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Global Dimensions of Organizational Behavior

Culture and Competitive Advantage

The everyday facts about Wal-Mart are well known. The firm now accounts for almost 10 percent of spending by American consumers; it is the second largest company in the world by total sales (over $200 billion annually); it is also the world’s largest private employer—sending paychecks to over 1.2 million “associates,” as its employees are proudly called.

The future for Wal-Mart may well be international. While still growing domestically, the limits of market size are pressuring the firm’s phenomenal growth rate. Starting just over 10 years ago, Wal-Mart’s first venture abroad was a Sam’s Club in Mexico City. After a slow start followed by a learning curve, the firm is now Mexico’s biggest retailer.

Finding success internationally has been a lesson in crossing cultures. Critics claim Wal-Mart was too quick to export its culture and America’s. The popular morning “Wal-Mart cheer” was a bust in Germany. Wal-Mart also had trouble understanding German trade unions, distribution systems and the preferences of German customers.

Wal-Mart executives learned from experience. A mainstay of the global strategy is to develop local human capital. The firm has reduced its reliance on expatriates, with overseas country teams largely run by locals who understand the culture. Wal-Mart’s International Division now employs some 300,000 associates in other countries and accounts for close to 20 percent of the company’s sales. Over 30 percent of profits are expected to come internationally within five years.1

This is the age of globalization when corporate success is increasingly linked to worldwide operations and a global staff.2 Wal-Mart’s executive team learned first-hand one of the foremost lessons of doing business in international markets—you’ve got to understand the local culture. All around the globe, people working in large and small businesses alike are facing the many challenges and opportunities associated with business competition in an increasingly complex and “borderless” world.3 The ability to respect differences and value diversity is an important key to success in managing organizational behavior across cultures.

Today’s organizations need managers with global awareness and cultural sensitivity. This doesn’t mean that they all must work in foreign lands. But it does mean that they must be aware of how international events may affect the well-being of organizations. They must know how to deal with people from other countries and cultures. Especially for those who cross cultural and national boundaries understanding these differences is critical for success working in an interconnected world.

Today, managers must be inquisitive and willing to learn quickly from management practices around the globe. Insights into effective management and high performance organizations are not restricted to any one location or culture. Contributions to our understanding about people and organizations can be found from Africa to Asia and from Europe to North and South America.
The variety of issues and topics in the present chapter will help you to understand the important global dimensions of organizational behavior.

**Study Questions**

This chapter will broaden your understanding of people and organizations operating across cultures and in a complex global economy. As you read Chapter 3, keep in mind these key questions:

- Why is globalization significant to organizational behavior?
- What is culture?
- How does globalization affect people at work?
- What is a global view on organizational learning?

**Organizational Behavior and Globalization**

Most organizations today must achieve high performance in the context of a competitive and complex global environment. As we begin the twenty-first century, we find ourselves fully in the age of globalization with its complex economic networks of competition, resource supplies, and product markets transcending national boundaries and circling the globe. No one can deny its impact on organizations, the people who work in them, and our everyday lives. Consider globalization in terms of your own life and career: (1) You already purchase many products made by foreign firms; (2) and may someday work overseas in the foreign operation of a domestic firm; (3) you may someday work overseas as an expatriate employee of a foreign firm; and (4) you may someday work as a domestic employee of a foreign firm operating in your home country. The field of organizational behavior recognizes these realities and seeks to help you understand the performance implications of work in the global economy.

**A Global Economy**

The rapid growth of information technology and electronic communications has heightened the average person’s awareness of the global economy. The international news brings the entire world into our homes and our thoughts daily. An explosion of opportunities on the Internet allows us to share and gather information from global sources at low cost and from the convenience of our desktops and laptops—at home, while traveling, or at work. And, always, the transnational movement of products, trends, values, and innovations continues to change lifestyles at a rapid pace. At the same time that valuable skills and investments move from country to country, cultural diversity among the populations is increasing. Immigration is having profound implications for many nations. Tomorrow’s employers will have even greater need to deal with multicultural workforces—those that draw workers from nontraditional labor sources and from ethnic backgrounds representing all corners of the globe.
Domestic self-sufficiency is no longer a viable option for nations or businesses. Commercial investments travel the trade routes of the world. Canadian businesses, for example, have their sights set on America, with some $30 billion invested in 2000 alone. Germany is a large investor in the United States, with high visibility mergers creating the global giants Daimler Chrysler and Deutsche Bank–Bankers Trust. The Japanese are also large investors with ownership stakes in over 1500 U.S. factories, employing over 350,000 people. Crossing the Atlantic to Scotland, with its low taxes, excellent infrastructure, and skilled workers, many high-technology firms like IBM have invested heavily in what is now being called “Silicon Glen.” Global supplier networks play significant roles in the operations of many industries. The U.S. automobile industry, for example, imports Japanese, Mexican, and Brazilian engines; utilizes German instruments and British electronics; and employs Italian designers. Advances in technology make it possible for software developers in places like Bangalore, India, to work for global employers without ever having to leave home.

Yahoo!

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Yahoo! services more than 200 million customers each month worldwide. It has 24 global properties and offices in Europe, Asia, Latin America, and North America. It is considered to be one of the most popular Web sites in Japan.

