seen throughout the Korean societal culture, social structure and value system and in the work culture that has developed within Korean firms: respect for the elderly, loyalty to superiors, harmonious relations and filial piety. Kee pointed that many of the founders of the large Korean *chaebols* are famous and celebrated for their hard work and paternalistic leadership in managing their business. In Korea it has long been expected that employees would be treated as family members by the founders and in return those employees are expected to be willing to sacrifice personal interest for company benefit. Kee summarized that influences of traditional Confucian values on Korean corporate culture as follows:

¹⁶² M. Shihab, T. Wismiarsi and K. Sine, Relationship between Organisational Culture and Entrepreneurial Orientation: Indonesian SMEs Context, 24 International Proceedings of Economics, Development and Research 93 (2011).

¹⁶³ Parts of the discussion in this section are adapted from T. Kee, Influences of Confucianism on Korean Corporate Culture, <http://portal.fss.um.edu.my/portal/uploadFolder/pdf/Influences%20of%20Confucianism%20on%20Korean%20Corporate%20Culture.pdf>.

“The paternalistic leadership pattern, hierarchical structure, blood-based succession, gender inequality and collectivism are the main features that resulted from Confucian influences. The Five Relations and three bonds (samgang) that are stressed in Confucian teaching are the key elements of Korean work practice and management styles. Hierarchical relations between superior and subordinate, employer and employee, senior and junior were determined by the principle of filial piety, brotherliness and parental affection. The five virtues of benevolence, righteousness, propriety, knowledge and sincerity are the basic ethic-codes in addition to the three bonds. Many Koreans live by abiding to the ethical code; if they fail to do so they may be punished by society.”¹⁶⁴

Besides Confucianism, Kee reminded that both Japan, which occupied and ruled Korea from 1910 to 1945, and the US have also significantly influenced Korean corporate culture. Kee pointed out that key characteristics of the Koreans’ work behavior, such as self-discipline, diligence and team spirit, are very similar to the Japanese and noted that the emergence of big business groups in Korea was also influenced by the Japanese economic structure which has also been heavily dependent on large conglomerates consisting of commonly-owned businesses operating in tight networking relationships. After Korea was freed from Japanese domination at the end of World War II, new cultural influences from the US gradually became more important than those of the Japanese. Kee noted that, in particular, the Korean corporate world was increasingly influenced by the gradual and continuous introduction and implementation of US management system values. For example, the traditional emphasis on hierarchy, seniority and collectivism long found inside Korean firms began to give way to performance-based human resources practices and Kee observed that younger Korean managers, many of whom has been educated in business schools in the US and Europe, introduced management styles that were less authoritarian, invited individual participation and rewarded performance rather than loyalty and longevity.

After examining the various influences on Korean corporate culture Kee concluded that while “modern” influences from outside the country have had a substantial and enduring impact “traditional Confucian values still maintain their dominant status in Korean life and cultural practices” and that “[i]t may take a long time to reduce traditional Confucian values in the Korean corporate culture as Korea is a very old Confucian society ... [and] collectivism, hierarchical order and family-based succession are not easy to eliminate as they are deeply-rooted in Korean culture”.¹⁶⁵ Rowley and Paik have promoted a similar view of key aspects of Korean corporate culture and management practices and noted, in particular, the role of Confucianism in creating and maintaining a strict code of personal and social behavior with Korean society which emphasizes family, close relationships between fathers and sons, gender roles, precedence of elders and mutual trust among

¹⁶⁴T. Kee, Influences of Confucianism on Korean Corporate Culture, 13 <http://portalfss.um.edu.my/portal/uploadFolder/pdf/Influences%20of%20Confucianism%20on%20Korean%20Corporate%20Culture.pdf>.

¹⁶⁵T. Kee, Influences of Confucianism on Korean Corporate Culture, 14 <http://portalfss.um.edu.my/portal/uploadFolder/pdf/Influences%20of%20Confucianism%20on%20Korean%20Corporate%20Culture.pdf>.

friends; the traditional resistance of Korean society toward foreign peoples and influences; and the increasing exposure of Korean firms to outside management practices and internationalization of business activities.¹⁶⁶ Rowley and Paik also noted that Korean firms continue to organize and operate in a manner that reflects the continuing tilt toward paternalist and authoritarian leadership styles and in-group harmony.¹⁶⁷

§1:15 Mexico

In general, organizational culture in Mexico follows the profile typically found among Latin American countries and described by Dávila and Elvira as benevolent paternalism in a broader context of large social gaps and widespread collectivism.¹⁶⁸ It is fair to say that companies in Mexico are organized and managed like a family with a strong leader exercising authority and subordinates who accept and expect authoritarian leadership and avoid conflicts and confrontation with their superiors. Hierarchy is a staple of organizational structure and culture in Mexico and follows from recognition of social distance between those at the top of the hierarchy and their subordinates; however, within the hierarchy social status, as identified through job titles and additional benefit, is highly valued.¹⁶⁹ According to Dávila and Elvira collectivism impacts the workplace in several different ways including the importance of personal relationships, the strong sense of loyalty to the primary group and the frequency and popularity of group celebrations. Communication within Mexican organizations, as in other Latin American countries, is generally hierarchical and vertical with information flowing downward and subordinates being generally reluctant to offer their own opinions to their managers lest they be seen as engaging in disruptive confrontation.

Jakonis explored organizational culture in Mexico by focusing on his own personal experiences in assisting with establishing a Mexican subsidiary of an international packaging services company headquartered in the US.¹⁷⁰ Jakonis highlighted several aspects of the socio-economic environment in Mexico that would likely influence preferences regarding organizational culture among business organizations in that country: cultural diversity, including a mixture of European and American Indian ancestry; small local farming communities, with historical roots running back to the Mayas and Aztecs, along with colonial Spanish towns and large urban areas that have become home to 2/3 of the population and which often house large numbers of people in

¹⁶⁶ C. Rowley and Y. Paik, Setting the Scene for the Changing Face of South Korean Management, in C. Rowley and Y. Paik (Eds.), *The Changing Face of Korean Management* 1, 16-17 (2009).

¹⁶⁷ Id. at 18.

¹⁶⁸ A. Dávila and M. Elvira, Culture and Human Resource Management in Latin America, in A. Dávila and M. Elvira, *Managing Human Resources in Latin America* (2005) (as described and quoted in Knowledge@Wharton: Human Resources, How Culture Affects Work Practices in Latin America (January 26, 2005)).

¹⁶⁹ See also Resource for Business Management, Comparative Motivation in Mexico: Management in Focus”, <http://www.businessmanagementclassonline.com/businessmanagement-285-resource-for-business-management-comparative-motivation-in-mexico-management-in-focus.html> (Mexican organizational culture tends to emphasize formality, hierarchy, respect for authority and avoidance of public displays of conflict).