Regional Economic Alliances

The importance of regional economic alliances as forces in the global economy is undeniable. First and foremost, the European Union (EU) is moving forward with its agendas of political,
economic, and monetary union among member countries. Remarkably, it has seen the advent of a new world currency, the Euro, which has replaced the traditional currencies of many member nations. Within the EU, businesses from member countries have access to a market of some 400 million customers. Agreements to eliminate border controls and trade barriers, create uniform technical product standards, open government procurement contracts, and unify financial regulations are all designed to bring economic benefit and union to Europe, a region whose economy of some $6.5 trillion closely approaches the U.S.’s $8.0 trillion economy.\(^{10}\)

The EU’s counterpart in North America, the North American Free Trade Agreement (NAFTA), links the economies and customer markets of Canada, the United States, and Mexico in freer trade. NAFTA has been praised for unifying in trade a region with more potential customers than the European Union. It now looks forward to a future of expanded membership to other countries of the Americas. Some business and government leaders even speak of an all-encompassing Free Trade Agreement for the Americas (FTAA) by 2005. At present, the Caribbean Community (CARICOM) is seeking to negotiate free trade agreements with Latin American countries. In addition, the Andean Pact (linking Venezuela, Colombia, Ecuador, Peru, and Bolivia) and Mercosur (linking Brazil, Paraguay, Uruguay, and Argentina) are already active in South America.

Similar regional economic partnerships are being forged in other parts of the globe as well. In Asia, the Asia-Pacific Economic Co-operation Forum (APEC) is designed for joint economic development among member countries. Even with economic challenges worldwide, Asia remains an economic power and is the home of many world-class business competitors. Japan’s economic influence is ever-evident, as is China’s whose might may well dominate the twenty-first century. Recent events have further confirmed the importance of other Asian countries, especially Taiwan, Singapore, South Korea, Malaysia, Thailand, and Indonesia. India, with its huge population, is an economy on the move and is recognized as a world-class supplier of software expertise.

Africa, led by developments in post-Apartheid South Africa, has also become an important member of the global economy. Countries like Uganda, Ivory Coast, Botswana, South Africa, and Ghana are recognized for their positive business prospects. Since Apartheid was ended, for example, South Africa has steadily advanced to stand 42nd in the IMD world competitiveness rankings.\(^ {11}\) A report on sub-Saharan Africa concluded that the region’s contextual problems are manageable and that the continent presents investment opportunities.\(^ {12}\)

**Global Quality Standards**

One indicator of the importance of business globalization is the quality designation “ISO,” representing quality standards set by the International Standards Organization in Geneva, Switzerland. This mark of quality excellence has become a framework for quality assurance worldwide. The European Union and more than 50 countries, including the United States, Canada, and Mexico, have endorsed the ISO’s quality standard. The certification is fast becoming a goal for companies around the world who want to do business in Europe and want to win reputations as total quality “world-class” manufacturers.
Global Managers

Along with prior developments in globalization, the search is now also on for a new breed of manager — the global manager, someone who knows how to conduct business across borders. Often multilingual, the global manager thinks with a world view; appreciates diverse beliefs, values, behaviors, and practices; and is able to map strategy accordingly. If you fit this description (see The Effective Manager 3.1), or soon will, get ready. Corporate recruiters are scrambling to find people with these skills and interests.

The Effective Manager 3.1

Attributes of the “Global Manager”

- Adapts well to different business environments
- Respects different beliefs, values, and practices
- Solves problems quickly in new circumstances
- Communicates well with people from different cultures
- Speaks more than one language
- Understands different government and political systems
- Conveys respect and enthusiasm when dealing with others
- Possesses high technical expertise for a job

The global dimension in business and management, though pervasive, poses many complications to be overcome. Even high performers with proven technical skills at home may find that their styles and attitudes just don’t work well overseas. Experienced international managers indicate that a “global mindset” of cultural adaptability, patience, flexibility, and tolerance are indispensable. The failure rate for Americans in overseas assignments has been measured as high as 25 percent, and a study criticizes British and German companies for giving inadequate preparation to staff sent abroad.
At the University of Michigan, executives from various nations come together to study worldwide management. In a five-week course called the Global Leadership Program, participants learn from an international team of world-class educators and engage in cutting-edge cross-cultural team exercises and projects. The program is designed to develop participants’ awareness of the complications and challenges associated with global management. Participants are grouped into six-person teams. Each team develops strategic plans for doing business in foreign countries. Team members even go together on special regional business assessment visits to the target countries. They then share the key learning of top management from the industries studied in the program.
Cultures and Cultural Diversity

The word “culture” is frequently used in organizational behavior in connection with the concept of corporate culture, the growing interest in workforce diversity, and the broad differences among people around the world. Specialists tend to agree that culture is the learned, shared way of doing things in a particular society. It is the way, for example, in which its members eat, dress, greet and treat one another, teach their children, solve everyday problems, and so on. Geert Hofstede, a Dutch scholar and consultant, refers to culture as the “software of the mind,” making the analogy that the mind’s “hardware” is universal among human beings. But the software of culture takes many different forms. Indeed, we are not born with a culture; we are born into a society that teaches us its culture. And because a culture is shared by people, it helps to define the boundaries between different groups and affect how their members relate to one another.