¹⁷⁰ A. Jakonis, Organisational Culture in Multicultural Organisations—Mexico, 2(2) *Journal of Intercultural Management* 83 (2010).

poor slums on dirty streets with not even the most basic of hygiene; large gaps in the distribution of wealth, educational opportunities and basic services; rigid social structure with limited and difficult upward mobility; and, unfortunately, significant problems with corruption, criminal activities and disrespect for basic human rights. Religion, family (generally organized around a male patriarch) and traditions are important values among the Mexican population and can be seen in artifacts of organizational cultures.

Based on his observations and interviews with local managers and employees Jakonis identified the following key characteristics of, and issues relating to, traditional Mexican organizational culture:

- Informal communication appeared to be extremely important at both a formal and informal level and informal networks and relationships played a big part in defining the work environment and in other areas such as recruiting (e.g., family and friends recommended by current employees were preferred candidates for filling openings).
- Mexico's patriarchal society, with its accompanying social inequalities and attitudes toward women, influenced organizational culture. The relationships between men, as superiors, and women were distant and while males in a position of authority treated women with care and courtesy they generally did not treat women as partners in terms of their opinions with respect to work activities.
- Family and religion are important institutions in the day-to-day lives of Mexican and in their interactions in the workplace. Employees talk frequently with one another about family matters—children, parents and siblings—and religious symbols can be found at individual workstations and at the entrances to offices and factories.
- Attitudes of the Mexican employees toward work are generally positive and Jakonis commented that Mexicans cared for their work and presented themselves in their interactions with large foreign companies as being hard-working, ambitious, honest, responsible, dedicated to their employer and success oriented. However, actual performance did not always correspond to attitudes: Jakonis noted that integration intended to capitalize on cooperation and communication did not necessarily lead to effective teamwork and that completion of projects was often delayed due to lack of self-initiative and willingness to assume responsibility.
- The phenomenon that Jakonis referred to as *mañana* was pervasive and quite unsettling and frustrating to Americans and Europeans since it often resulted in delays in completion of apparently simple tasks, uncertainty about the future and inability to engage in the formal planning activities that are so familiar to, and popular with, managers from the US and Europe.
- Foreigners also experience problems conducting business in Mexico due to differences regarding “pricing” for goods and services. In general, it is difficult to ascertain a final price for all product or project and each element of the cost is seen as an opportunity for lengthy and painful negotiations. Jakonis noted that even when the parameters of a project have been identified and an initial deal has been struck regarding the price it is often necessary to make additional payments in order to guard against “delays” in completing the project.
- Social inequalities, prevalent throughout Mexican society, appear in the workplace as well in the form of different motivations of managers and workers: managers work to

accumulate greater prestige and improve their social status while workers are most concerned with receiving the money needed to satisfy the basic needs of themselves and their extended families.

- Government regulations, as well as societal norms, create expectations that companies will tend to the safety and well-being of their employees; however, in practice many companies are quick to “cut corners” and ignore basic safety rules, thus putting their workers at great risk of potential harm.

§1:16 Russia

Corporate culture is a relatively new, and unfamiliar, concept among Russian businesses. Kalashnikova commented that “Russia’s corporate culture is young, ambitious and dynamic but often anarchic”.¹⁷¹ Kalashnikova also catalogued various characteristics of emerging organizational culture in Russia as businesses become more and more exposed to outside influences while still struggling to reconcile traditional local cultural values: impulsiveness and uncertainty, bordering on anarchy, often seem to rule activities and behaviors in Russian organizations, as opposed to the transparent standardized practices typically found inside US and European companies; responsibility for decisions generally remains vested with a single person at the top of the organizational hierarchy; organizational structures are generally quite hierarchical and status is quite important to managers who generally seek to build and maintain both physical and emotional walls between themselves and their subordinates; and evaluation of job performance and staff development procedures lack transparency and this leads to distrust of managers among subordinates, particularly with regard to the fairness of promotions.

Based on Hofstede’s dimensions of societal culture Russia has extremely high power distance and uncertainty avoidance and low individualism and masculinity.¹⁷² According to Kliuchevskii Russians have tendencies toward resourcefulness, patience under adversity, deprivation and spurts of energy and tend to have difficulties in seeing things through to completion.¹⁷³ These traits of Russian societal culture can be seen in studies of Russian organizational culture such as the work Vlachoutsicos and Lawrence that uncovered good vertical flow of information in Russian firms, but poor horizontal flow from department to department, a situation they attributed to the belief that information represented power and thus not to be shared even though this impaired efforts to achieve coordination and integration.¹⁷⁴ Interestingly Fey and Denison found that adaptability and involvement were both highly important to organizational effectiveness among foreign-owned firms operating in Russia.¹⁷⁵

¹⁷¹ O. Kalashnikova, *Organizational Culture: Russian Style*, *The St. Petersburg Times* (April 3, 2013).

¹⁷² G. Hofstede and G.J. Hofstede, *Cultures and Organizations; Software of the Mind* (2nd Ed. Rev.) 112 – 117 (2005).

¹⁷³ F. Ozer, *The Relationship Between Organizational Culture and Firm Performance: A Cross-Cultural Study among Turkey, Russia and Romania*, 4(2) *International Journal of Social Sciences and Humanity Studies* 207, 209 (2012) (citing V. Kliuchevskii, *Kluhevskii’s Collected Works* 34 (1990)).

¹⁷⁴ C. Vlachoutsicos and P. Lawrence, *What We Don’t Know about Soviet Management*, 68 *Harvard Business Review* 50 (November-December 1990).

¹⁷⁵ C. Fey and D. Denison, *Organizational Culture and Effectiveness: The Case of Foreign Firms in Russia* 101-102 (1999).

Groznaya argued that the business and organizational culture driving Russian firms is complex because it includes elements from a variety of sources including traditional Russian values running back to the 19th century, practices learned through the extended period of Communist rule and control during much of the 20th century and values that are entering Russia as it increases its exposure to the West and multinational Western companies.¹⁷⁶ Groznaya pointed to three factors that have been particularly influential with respect to Russian business culture: “the unique geographic position and environment that has forced people to adjust to unpredictable and often severe climate conditions . . . [and] has created a collectivist, enduring and fatalistic mentality . . . the Orthodox Christian ethic that emphasized forbearance, obedience and strict hierarchy . . . [and] the rapid historical changes of the 19th century partly destroyed the previous culture and brought to life a new, communist and later post-communist mentality”.

Groznaya described “three co-existing cultures [in Russia] that partly collide and partly merge with each other”. The first of these cultures is represented by the outlook taken by the “technocrats”, who were described as technical experts and managers with basic technical education who continue to play an important role in managing strategically important state-controlled enterprises after the end of Communist rule. While the technocrats have been well trained in their technical areas Groznaya commented that: “Traditionally they lack any formal management education . . . Being brought up in the communist society, technocrats tend to practice a collectivist, hierarchical, paternalistic work style. In order to avoid any risk and unpredictability, they are formal and bureaucratic. Consequently, Russian organizations run by technocrats are notorious for having many rules and regulations.” Post-Communist firms managed by technocrats tend to have a vertical hierarchical structure with top-down decision-making and limited, if any, flow of communication and information between different levels in the hierarchy and/or across horizontal business units. In fact, information is perceived as a proprietary asset useful for political purposes and thus is not something to be shared. Managers and employees see their roles as knowing what they are supposed to do and simply doing it without asking questions or suggesting different approaches.

The second Russian business culture described by Groznaya was based on the first generation of “Russian entrepreneurs” who emerged after the end of Communist rule to begin construction and development of a new private business sector. Groznaya described these individuals as “inventive, flexible and risk-taking” and noted that many of them were negatively perceived in the public eye due to the belief, often mistaken, that they had achieved financial success through illegal means. The new Russian entrepreneurs needed to act quickly and decisively in a rapidly changing business environment and tended to take a pragmatic approach. The turbulent environment, combined with a fatalism inherited from prior generations, caused these entrepreneurs to askew long-term strategic planning and adopt a more relaxed and flexible approach toward time and time commitments. As for rules and regulations applied to their

¹⁷⁶ The discussion of the commentary given by Groznaya in the following paragraphs, as well as the quotations, are adapted from E. Groznaya, *Conflict of Generations: Business Culture of Contemporary Russia*, TC World (June 2009).

business activities, Russian entrepreneurs admittedly were ready and willing to ignore them in favor of an “ends justify the means” approach to achieving market success. Groznaya commented that the Russian entrepreneurs who started their businesses in the early 1990s were less formal and more direct in operating their firms; however, those firms retained the vertically-organized hierarchy traditionally found in Russia along with a managerial culture that was still “characterized by high power distance and a strong collective mentality” and relied on a “paternalistic leadership style”.

The third and final Russian business culture described by Groznaya is clearly quite intriguing and is represented by what was called the “young post-perestroika generation” and described as “highly educated, often Western-oriented professionals” who bring to Russian business distinct Western work and management styles. This group brings a number of new and different characteristics when compared to their predecessors in the continuum of Russian management including a respect for punctuality and task orientation, informality, egalitarianism and commitment to contractual obligations. However, they also have continued some of the practices of the past including reliance on hierarchically-structured negotiating teams, a preference for short-term planning (with such planning made in a top-to-bottom fashion), limited information flows within the organization and relatively little consultation in advance of important decisions. Paternalistic and charismatic leadership remains important even in the newest of Russian business ventures.

Fey et al. followed a similar line of thought by noting that the development of a market economy—a dramatic change in course—following the collapse of the Soviet Union left a large part of the work force in confusion, with little understanding of the new framework to be used, and suggesting that the result has been the rise of two different organizational cultures in Russia today: one a residue of the Soviet system, and the other Western-influenced.¹⁷⁷ They noted that effectively managing workforces in these two different cultures is obviously a critical and difficult issue and a manager that they interviewed supported this view:

“Those under 30 have never worked under and have no negative experience of the old system. They have never had a position in the Communist Party, are not afraid of censorship, and so on. Those over 40 worked prior to perestroika in research institutes, and so on, and have completely different experiences and knowledge. They have had to relearn, and none enjoy high positions.”¹⁷⁸

Fey et al. suggested that the problem confronting Russian managers is that these two groups have very different expectations and concepts of the culture of the company and the context in which it operates.¹⁷⁹ Young Russians are energetic, excited about the future, and eager to learn. They are discovering how to survive in a market economy

¹⁷⁷ C. Fey, C. Nordahl and H. Zatterstrom, *Organizational Culture in Russia: The Secret to Success: Developing an Understanding of What Makes a Foreign Firm’s Organizational Culture Effective in Russia* (1998).

¹⁷⁸ *Id.* at 7.

¹⁷⁹ *Id.*

moving at a tremendous speed. Their elders, having been molded in the Soviet era, see their job as simply a part of the daily routine. They have little concept of market forces, and often do not possess many of the skills necessary today. Nor do they understand the make-up of a modern company. For example, Fey et al. observed that older workers in Russia are “used to producing according to preset quotas and thus cannot see the *raison d’être* of sales and marketing departments”.¹⁸⁰

Fay et al. provided a case study of what they referred to as the “two-workforce dilemma” that focused on the situation that followed the decision by Alfa Laval, a large Swedish corporation, to acquire an older Russian state firm Potok in order to form and operate Alfa Laval Potok (ALP) to engage in the production and sale of heat exchange equipment.¹⁸¹ According to Fay et al. many of the ALP workers involved in production were veterans of the original state-owned enterprise while those hired to engage in sales activities were either from the Swedish parent or younger Russians since Potok did not need a modern sales department in order to operate in the controlled economy that existed during the Soviet period. A quote from ALP’s managing director Bengt Celsing explained the challenges that confronted the “hybrid firm”:

“In order to develop Potok, a modern marketing and sales unit was needed. This we found in Alfa Laval AU, a modern marketing and sales group that Alfa Laval had previously established in central Moscow... So we moved sales to the Potok factory. We then discovered a cultural problem between the two groups, the one representing the more traditional Russian style and type of operation and the other with more modern values. Most sales and marketing employees were younger, better educated, and better paid [than those in production]. However, over time, with significant work on our part, employees have come to appreciate the importance of all the different roles they have at Alfa Laval, and the necessity of having all those different roles for the firm to be successful... We have come a long way in creating a one-company spirit.”¹⁸²

Fay et al. discussed the problems that managers of a firm such as ALP faced in developing an effective organizational culture given that the two Russian workforces were, in a sense, products of two different cultures and thus were not motivated by the same factors. The answer, according to Fay et al., was to create and maintain two parallel human resource organizations: for the younger and more modern Russian working primarily in the sales area there was a need to create profit sharing programs and opportunities for professional growth and interaction with other parts of the global network overseen by the Swedish parent; however, for older workers the focus needed to be on recreating the stable environment they were used to while working at Potok. Pursuing two different paths is probably relatively easy while the older employees worked in production and the younger employees worked in sales; however, eventually the organizational culture needs to be shaped in ways that will unify both groups. For example, over time older employees might be introduced to profit sharing programs since

¹⁸⁰ Id.

¹⁸¹ Id.

¹⁸² Id. at 7-8.

increasing productivity within the factories is essential for the long-term performance and success of the entire enterprise.¹⁸³

Another interesting perspective on Russian organizational culture was provided by Herman Miller, an American manufacturer of office furniture, as part of a description of research on culture and work styles in the “BRIC” countries released in 2010. The report noted that while changes in the political environment in Russia have facilitated the emergence of a new class of business leaders with authority to make decisions on their own, rather than awaiting direction from the central government, individualism is still a new concept and the traditional sense of collectivity remains a strong influence. The Miller report noted that: “Russian business is still largely hierarchical; senior management often makes important business decisions large and small without the involvement of staff. While many senior managers may not like to give up responsibility, many subordinates fear taking it.” The high power distance associated with Russian societal culture can be seen in workplaces where managers prefer to have their own private and separate spaces to demonstrate power and authority (i.e., status consciousness). Workplaces are far from sterile, however, and the Miller report documented the preference of many employees for taking steps to make their work spaces “more homey and cheerful with decorative touches and personal artifacts”.