Popular Dimensions of Culture

The popular dimensions of culture are those that are most apparent to the individual traveling abroad—for example, language, time orientation, use of space, and religion.

Language

Perhaps the most conspicuous aspect of culture, and certainly the one the traveler notices first, is language. The languages of the world number into the thousands. Some, such as Maltese, are spoken by only a handful of people, whereas others, such as English, Spanish, and Chinese, are spoken by millions. Some countries, such as France and Malaysia, have one official language; others, such as Canada, Switzerland, and India, have more than one; and still others, like the United States, have none.

The centrality of language to culture is represented by the Whorfian hypothesis, which considers language as a major determinant of our thinking. The vocabulary and structure of a language reflect the history of a society and can also reveal how members relate to the environment. Arabic, for example, has many different words for the camel, its parts, and related equipment. As you might expect, English is very poor in its ability to describe camels. The fact that many people apparently speak the same language, such as English, doesn't mean that they share the same culture. Some words spoken in one language fail to carry the same meaning from culture to culture or region to region. A “truck” in Chicago is a “lorry” in London; “hydro” in Calgary is “electric power” in Boston; grocery shoppers in the American Midwest put “pop” in their “sacks,” East Coast shoppers put “soda” in their “bags.”

The anthropologist Edward T. Hall notes important differences in the ways different cultures use language. Members of low-context cultures are very explicit in using the spoken and written word. In these cultures, such as those of Australia, Canada, and United States, the message is largely conveyed by the words someone uses, and not particularly by the “context” in which they are spoken. In contrast, members of high-context cultures use words to convey only a limited
part of the message. The rest must be inferred or interpreted from the context, which includes body language, the physical setting, and past relationships—all of which add meaning to what is being said. Many Asian and Middle Eastern cultures are considered high context, according to Hall, whereas most Western cultures are low context.

**Time Orientation**

Hall also uses time orientation to classify cultures. In **polychronic cultures** people hold a traditional view of time that may be described as a “circle.” This suggests repetition in the sense that time is “cyclical” and goes around and around. In this view time does not create pressures for immediate action or performance. After all, one will have another chance to pass the same way again. If an opportunity is lost today—no problem, it may return again tomorrow. Members of polychronic cultures tend to emphasize the present and often do more than one thing at a time. An important business or government official in a Mediterranean country, for example, may have a large reception area outside his or her office. Visitors wait in this area and may transact business with the official and others who move in and out and around the room, conferring as they go.

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**Information Systems**

**OB Across Functions**

**Going Global by Staying High Tech**

There is no shortage of assistance for those small and medium-sized businesses that want to “go global.” Indeed, the information needed to get started as an exporter and participant in the marketplaces of the world is available at the touch of a keyboard—on the Internet. Those looking for a starting point can go to [www.globalconnector.org](http://www.globalconnector.org), a useful global search engine. To look up travel guides and location information in a minute, [www.go-global.com](http://www.go-global.com) is a useful site. International business is well catalogued at [www.fita.org](http://www.fita.org), and in-depth information on free trade zones where exports are free of customs duties is available at [www.inex.com/naftz.html](http://www.inex.com/naftz.html). The world of international business is a world of diverse peoples and cultures. The best of the best know how to work across cultures with respect and delight. Visit [www.bena.com/ewinters/xculture.html](http://www.bena.com/ewinters/xculture.html) for essays on a variety of cross-cultural business issues. And if you want to take a miniature course in exporting, check Deloitte Touche Tohmatsu’s offering at [www.dtonline.com/expand/excover.htm](http://www.dtonline.com/expand/excover.htm). This is a small sample of rich resources available to facilitate international business ventures. But you’ve got to be linked and willing to explore the Web to take full advantage of them. Information technology today provides the potential for competitive advantage through expanded global commerce. It’s yours for the asking.
Members of monochronic cultures view time more as a “straight line.” In this “linear” view of time, the past is gone; the present is here briefly; and the future is almost upon us. In monochronic cultures time is measured precisely and creates pressures for action and performance. People appreciate schedules and appointments and talk about “saving” and “wasting” time. Long-range goals become important, and planning is a way of managing the future. In contrast to the Mediterranean official in the last example, a British manager will typically allot a certain amount of time in her daily calendar to deal with a business visitor. During this time the visitor receives her complete attention. Only after one visitor leaves will another one be received, again based upon the daily schedule.

Use of Space

Proxemics, the study of how people use space to communicate, reveals important cultural differences. Personal space can be thought of as the “bubble” that surrounds us, and its preferred size tends to vary from one culture to another. When others invade or close in on our personal space, we tend to feel uncomfortable. Then again, if people are too far away, communication becomes difficult. Arabs and South Americans seem more comfortable talking at closer distances than do North Americans; Asians seem to prefer even greater distances. When a Saudi moves close to speak with a visiting Canadian executive, the visitor may back away to keep more distance between them. But the same Canadian may approach a Malaysian too closely when doing business in Kuala Lumpur, causing her or his host to back away. Cross-cultural misunderstandings due to different approaches to personal space are quite common.