§1:17 South Africa

Beukman observed that one of the most significant challenges confronting South African managers is the tremendous ethnic diversity found throughout the country.¹⁸⁴ He noted that South Africa was a country with seemingly opposing cultural identities: Europeans reflected specific interaction, rules, neutrality, drive for achievement and control while Africans reflected more interaction, connectedness and flexibility. South Africa obviously has a long history of undernourished and undereducated, albeit majority, groups that have been kept outside power channels of institutions for political reasons, thus breeding a culture of inequality that leads to reliance on hierarchical structures with unequal distribution of authority and a tendency toward obedience. The apparent Western orientation of South African culture based on decades of British occupation and control masks an underlying collectivism. In South Africa one finds a division of labor based on sex and stereotyping of jobs based on masculinity and femininity.

According to Lessem, organizational culture in South Africa has been strongly influenced by both “Western Empiricism” and “Northern Rationalism” due to its British cultural heritage and the continuous presence of American, Dutch and German merchants; however, recognized that the African population within South Africa also strongly preferred a “humanistic” approach to management and collectivist values and practices in the workplace.¹⁸⁵ Beukman reported that Van der Walt had observed that South African

¹⁸³ Id. at 8.

¹⁸⁴ T. Beukman, *Culture, Values and Work-Related Values—A Theoretical Overview* (2005).

¹⁸⁵ Id. at 46. For detailed discussion of the sources and evolution of management practices in South Africa, see R. Lessem and B. Nussbaum, *Sawubona Africa: Embracing Four Worlds in South African Management* (1996).

organizations are conceptualized and structured in a largely Western mold and cautioned that this approach ignores the fact that large numbers of workers are African rather than European or American and thus it is necessary to take into account an African culture that is “communalistic” (i.e., the community comes before the individual) rather than “naturalistic” (i.e., the individual comes before the community).¹⁸⁶ Specific characteristics of this communalistic culture include interdependency, survival of the group and group security, group satisfaction and cooperation/harmony and affiliation and common duties.

Hofstede found South Africa to be mid-level on power distance, tending more toward individualism than collectivism, high on masculinity and medium on uncertainty avoidance.¹⁸⁷ Lynton and April noted that the finding of the GLOBE survey regarding South Africa were “rather contradictory to Hofstede” and included findings that both black and white South Africans scored high on assertiveness; black South Africans scored high on future orientation while white South Africans were mid-range on this measure; black South Africans were in the medium-high range for humane orientation while white South Africans were in the low range on this measure; both black and white South Africans were in the middle range on in-group collectivism, although black South Africans scored much higher on this measure than white South Africans; and white South Africans were much more hierarchical than black South Africans.¹⁸⁸ In 2006 Sims found South Africa be a moderate with respect to both power distance and individualism but also noted that as black South Africans have entered business organizations the influence of collectivism in those organizations has increased.¹⁸⁹ Lynton and April, like many others, described South African collectivism as being expressed through “Ubuntu”, which they defined as “an individual existence of the self and the simultaneous existence for others, treating the other person with dignity, respect and as worthy”.¹⁹⁰

Lynton and April reported on the surveys conducted by Kotzé for the World Values Survey which “have shown, over many years, that South African values are a complicated mix of both Anglo-Saxon values as well as African values, compared them to other value sets (e.g., Arab), and shown that South African values and value

¹⁸⁶ T. Beukman, Culture, Values and Work-Related Values—A Theoretical Overview 58 (2005) (citing B. J. van der Walt, *Afrocentric or Eurocentric: Our Task in a Multicultural South Africa* (1997)).

¹⁸⁷ G. Hofstede, *Culture’s Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations* (2001).

¹⁸⁸ N. Lynton and K. April, Connected But Not Alike: Cross-Cultural Comparison of Generation Y in China and South Africa, 8(1) *Academy of Taiwan Business Management Review* 67, 71-72 (2012) (citing R. House et al. (Eds.), *Culture, Leadership and Organizations: The GLOBE Study of 62 Societies* 220 (2004)).

¹⁸⁹ R. Sims, Comparing Ethical Attitudes across Cultures, 13(2) *Cross Cultural Management* 101 (2006).

¹⁹⁰ N. Lynton and K. April, Connected But Not Alike: Cross-Cultural Comparison of Generation Y in China and South Africa, 8(1) *Academy of Taiwan Business Management Review* 67, 74 (2012) (citing F. Luthans, R. Van Wyk and F. Walumbwa, Recognition and Development of Hope for South African Organizational Leaders, 25(6) *The Leadership & Organization Development Journal* 512 (2004)). See also L. Mbigi and J. Maree, *Ubuntu: The Spirit of African Transformation Management* (1995) (defining “Ubuntu” as: “I am because we are. I can only be a person through others”).

orientations cannot be fully captured and understood through a purely Western lens”.¹⁹¹ April and Peters commented that while “[t]he Western world adopts a primarily scholastic approach based on facts, logic, and the nature of reality ... the African approach is based in humanism and communalism” and that understanding of South Africa requires attention to “the daily dynamic of story, narrative, ritual, symbolism and myth, and the interconnectedness that defines the South African citizen”.¹⁹²

Ogedengbe et al. also explored societal culture in Africa generally and noted the importance of family relations and an “extended family system” that served as an economic unit created and maintained to tend to the care and wellbeing of its members including production, distribution and consumption.¹⁹³ Members of an African family share common blood ties that create duties and obligations of mutual support, thus suppressing individualism and creating a hierarchy based on age. Ogedengbe et al., referring to the dimensions of societal culture developed by Hofstede, characterized traditional African cultural values as predominantly collectivist, with achievement being attributed more to group efforts and cohesiveness than individual assertiveness; and predominantly feminine on the masculinity-femininity scale, as evidenced by the strong emphasis on the maintenance of warm personal relationships and development of cooperation and the aversion to conflict.