In some cultures, often polychronic ones, space is organized in such a way that many activities can be carried out simultaneously. Spanish and Italian towns are organized around central squares (plazas or piazzas), whereas American towns typically have a traditional “Main Street” laid out in linear fashion. Similar cultural influences are seen in the layout of work space. Americans, who seem to prefer individual offices, may have difficulty adjusting to Japanese employers who prefer open floor plans.

Religion

Religion is also a major element of culture and can be one of its more visible manifestations. The influence of religion often prescribes rituals, holy days, and foods that can be eaten. Codes of ethics and moral behavior often have their roots in religious beliefs. The influence of religion on economic matters can also be significant. In the Middle East, one finds interest-free “Islamic” banks that operate based on principles set forth in the Koran. In Malaysia, business dinners are scheduled after 8:00 p.m. so that Muslim guests can first attend to their evening prayer.

Values and National Cultures

Cultures vary in their underlying patterns of values and attitudes. The way people think about such matters as achievement, wealth and material gain, risk and change, may influence how they approach work and their relationships with organizations. A framework developed by Geert
Hofstede offers one approach for understanding how value differences across national cultures can influence human behavior at work. The five dimensions of national culture in his framework can be described as follows. 25

1. **Power distance** is the willingness of a culture to accept status and power differences among its members. It reflects the degree to which people are likely to respect hierarchy and rank in organizations. Indonesia is considered a high–power distance culture, whereas Sweden is considered a relatively low–power distance culture.

2. **Uncertainty avoidance** is a cultural tendency toward discomfort with risk and ambiguity. It reflects the degree to which people are likely to prefer structured versus unstructured organizational situations. France is considered a high–uncertainty avoidance culture, whereas Hong Kong is considered a low–uncertainty avoidance culture.

3. **Individualism–collectivism** is the tendency of a culture to emphasize either individual or group interests. It reflects the degree to which people are likely to prefer working as individuals or working together in groups. The United States is a highly individualistic culture, whereas Mexico is a more collectivist one.

4. **Masculinity–femininity** is the tendency of a culture to value stereotypical masculine or feminine traits. It reflects the degree to which organizations emphasize competition and assertiveness versus interpersonal sensitivity and concerns for relationships. Japan is considered a very masculine culture, whereas Thailand is considered a more feminine culture.

5. **Long-term/short-term orientation** is the tendency of a culture to emphasize values associated with the future, such as thrift and persistence, or values that focus largely on the present. It reflects the degree to which people and organizations adopt long-term or short-term performance horizons. South Korea is high on long-term orientation, whereas the United States is a more short-term-oriented country.

The first four dimensions in Hofstede's framework were identified in an extensive study of thousands of employees of a multinational corporation operating in more than 40 countries. 26 The fifth dimension of long-term/short-term orientation was added from research using the Chinese Values Survey conducted by cross-cultural psychologist Michael Bond and his colleagues. 27 Their research suggested the cultural importance of Confucian dynamism, with its emphasis on persistence, the ordering of relationships, thrift, sense of shame, personal steadiness, reciprocity, protection of “face,” and respect for tradition. 28

When using the Hofstede framework, it is important to remember that the five dimensions are interrelated and not independent. 29 National cultures may best be understood in terms of cluster maps or collages that combine multiple dimensions. For example, Figure 1 shows a sample grouping of countries based on individualism–collectivism and power distance. Note that high power distance and collectivism are often found together, as are low power distance and individualism. Whereas high collectivism may lead us to expect a work team in Indonesia to

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operate by consensus, the high power distance may cause the consensus to be heavily influenced by the desires of a formal leader. A similar team operating in more individualist and low power distance Great Britain or America might make decisions with more open debate, including expressions of disagreement with a leader's stated preferences.

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Sample country clusters on Hofstede’s dimensions of individualism–collectivism and power distance.

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**Understanding Cultural Differences**

To work well with people from different cultures, you must first understand your own culture. We are usually unaware of our own culture until we come into contact with a very different one. Knowing your own culture will help guard you against two problems that frequently arise in international dealings. One is the danger of **parochialism**—assuming that the ways of your culture are the only ways of doing things. The other is the danger of **ethnocentrism**—assuming that the ways of your culture are the best ways of doing things. It is parochial for a traveling American businesswoman to insist that all of her business contacts speak English, whereas it is ethnocentric for her to think that anyone who dines with a spoon rather than a knife and fork lacks proper table manners.

A framework developed by Fons Trompenaars offers a useful vantage point for better understanding and, hopefully, dealing with cultural differences. Working from a databank of respondents from 47 national cultures, he suggests that cultures vary in the way their members solve problems of three major types: (1) relationships with people, (2) attitudes toward time, and (3) attitudes toward the environment.

Trompenaars identifies five major cultural differences in how people handle relationships with other people. The orientations, as illustrated in Figure 2, are:
Sample country clusters on Trompenaars’ framework for understanding cultural differences.

1. **Universalism versus particularism** — relative emphasis on rules and consistency, or on relationships and flexibility.
2. **Individualism versus collectivism** — relative emphasis on individual freedom and responsibility, or on group interests and consensus.
3. **Neutral versus affective** — relative emphasis on objectivity and detachment, or on emotion and expressed feelings.
4. **Specific versus diffuse** — relative emphasis on focused and narrow involvement, or on involvement with the whole person.
5. **Achievement versus prescription** — relative emphasis on performance-based and earned status, or on ascribed status.