Rensburg was one of many who have argued that South African organizations must strive to create and maintain an organizational culture which places strong emphasis on “concern for people” and specifically recommended the following: reevaluation of organizational norms and practices so as to benefit all workers in the organization; moving away from attempts to inculcate values and belief systems that had previously had as heroes those who have benefitted through exploitative mechanisms, with no legitimacy; shifting from a racial to a non-racial value system and not seeking to either Westernize the workforce or Africanize the workplace; and reevaluating and reconfiguring management structures in a manner that moves toward consensus and consultative management and elements of Ubuntuism mentioned above.¹⁹⁴ Since then, according to Spierenburg and Weis, a new African organizational culture has evolved¹⁹⁵ and South African themselves, rather than Western academics analyzing South African organization and culture, have taken the lead in writing about management ideas

¹⁹¹ N. Lynton and K. April, Connected But Not Alike: Cross-Cultural Comparison of Generation Y in China and South Africa, 8(1) *Academy of Taiwan Business Management Review* 67 (2012) (citing, e.g., H. Kotzé, The Constant of Transformation: Eleven years of Value Change in South Africa, 1990–2001, in T. Petterson and Y. Esmer (Eds.), *Changing Values, Persisting Cultures: Case Studies in Value Change* 333 (2008); and H. Kotzé, Tracking the Pulse of the People: 25 Years of Value Change in South Africa, 1981–2006, in Y. Esmer, H. Klingemann and B. Puranen (Eds.), *Religion, Democratic Values and Political Conflict* 91 (2009)).

¹⁹² K. April and K. Peters, Communal vs. Individual Modalities of Work: A South African Perspective, 2(1) *Asia Pacific Journal of Business and Management* 5 (2011).

¹⁹³ F. Ogedengbe, O. Ewanlen, C. Rebman and M-S. Atoe, Achieving Unity in Diversity Through Cross-Cultural Management of Resources, 9(9) *Journal of US-China Public Administration* 1048, 1051-1052 (September 2012).

¹⁹⁴ R. Rensburg, Societal vs. Organizational Culture: Toward a Cross-Cultural Communication Model for South African Organizations, III(1) *Intercultural Communication Studies* 75, 81-82 (1993).

¹⁹⁵ M. Spierenburg and H. Weis, Culture, Organization, and Management in South Africa 6-12 (2006).

and selling them to different forums.¹⁹⁶ One particularly important theme in the new South Africa is cultural emancipation in organization and management, which includes seeking and achieving equity through affirmative action (i.e., more black South Africans must be incorporated in organization and management).¹⁹⁷

Finally, Nussbaum has pointed out that “African culture has many social technologies which are subtle, profound, and embedded in a deeply communal and spiritual social context . . . [s]torytelling, music and dance, praise singing, inclusive decision making and participatory community meetings (*Indabas*) play a central role in traditional rural African communities and continue to have an important, though modified, role in urban contexts”.¹⁹⁸ She observed that the challenge for managers in South Africa is integrating these traditional African values and integrating them effectively into the organizational cultures of African businesses whose workforces are becoming increasingly diverse. One consistent issue is the huge disparities in wealth found throughout South Africa and the impact of the push toward capitalism on maintaining those disparities as opposed to sharing wealth among everyone in the manner consistent with the traditions of *Ubuntu*. Nussbaum also discussed various issues that arise when attempts are made to integrate *Ubuntu* values into European or western South African corporate cultures and referred to the need for managers to “see organizations and businesses as communities and not as structures of power and positions”.¹⁹⁹ According to Nussbaum, a corporate culture that included useful elements of *Ubuntu* would be characterized by a respect for collective learning and meaningful participation by employees at all levels of the organization and the realization that the workplace works best when it is developed as a web of trusted relationships. Another important factor to consider is that “the culture of reciprocity within a work and community context is deeply embedded in African culture” and Africans do not view activities in the workplace as a means for increasing shareholder value, a concept that is obviously important in the West, but as a way to be interconnected with society and to serve local communities.²⁰⁰

§1:18 Turkey

Turkey is an interesting study from a socio-cultural perspective. According to Berkman and Özen the Turkish Republic was established in the early 1920s on foundational principles of nationalism, secularism, republicanism, populism, reformism and etatism and has long enjoyed substantial social diversity including an emerging middle class, the

¹⁹⁶ L. Mbigi, *In Search of the African Business Renaissance* (2000); P. Christie, *Stories of an Afman(ager)* (1996); M. Boon, *The African Way: The Power of Interactive Leadership* (1996).

¹⁹⁷ L. Human, *Affirmative Action and the Development of People: A Practical Guide* (1993); B. Blomsma, *Affirmative Action in South African Business* (1995).

¹⁹⁸ B. Nussbaum, *Ubuntu and Business . . . Reflections and Questions*, 17(3) *World Business Academy: Perspectives* 1, 2 (May 7, 2003).

¹⁹⁹ B. Nussbaum, *Ubuntu and Business . . . Reflections and Questions*, 17(3) *World Business Academy: Perspectives* 1, 3 (May 7, 2003) (citing D. Mtembu, *African Values: Discovering the Indigenous Roots of Management*, in R. Lessem and B. Nussbaum, *Sawubona Africa: Embracing Four Worlds in South African Management* 221 (1996)).

²⁰⁰ B. Nussbaum, *Ubuntu and Business . . . Reflections and Questions*, 17(3) *World Business Academy: Perspectives* 1, 9 (May 7, 2003).

rural upper class, artisans and religious groups.²⁰¹ The population is relatively young and nearly everyone is Muslim, although small and active Christian and Jewish communities can also be identified. Berkman and Özen observed that while the Turkish business system had traditionally been state dependent it has been gradually changing over the last several decades in response to liberalization policies. While it is true that big business groups, generally diversified conglomerates owned and controlled by large families, continue to be the main economic actors in Turkey the dominant characteristics of Turkish organizational culture are evolving toward less paternalism and collectivism and more masculinity and risk-taking. However, this evolution is slow for a variety of reasons including low levels of trust that inhibit cooperation among people that do not have primordial ties based on kinship and/or ethnicity.²⁰²

Berkman and Özen explored the roots and elements of Turkish culture in some detail, beginning by noting that Turkish culture reflects a mix of traditional and modern values. With respect to traditional values, the influence of the Ottoman socio-political system is an important factor and may explain tendencies toward a highly centralized and autocratic system with a dominant ruling class overseeing obedient, submissive and unquestioning subordinates whose basic assumptions about life included an “external locus of control”; acceptance of fate and destiny, which explains the lack of long-term orientation in Turkey; a belief that change is not desirable; reverence for traditions, customs and conformity; and little tolerance for individualistic and competitive behavior.²⁰³ At the same time, however, Turkish culture does include elements from attempts to import “Western values” and modernize Turkish society after the fall of the Ottoman Empire and the establishment of the Turkish Republic in 1923, although the consensus is that those efforts had no more than limited success.²⁰⁴

The Competing Values Framework (CVF) is a valuable tool for assessing organizational culture. The CVF is based on two major dimensions. The first dimension emphasizes the organizational focus (internal versus external), whereas the second one distinguishes between stability and control and between flexibility and discretion. These two dimensions create four quadrants, each representing a major type of organizational culture, as depicted in Table 1.4.²⁰⁵

Table 1.4: Competing Values Framework

²⁰¹ Ü. Berkman and S. Özen, Culture and Management in Turkey: State-Dependency and Paternalism in Transition, in E. Davel, J-P. Dupuis and J-F. Chanlat (Eds.), *Gestion en contexte interculturel : approches, problématiques, pratiques et plongées* (2008).