With regard to problems based on attitudes toward time, Trompenaars distinguishes between cultures with sequential versus synchronic orientations. Time in a sequential view is a passing series of events; in a synchronic view, it consists of an interrelated past, present, and future. With regard to problems based on attitudes toward the environment, he contrasts how different cultures may relate to nature in inner-directed versus outer-directed ways. Members of an inner-directed culture tend to view themselves separate from nature and believe they can control it. Those in an outer-directed culture view themselves as part of nature and believe they must go along with it.

**Globalization and People at Work**

OB scholars are increasingly sensitive to the need to better understand how management and organizational practices vary among the world’s cultures. In this sense, we must be familiar with the importance of multinational employers, the diversity of multicultural workforces, and the special demands of international work assignments.
Multinational Employers

A true multinational corporation (MNC) is a business firm that has extensive international operations in more than one foreign country. MNCs are more than just companies that “do business abroad”; they are global concerns—exemplified by Ford, Royal-Dutch Shell, Sony, and many others. The missions and strategies of MNCs are worldwide in scope. In the public sector, multinational organizations (MNOs) are those with nonprofit missions whose operations also span the globe. Examples are Amnesty International, the International Red Cross, the United Nations, and the World Wildlife Fund.

The truly global organization operates with a total world view and does not have allegiance to any one national “home.” Futurist Alvin Toffler labels them transnational organizations that “may do research in one country, manufacture components in another, assemble them in a third, sell the manufactured goods in a fourth, deposit surplus funds in a fifth, and so on.” Although the pure transnational corporation may not yet exist, large firms like Nestle, Gillette, and Ford are striving hard to move in that direction. Greatly facilitating those moves are new information technologies, which allow organizations to operate through virtual linkages with components and suppliers located around the world.

The MNCs have enormous economic power and impact. Toffler, in particular, warns that “the size, importance, and political power of this new player in the global game has skyrocketed.” Their activities can bring both benefits and controversies to host countries. One example is in Mexico, where many maquiladoras, or foreign-owned plants, assemble imported parts and ship finished products to the United States. Inexpensive labor is an advantage for the foreign operators. Mexico benefits from industrial development, reduced unemployment, and increased foreign exchange earnings. But some complain about the downsides of maquiladoras—stress on housing and public services in Mexican border towns, inequities in the way Mexican workers are treated (wages, working conditions, production quotas) relative to their foreign counterparts, and the environmental impact of pollution from the industrial sites.

Ethics and Social Responsibility

Information that Guatemalan workers earn 2 cents a pound while toiling under inhumane conditions to pick coffee beans that Starbucks sold for $8 a pound once brought controversy to the successful chain. CEO Howard Schultz responded by setting a new standard for socially responsible business. His firm put in place guidelines requiring overseas suppliers to pay wages that “address the basic needs of workers and their families,” to ensure that work does not “interfere with mandated education” for children, and to help workers get “access to safe housing, clean water and health facilities and services.” Global human rights activists praised Starbucks’ policy as a benchmark for importers of agricultural commodities.
Multicultural Workforces

What is the best way to deal with a multicultural workforce? There are no easy answers. Styles of leadership, motivation, decision making, planning, organizing, leading, and controlling vary from country to country. Managing a construction project in Saudi Arabia with employees from Asia, the Middle East, Europe, and North America working side by side will clearly present challenges different from those involved in a domestic project. Similarly, establishing and successfully operating a joint venture in Kazakhstan, Nigeria, or Vietnam will require a great deal of learning and patience. In these and other international settings, political risks and bureaucratic difficulties further complicate the already difficult process of working across cultural boundaries.

The challenges of managing across cultures, however, are not limited to international operations. In this connection, a new term has been coined—domestic multiculturalism, which describes cultural diversity within a given national population: this diversity will be reflected in the workforces of local organizations. Los Angeles, for example, is a popular home to many immigrant groups. Some 20 percent of the city's school children speak other languages more fluently than they speak English; in Vancouver, British Columbia, Chinese is also the mother tongue of some 20 percent of the population.

Expatriate Work Assignments

People who work and live abroad for extended periods of time are referred to as expatriates. The cost of an expatriate worker can be very expensive for the employer. An executive earning $100,000 per year in the United States, for example, might cost her company more than $300,000 in the first year of an assignment in England—with the added cost tied to compensation, benefits, transfer, and other relocation expenses. Estimates are that a three-year expatriate assignment will cost the employer an average of $1 million. To get the most out of the investment, progressive employers will maximize the potential of expatriate performance success by taking a variety of supportive actions. They carefully recruit employees who have the right sensitivities and skills, provide them with good training and orientation to the foreign culture, actively support them while working abroad, give extra attention to the needs of the expatriate's family members, and pay careful attention to relocation when the expatriate and family return home.

Expatriates usually face their greatest problems when entering and working in a foreign culture, and when experiencing repatriation on the return home. Figure 3 illustrates phases in the typical expatriate work assignment, beginning with the initial assignment shock the person experiences upon being informed of a foreign posting. The ways in which recruitment, selection, and orientation are handled during this stage can have an important influence on the assignment's eventual success. Ideally, the employee, along with his or her spouse and family, is allowed to choose whether or not to accept the opportunity. Also ideally, proper pre-departure support and counseling are given to provide “realistic expectations” of what is to come.
The expatriate undergoes three phases of adjustment to the new country. First is the tourist stage, in which the expatriate enjoys discovering the new culture. Second is the disillusionment stage, in which his or her mood is dampened as difficulties become more evident. Typical problems include conversing well in the local language and obtaining personal products and food supplies of preference. Third, the expatriate's mood often hits bottom in the stage of culture shock. Here confusion, disorientation, and frustration in the ways of the local culture and living in the foreign environment set in. If culture shock is well handled, the expatriate begins to feel better, function more effectively, and lead a reasonably normal life. If it isn't, work performance may suffer, even deteriorating to the point where a reassignment home may be necessary.

At the end of the expatriate assignment, perhaps after two to four years, the reentry process can also be stressful. After an extended period away, the expatriate and his or her family have changed and the home country has changed as well. One does not simply “fall back in”; rather, it takes time to get used to living at home again. In too many instances little thought may be given to assigning the returned expatriate a job that matches his or her current skills and abilities. While abroad, the expatriate has often functioned with a great degree of independence—something that may or may not be possible at home. Problems caused by reentry shock can be minimized through careful planning. This includes maintaining adequate contact with the home office during the expatriate assignment as well as having all possible support for the move back. Employers should also identify any new skills and abilities, and assign returned expatriates to jobs commensurate with their abilities. As organizations utilize more and more expatriate assignments, their career planning and development systems must also operate on a global scale.
When Noel Kreicker left the United States with her three small children for her husband's two-year business assignment in Colombia, she didn't expect to be back home within six months, but she was. Noel and her husband went to Colombia without any predeparture cross-cultural training and no logistical support after arrival. They were on their own; they had difficulty even buying a light bulb; and after a number of mishaps, the family decided to end the assignment and return home. Now Noel has her own company, Chicago-based International Orientation Resources (IOR), which specializes in assisting others as they prepare for international assignments. IOR's Destination Assistance services help families with locating housing, schooling research, community orientation, and such day-to-day necessities as shopping, banking, and local registration requirements.
Ethical Behavior Across Cultures

The importance of ethical issues in organizational behavior and management was first introduced in Chapter 3. In the international arena, special ethical challenges arise as a result of cultural diversity and the variation in governments and legal systems that characterize our world. Prominent current issues include corruption and bribery in international business practices, poor working conditions and the employment of child and prison labor in some countries, and the role of international business in supporting repressive governments that fail to protect and respect the basic human rights of citizens.39

Council on Economic Priorities Accreditation Agency

www.cepaa.org

The Council on Economic Priorities Accreditation Agency accredits auditors to evaluate compliance with SA 8000. Auditors grant such certification only after consulting with human rights groups visiting and assessing businesses regarding child labor, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours, compensation, and management systems.

In the United States, the Foreign Corrupt Practices Act of 1977 makes it illegal for firms to engage in corrupt practices overseas, such as giving bribes to government officials in order to obtain business contracts. In 1999, member countries of the Organization for Economic Development agreed to ban payoffs to foreign officials by their countries' businesses. The United States government is pushing for more countries to join the movement against bribe giving and taking, and suggestions have been made that the World Bank consider corruption as a criterion when making loan decisions.40

The term sweatshop is increasingly in the news these days, and refers to organizations that force workers to labor under adverse conditions that may include long work days, unsafe conditions, and even the use of child labor. A variety of advocacy groups are now active in campaigning against sweatshops, and a number of well-recognized firms have been the targets of their attention—including such well-recognized multinationals as Nike, Mattel, and Disney. Watchdog
groups in Asia, for example, have criticized Disney for allowing some of its contract manufacturers in China to force workers to labor seven days a week, up to 16 hours a day, and at no overtime. Mattel has been accused of engaging subcontractors who run “sweatshop Barbie” assembly lines that include extra-long work hours and heavy fines for workers’ mistakes. In response to such criticisms more multinational employers are engaging outside consultants to conduct social audits of their international operations, adopting formal codes of ethical practices governing subcontractors, and backing external codes of conduct such as Social Accountability 8000—a certificate awarded by the Council on Economic Priorities. Nike, Disney, and Mattel have each taken steps along these lines to ensure that products made under their name are manufactured under conditions that meet acceptable standards. Worth considering is the following comment by Jack Sheinkman, President Emeritus of the Amalgamated Clothing and Textile Workers Unions, and member of the Council on Economic Priorities Advisory Board:

As business becomes ever-more global in scope and its links in the chain of production extend further, the task of rating corporate social responsibility has become more complex. So, too, has the safeguarding of workers’ rights... especially when responsibility is shared among manufacturers, contractors, subcontractors, buying agents,... and other parties to business agreements which transcend time-zones, language barriers, and developing and industrialized country borders alike.

A continuing issue for debate in this area of international business and management practices is the influence of culture on ethical behavior. Figure 4 presents a continuum that contrasts “cultural relativism” with “ethical absolutism.”