²⁰² Id. (citing A. Sargut, Kurumsal alanlardaki örgüt yapılarının oluşmasında ve ekonomik işlemlerin yürütülmesinde güvenin rolü, in F. Erdem (Ed.), *Sosyal bilimlerde güven*, Ankara, Vadi Yayınları 89 (2003)).

²⁰³ Id. (citing D. Cüceloğlu, *Yeniden insan insane* 241 (1997)).

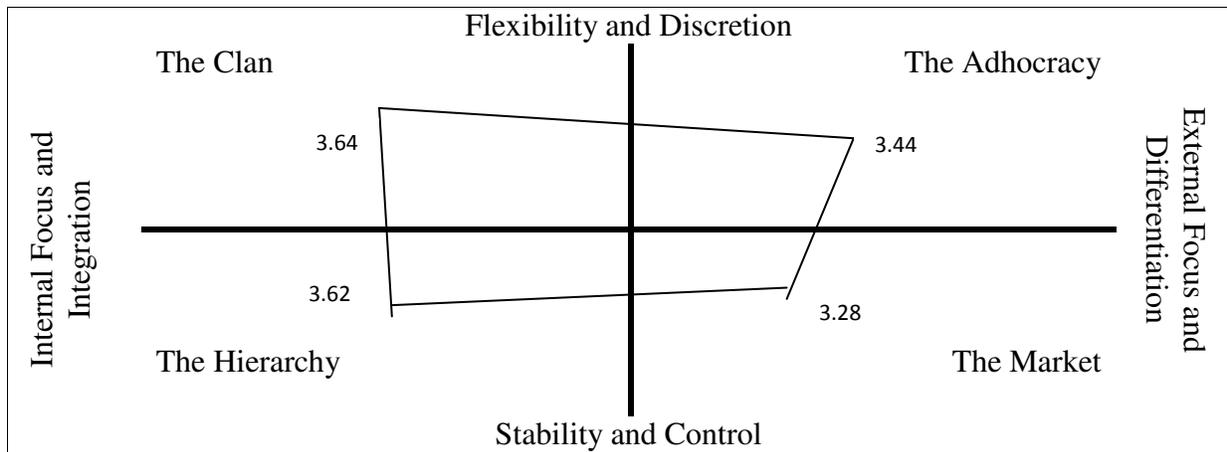
²⁰⁴ B. Lewis, *The Emergence of Modern Turkey* (1961).

²⁰⁵ K. Cameron and R. Quinn, *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework* (1999). For further discussion of the Competing Values Framework and its uses in the assessment and study of organizational culture, see the chapter on “Managing Organizational Culture” in “Organizational Culture: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).



According to one study of Turkish organizational culture, the dominant culture in Turkey is the clan culture. Respondents identified hierarchy type as the next most dominant in their organizations. These predominant two cultures were followed by adhocracy and market, respectively.²⁰⁶ Firms tend to have values consistent with flexibility and stability. They also have internal focus. Discretion (versus flexibility), control (versus stability), external (versus internal) orientation were less significant. The weight of these variables can be seen in Table 1.5.

Table 1.5: Turkish Cultural Profile



These findings contribute to an understanding of the alignment between national and organizational cultures. Berkman and Özen summarized the conclusions of various researchers regarding the characteristics of Turkish societal culture beginning by noting that Hofstede had characterized Turkish culture as being high in power distance and

²⁰⁶ H. Giritli, E. Oney-Yazici, G. Topcu-Oraz and E. Acar, Organizational Culture: A Comparative Analysis from the Turkish Construction Industry, http://acare2.tripod.com/academic/Dubai_020_paper.pdf.

uncertainty avoidance, and low in individualism and masculinity.²⁰⁷ Aycan et al. also found that Turkey, like several other developing countries (i.e., India, Pakistan, China and Russia), was high with respect to power distance²⁰⁸, and several other researchers concluded that high power distance contributed to the prevalence of hierarchical organizational structures and relationships in Turkey.²⁰⁹ In-group collectivism, as well as power distance, was identified as a dominant characteristic of Turkish societal culture by the GLOBE researchers²¹⁰ and other studies confirmed the importance of collectivism as an organizational value in Turkey.²¹¹ All of this suggests that organizational cultures in Turkish firms are characterized by both unequal (or hierarchical) and harmonious, family-like (clan) relationships. The finding is also consistent with earlier observations of the Turkish society by Trompenaars and Hampden who found Turkey to have the steepest hierarchy in its organizations. Turkish organizations have also been described as the “Family-type”.²¹²

For their part, Berkman and Özen argued that Turkish societal culture influenced several aspects of observed organizational culture in the country including the high respect for authority and expectations of obedience²¹³; reverence for customs and traditions; aversion to criticism and other actions that would disturb organizational harmony or be deemed to be a challenge to authority; highly centralized administrative and organizational structures, with decision making authority firmly vested at the top of the hierarchy and little or no participation by employees (other than perhaps to make them feel that they are part of an organizational group) and very limited delegation of authority²¹⁴; autocratic

²⁰⁷ See G. Hofstede, *Culture’s Consequences: International Differences in Work-Related Values* (1980); and G. Hofstede, *Culture’s Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations* (2001).

²⁰⁸ Z. Aycan, R. Kanungo, M. Mendonce, Y. Kaicheng and J. Deller, *Impact of Culture on Human Resource Management Practices: A 10-Country Comparison*, 49(1) *Applied Psychology: An International Review* 192, 207 (2000).

²⁰⁹ F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (1998); S. Schwartz, *Beyond individualism/collectivism: New cultural dimensions of values*, in: M. Kim, H. Triandis, Ç. Kağıtçıbaşı, S. Choi and G. Yoon (Eds.), *Individualism and Collectivism: Theory, Method and Applications* 85 (1994); A. Danışman and H. Özgen, *Örgüt kültürü çalışmalarında yöntem tartışması: niteliksel-niceliksel yöntem ikileminde niceliksel ölçümler ve bir ölçek önerisi*, 3(2) *Yönetim Araştırmaları Dergisi* 91, 110 (2003); H. Kabasakal and M. Bodur, *Leadership, Values and Institutions: The Case of Turkey* (1998); S. Paşa, *Leadership influence in a high power distance and collectivist culture*, 21(8) *Leadership and Organization Development Journal* 414 (2000); and F. Erdem, *İşletme kültürü* (1996).

²¹⁰ H. Kabasakal and M. Bodur, *Leadership, Values and Institutions: The Case of Turkey* (1998).

²¹¹ S. Paşa, H. Kabasakal and M. Bodur, *Society, organizations, and leadership in Turkey*, 50(4) *Applied Psychology: An International Review* 559, 574 (2001). Sargut also argued that individual goals were regarded as secondary to group goals in Turkey and that self-sacrifice and harmony were highly valued in Turkish organizational culture. See A. Sargut, *Kültürlerarası farklılaşma ve yönetim* (2001).