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**Figure 4**: Continuum contrasting cultural relativism and ethical absolutism in international business ethics.

Business ethicist Thomas Donaldson describes cultural relativism as the position that there is no universal right way to behave and that ethical behavior is determined by its cultural context. In other words, international business behavior is justified on the argument: “When in Rome do as the Romans do.” If one accepts cultural relativism, a sweatshop operation would presumably be okay as long as it was consistent with the laws and practices of the local culture. The opposite extreme on the continuum in Figure 4 reflects ethical absolutism, a universalistic assumption that there is a single moral standard that fits all situations, regardless of culture and national location. In other words, if a practice such as child labor is not acceptable in one’s home...
environment it shouldn't be engaged in elsewhere. Critics of the absolutist approach claim that it is a form of ethical imperialism because it attempts to impose external ethical standards unfairly or inappropriately on local cultures and fails to respect their needs and unique situations.

Donaldson suggests that there is no simple answer to this debate and warns against the dangers of both cultural relativism and ethical absolutism. He makes the case that multinational businesses should adopt core or threshold values to guide behavior in ways that respect and protect fundamental human rights in any situation. However, he also suggests that there is room beyond the threshold to adapt and tailor one's actions in ways that respect the traditions, foundations, and needs of different cultures.\textsuperscript{44}

A Global View of Organizational Learning

Organizational learning was first defined in Chapter as the process of acquiring the knowledge necessary to adapt to a changing environment. In the context and themes of this chapter, the concept can be extended to global organizational learning—the ability to gather from the world at large the knowledge required for long-term organizational adaptation. Simply stated, people from different cultures and parts of the world have a lot to learn from one another about organizational behavior and management.

Are Management Theories Universal?

One of the most important questions to be asked and answered in this age of globalization is whether or not management theories are universal. That is, can and should a theory developed in one cultural context be transferred and used in another? The answer according to Geert Hofstede is “no,” at least not without careful consideration of cultural influences.\textsuperscript{45} Culture can influence both the development of a theory or concept and its application. As an example, Hofstede cites the issue of motivation. He notes that Americans have historically addressed motivation from the perspective of individual performance and rewards—consistent with their highly individualistic culture. However, concepts such as merit pay and job enrichment may not fit well in other cultures where high collectivism places more emphasis on teamwork and groups. Hofstede’s point, and one well worth remembering, is that although we can and should learn from what is taking place in other cultures, we should be informed consumers of that knowledge. We should always factor cultural considerations into account when transferring theories and practices from one setting to the next.

A good case in point relates to the interest generated some years ago in Japanese management approaches, based upon the success experienced at the time by Japanese industry.\textsuperscript{46} Japanese firms have traditionally been described as favoring lifetime employment with strong employee-employer loyalty, seniority pay, and company unions. Their operations have emphasized a quality commitment, the use of teams and consensus decision making, and career development based upon slow promotions and cross-functional job assignments.\textsuperscript{47}
Although the Japanese economy and many of its firms have had problems of their own recently, management scholars and consultants recognize that many lessons can still be learned from their practices. However, we also recognize that cultural differences must be considered in the process. Specifically, what works in Japan may not work as well elsewhere, at least not without some modifications. Japan’s highly collectivist society, for example, contrasts markedly with the highly individualistic cultures of the United States and other Western nations. It is only reasonable to expect differences in their management and organizational practices.

**Best Practices Around the World**

An appropriate goal in global organizational learning is to identify the “best practices” found around the world. What is being done well in other settings may be of great value at home, whether that “home” is in Africa, Asia, Europe, North America, or anywhere else. Whereas the world at large once looked mainly to the North Americans and Europeans for management insights, today we recognize that potential “benchmarks” of excellence for high performance organizations can be discovered anywhere. For example, as discussed above, the influence of the Japanese approaches as a stimulus to global organizational learning is evident in many of the workplace themes with which you will become familiar in this book. They include growing attention to the value of teams and workgroups, consensus decision making, employee involvement, flatter structures, and strong corporate cultures.

As the field of organizational behavior continues to mature in its global research and understanding, we will all benefit from an expanding knowledge base that is enriched by cultural diversity. Organizational behavior is a science of contingencies, and one of them is culture. No one culture possesses all of the “right” answers to today’s complex management and organizational problems. But, a sincere commitment to global organizational learning can give us fresh ideas while still permitting locally appropriate solutions to be implemented with cultural sensitivity. This search for global understanding will be reflected in the following chapters as we move further into the vast domain of OB.

**Chapter 3 Study Guide**

**Summary**

1. **Why is globalization significant to organizational behavior?**
   - Globalization, with its complex worldwide economic networks of business competition, resource supplies, and product markets, is having a major impact on businesses, employers, and workforces around the world.
   - Nations in Europe, North America, and Asia are forming regional trade agreements, such as the EU, NAFTA, and APEC, to gain economic strength in the highly competitive global economy.
More and more organizations, large and small, do an increasing amount of business abroad; more and more local employers are “foreign” owned, in whole or in part; the domestic workforce is becoming multicultural and more diverse.

All organizations need global managers with the special interests and talents needed to excel in international work and cross-cultural relationships.

2. What is culture?

• Culture is the learned and shared way of doing things in a society; it represents deeply ingrained influences on the way people from different societies think, behave, and solve problems.
• Popular dimensions of culture include observable differences in language, time orientation, use of space, and religion.
• Hofstede's five national culture dimensions are power distance, individualism–collectivism, uncertainty avoidance, masculinity–femininity, and long/short-term orientation.
• Trompenaars's framework for understanding cultural differences focuses on relationships among people, attitudes toward time, and attitudes toward the environment.
• Cross-cultural awareness requires a clear understanding of one's own culture and the ability to overcome the limits of parochialism and ethnocentrism.

3. How does globalization affect people at work?

• Multinational corporations (MNCs) are global businesses that operate with a worldwide scope; they are powerful forces in the global economy.
• Multiculturalism in the domestic workforce requires everyone to work well with people of different cultural backgrounds.
• Expatriate employees who work abroad for extended periods of time face special challenges, including possible adjustment problems abroad and reentry problems upon returning home.
• Ethical behavior across cultures is examined from the perspectives of cultural relativism and universalism.

4. What is a global view on organizational learning?

• A global view on learning about OB seeks to understand the best practices from around the world, with due sensitivity to cultural differences.
• Management concepts and theories must always be considered relative to the cultures in which they are developed and applied.
• Interest in Japanese management practices continues, with the traditional focus on long-term employment, emphasis on teams, quality commitment, careful career development, and consensus decision making.

• Global learning will increasingly move beyond North America, Europe, and Japan, to include best practices anywhere in the world.

Self-Test
Multiple Choice

1. NAFTA, APEC, and the EU are examples of _____ .
   a. multinational corporations
   b. agencies of the United Nations
   c. regional economic groupings
   d. government agencies regulating international trade

2. In _____ cultures, people tend to complete one activity at a time.
   a. parochial
   b. monochronic
   c. polychronic
   d. ethnocentric

3. Cultural values emphasizing respect for tradition, ordering of relationships, and protecting one's "face" are associated with _____
   a. religious differences
   b. uncertainty avoidance
   c. masculinity-femininity
   d. Confucian dynamism

4. One would expect to find respect for authority and acceptance of status differences in high _____ cultures.
   a. power distance
   b. individualism
   c. uncertainty avoidance
   d. aggressiveness
5. Asian countries like Japan and China are described on Hofstede's dimensions of national culture as generally high in _____
   a. uncertainty avoidance
   b. short-term orientation
   c. long-term orientation
   d. individualism

6. _____ are foreign-owned plants that operate in Mexico, along the U.S. border, with special privileges.
   a. Estrellas
   b. Escuelas
   c. Maquiladoras
   d. Cabezas

7. In Trompenaars's framework for understanding cultural differences, _____ is used to describe different orientations toward nature.
   a. inner directed versus outer directed
   b. sequential versus polychronic
   c. universal versus particular
   d. neutral versus emotional

8. Management practices such as participative decision making and an emphasis on teamwork are often characteristic of organizations in _____ cultures.
   a. monochronic
   b. collectivist
   c. paternalistic
   d. uncertain

9. The Mercosur is an example of how different countries may cooperate in a _____ for mutual gain.
   a. franchise
   b. strategic alliance
   c. regional economic alliance
   d. chaebol
10. Which of the following is most characteristic of Japanese management practices?
   a. consensus decisions
   b. fast promotion
   c. highly specialized career paths
   d. all of these

True–False
1. Implications of globalization only apply to persons who will work in foreign countries and/or for multinational corporations.
2. The notion of “ethical imperialism” is consistent with the adage: “When in Rome, do as the Romans do.”
3. Language is important as a cultural variable only when one is dealing with another person who speaks a different language.
4. A Canadian businessperson who expects foreign visitors to be able to conduct business negotiations in English is being very parochial about culture.
5. Respect earned on the basis of one’s performance is associated with an achievement-oriented culture.
6. An American doing business in Hong Kong should be sensitive to the “silent language” of culture, such as that reflected in the use of space.
7. The reentry of expatriate employees returning from foreign assignments can be a source of problems for them and their employers.
8. Culture can be described as “software of the mind.”
9. Promotion is typically faster in Japanese than in American businesses.
10. A global manager thinks with a world view and is tolerant of differences.

Short Response
1. Why is the individualism–collectivism dimension of national culture important in OB?
2. How do power distance values affect management practices across cultures?
3. What does the concept of ethnocentrism mean to you?
4. An organization trying to operate with Japanese management practices would do what?
Applications Essay

1. Stephen Bachand, the CEO of Canadian Tire, wants to keep his company “ahead of the pack” as foreign retailers try to penetrate the Canadian market. It used to be that the American firms such as Wal-Mart and Home Depot were the major threats; now he has learned that the Asian giant Yaohan and the well-known Sainsbury’s from Britain are considering operations in Canada. Bachand has heard of your special consulting expertise in “global organizational learning.” He is on the telephone now and wants you to explain how the concept may help him keep his company a world-class competitor. With a large consulting contract at stake, what do you tell him about this concept?

Explore application-oriented Fast Company articles, cases, experiential exercises, and self-assessments in the OB Skills Workbook

Visit the Schermerhorn Web site to find the Interactive Self-Test and Internet exercises for this chapter.

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