²¹² F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Business* (1998).

²¹³ Ü. Berkman and S. Özen, *Culture and Management in Turkey: State-Dependency and Paternalism in Transition*, in E. Davel, J-P. Dupuis and J-F. Chanlat (Eds.), *Gestion en contexte interculturel : approches, problématiques, pratiques et plongées* (2008) (citing C. Kağıtçıbaşı, *Social Norms and Authoritarianism: A Turkish-American Comparison*, 16 *Journal of Personality and Social Psychology* 444 (1970)).

²¹⁴ N. Bradburn, *Interpersonal relations within formal organizations in Turkey*, 19 *Journal of Social Issues* 61 (1963); C. Aldemir, *The relationship between organizational structure and managerial styles: A*

and paternalistic leadership patterns in which employees offer their loyalty to their superiors in exchange for fulfillment of their expectations that their superiors will act like “father figures” and show concern for protecting those who report to them²¹⁵; and the prevalence of group goals and intolerance for individualistic differences and competition.

Berkman and Özen did concede that organizational culture in Turkey, while generally following the profile outlined above, varied between public and private sector organizations: they commented that “public sector managers resemble Hofstede’s model, whereas private sector managers do not”.²¹⁶ Moreover, researchers such as Aycan have argued that since Hofstede conducted his surveys Turkey has become less hierarchical and less collectivist²¹⁷ and Kabasakal and Bodur have expressed their belief that uncertainty avoidance is becoming less important.²¹⁸ In another paper Kabasakal and Bodur argued that while Turkish organizational values are changing they nonetheless remain different from those in Western firms even as Turkish firms have begun to adopt Western managerial practices more and more.²¹⁹ Berkman and Özen conclude, however, that although things may be changing slowly as the Turkish business system becomes more internationalized the “main characteristics of Turkish organizational culture still remain relatively collectivist, high in power distance, and paternalistic”.²²⁰

§1:19 Vietnam

contingency approach (1979); M. Dilber, Management in the Turkish private sector industry (1967); K. Kozan, Cultural Influences on Styles of Handling Interpersonal Conflicts: Comparisons among Jordanian, Turkish, and US Managers, 42(9) *Human Relations* 787 (1989); G. Lauter, Sociological-Cultural and Legal Factors Impeding Decentralization of Authority in Developing Countries, 12 *Academy of Management Journal* 367 (1969).

²¹⁵ A. Sargut and Ş. Özen, Çalışanların lider davranışlarına ilişkin beklentileri: Türkiye üzerine görgül bir araştırma (2001). Trompenaars and Hampden-Turner commented that Turkish organizations can be categorized as “family-type” organizations. See F. Trompenaars and C. Hampden-Turner, *Riding the Waves of Culture: Understanding Cultural Diversity in Global Business* (1998). Pasa noted that in Turkey the leader is regarded as a “caring father” and assumes “the role of a parent”. See S. Paşa, Leadership influence in a high power distance and collectivist culture, 21(8) *Leadership and Organization Development Journal* 414, 423 (2000). Finally, Sargut argued that in Turkey loyalty to the superior is expected from the subordinate and in return the subordinate gets consideration from the superior, which means that performance becomes a secondary consideration and relationships prevail over tasks in organizational behavior. See A. Sargut, *Kültürlerarası farklılaşma ve yönetim* 195 (2001)). See also T. Ergun, Türk kamu yönetiminde önderlik davranışı, (1981) (describing studies of Turkish bureaucrats in the public sector indicating that they are largely consideration-oriented rather than task-oriented).

²¹⁶ Ü. Berkman and S. Özen, Culture and Management in Turkey: State-Dependency and Paternalism in Transition, in E. Davel, J-P. Dupuis and J-F. Chanlat (Eds.), *Gestion en contexte interculturel : approches, problématiques, pratiques et plongées* (2008).

²¹⁷ Z. Aycan, R. Kanungo, M. Mendonca, Y. Kaicheng and J. Deller, Impact of culture on human resource management practices: a 10-country comparison, 49(1) *Applied Psychology: An International Review* 192, 207 (2000); and Z. Aycan, Human Resource Management in Turkey: Current Issues and Future Challenges, 22(3) *International Journal of Manpower* 252 (2001).

²¹⁸ H. Kabasakal and M. Bodur, Leadership, Values and Institutions: The Case of Turkey (1998).

²¹⁹ M. Bodur and H. Kabasakal, Türkiye-Arap kümesinde kurumsal kültür: Globe araştırması, 2(1) *Yönetim Araştırmaları Dergisi* 5 (2002).

²²⁰ Ü. Berkman and S. Özen, Culture and Management in Turkey: State-Dependency and Paternalism in Transition, in E. Davel, J-P. Dupuis and J-F. Chanlat (Eds.), *Gestion en contexte interculturel : approches, problématiques, pratiques et plongées* (2008).

As is the case in many of the developing countries surveyed in this chapter the concept of organizational culture is new and unknown to most academics and businesspersons in Vietnam and little research has been done on the topic. It has been suggested that Vietnamese organizational culture and behavior is strongly influenced by the overall societal culture in the country, which is interesting and challenging given that societal culture is drawn from a wide array of national, community, village and familial values, customs and practices. It is therefore important to remember that, using the dimensions of societal culture championed by Hofstede and others, Vietnamese culture has been described as high on both power distance and collectivism, moderate with respect to uncertainty avoidance and high on context.

The long history of centralized planning in Vietnam has had a lasting impact particularly with respect to ongoing reliance on management systems that are hierarchical and strictly bureaucratic. Managers and employees working within Vietnamese enterprises were used to having goals established by the Government and having the Government set human resources policies. One summary of the features of Vietnamese organizations before liberalization included the following: mechanistic control devices (i.e., punch clocks, periodic observation, quantity control and some quality control (in manufacturing and production units)); unclear responsibility/authority definition; low degree of decentralization/delegation; paternalistic – autocratic leadership style; medium level of trust and confidence in subordinates, people were treated as “men of the system”; lack of transparency in personnel policies; top-down communication pattern; participation and initiatives not encouraged; emphasis on uniformity and respect for order and hierarchy; informal and casual interrelationship among fellow workers; and lifetime employment and low wages.²²¹ It has also been noted that personal relationships play a big role in organizational behavior within Vietnamese firms.

Vo and Nguyen surveyed differences between the organizational cultures of two groups of firms--state-owned enterprises (SOEs) and privatized firms (PFs)—in Vietnam.²²² In carrying out their research Vo and Nguyen chose to rely on the typology, or classification, of organizational cultures suggested by Cunha and Cooper which was based on two axes: market orientation versus organizational integration and people orientation versus performance orientation.²²³ Vo and Nguyen provided the following key definitions that needed to be understood in order to interpret their results²²⁴:

²²¹ V. Nga, Socio-Cultural Dynamics of Vietnam: Vietnamese Culture at the Organizational Level, in V. Nga, *Nexus between Organizational Culture and IT Implementation in Vietnamese Organizations* (2005).

²²² T. Vo and D. Nguyen, Corporate Ownership Structure and Organizational Culture in A Transition Economy: The Case of Vietnam, 3(4) *International Journal of Economics and Finance* 36 (September 2011).

²²³ R. Cunha and C. Cooper, Does Privatization Affect Corporate Culture and Employee Well-Being?, 17(1) *Journal of Management Psychology* 21 (2002).

²²⁴ T. Vo and D. Nguyen, Corporate Ownership Structure and Organizational Culture in A Transition Economy: The Case of Vietnam, 3(4) *International Journal of Economics and Finance* 36, 38 (September 2011).

- Organizational integration reflects openness of internal communication, full sharing of information, job rules and regulations, concern for employees, a strong sense of team and cooperation between individuals and units.
- Performance orientation concerns common customer-oriented goals, performance measurement tools, accountability and responsibility for meeting objectives and results and fairly determined and allocated rewards.
- People orientation reflects the extent of the concern the organization shows for its members and their learning and development, as well as the individual feeling of belonging to a team, and the emphasis placed on promotion based on individual competence and performance and rewards based on task.
- Market orientation deals with company responsiveness to market opportunities and benchmarking and focuses on finding new markets, developing new products and anticipating and responding to competitors' actions.

The researchers collected information using survey questionnaires and face-to-face interviews and found that a performance-oriented organizational culture was the strongest cultural dimension for each group, and that there was no significant difference between the groups with respect to the level of performance orientation; that organizational integration was the second strongest culture dimension in SOEs, while market orientation was the second strongest one for PFs, and that while there was no significant difference between the groups with respect to organizational integration they did differ significantly with respect to market orientation; and that people orientation was the weakest cultural dimension in both groups, and that people orientation was higher among PFs than among SOEs.²²⁵ Vo and Nguyen commented that their findings were consistent with those of other researchers who had looked at how changes in ownership and market conditions might influence organizational culture²²⁶ and that differences could be explained, at least in part, by realizing that the newly privatized firms in Vietnam needed to develop more market- or customer-oriented organizational cultures in order to survive in freer and deregulated markets in which the emphasis had shifted from producing goods and services for the “public good” (i.e., to meet goals and targets established by the State) to production for profit.

Thang et al. examined the possibility of transferring to Vietnam four human resource management practices generally associated with market-oriented economies — pay for performance, multi-source feedback, involvement and empowerment, and self-managed work teams — into Vietnam. They described Vietnam as an economic environment that is rapidly developing yet remains transitional while it continues to move away from many

²²⁵ Vo and Nguyen speculated that there were several reasons why PFs were more people-oriented than SOEs: they needed well-educated and skilled workers to achieve the firms' goals; they received funding from the Government to re-educate their employees; they were free to establish their own compensation policy to attract skilled workers without the restrictions placed on SOEs; and they tended to treat their employees more equally and promote them based on contributions and skills rather than because of personal relationships, as used to be the case throughout Vietnam. T. Vo and D. Nguyen, *Corporate Ownership Structure and Organizational Culture in A Transition Economy: The Case of Vietnam*, 3(4) *International Journal of Economics and Finance* 36, 42 (September 2011).

²²⁶ C. Longenecker and S. Popovski, *Managerial Trials of Privatization: Retooling Russian Managers*, 37 *Business Horizons* 35 (1994).

years of operating as a closed, centrally planned economy based on public property.²²⁷ Unable to rely on standard measures of cultural dimensions with respect to Vietnam, the researchers began by laying out what they believed to be the assumptions and conditions that provide the foundation for the effective use of each of the four practices and then evaluating the match between those assumptions and conditions and their view of the “observable and inferred Vietnamese values, beliefs, social norms and customs”.²²⁸ Their findings included the following:

- The researchers identified some characteristics that would support the eventual adoption of pay for performance compensation arrangements among Vietnamese firms, including an education system that “prepares people fairly well to accept and value individual achievement” and cultural values that would support the willingness of workers to accept distinctions based on ability and effort. However, any emerging individualism in Vietnam would still need to overcome a long traditional of collectivism and aspiration for harmony.²²⁹ As a result, support for pay for performance is likely to come most strongly from younger generations.
- The use of multi-source feedback is expected to increase slowly given that Vietnamese cultural values still retain a strong preference for face saving and an aversion among people to speaking frankly when they are asked to evaluate the performance of others.²³⁰ The researchers cautioned that while Vietnamese are not averse to feedback and “accept it as a good source for the better”, frankness and openness in the assessment process will only come “after a period of getting to know each other or in ‘same side’ relationships.
- The researchers did not hold out much hope for near-term acceptance of employee involvement and empowerment in Vietnam, citing a long historical and cultural tradition of top-down management and aversion to delegation of power even when subordinates are willing to take more responsibility and authority.²³¹ Another hurdle that would need to be overcome in order for employee involvement to flourish would be the reserved nature of the Vietnamese people and their reluctance to express their own ideas unless and until the relationship context is comfortable and trust has been formed.
- The researchers found that Vietnamese cultural values could support the use of self-managed work teams, especially among younger generations of workers; however,

²²⁷ L. Thang, C. Rowley, T. Quang and M. Warner, To What Extent Can Management Practices Be Transferred Between Countries?: The Case of Human Resource Management in Vietnam, 42 *Journal of World Business* 113 (2007).

²²⁸ Id. at 117. The researchers noted that their analysis was based on relevant literature reviews, the reflection of researchers’ observations and inferences of values carried within popular proverbs. A summary of the relevant factors appears at pages 123-124 in the article.

²²⁹ See, e.g., D. Ralston, N. Thank and N. Napier, A Comparative Study of the Work Values of North and South Vietnamese Managers, 30(4) *Journal of International Business Studies* 655 (1999).

²³⁰ See, e.g., L. Borton, Working in a Vietnamese Voice, 14(4) *Academy of Management Executive* 20 (2000).

²³¹ L. Thang, C. Rowley, T. Quang and M. Warner, To What Extent Can Management Practices Be Transferred Between Countries?: The Case of Human Resource Management in Vietnam, 42 *Journal of World Business* 113, 121 (2007). The researchers commented that while Vietnam, as well as China, did have workers’ assemblies and committees in different guises over the years, these practices only partially mitigated the strong institutionalized influence of the top-down management model.

efforts would need to be made to overcome the reluctance to delegate power, high power distance and the aversion to share ideas until trust has been developed among the members of the group within which communications must be made. The researchers did note that the collectivist elements of Vietnamese culture would be useful for work teams and that Vietnamese also enjoy the self-control and self-dependence that an effective self-managed work team can provide. However, they cautioned that managerial competency is probably the key for making teamwork function effectively in Vietnam.