

## GLOBALIZATION OF MANAGEMENT

### Critical Review Of The Articles:

Hofstede, G. (1993). "Cultural constraints in management theories". *Academy of Management Executive*, 7 (1), 81-94

Laurent, A. (1986). "The Cross-Cultural Puzzle of International Human Resource Management." *Human Resource Management*, 25(1), 91 -1 02.

Richards, D. (2001) "Managing the Conflict of Cultures: Globalization and the Persistence of Cultural Differences". In K.Thorne and G. Turner (Eds.), *Global Business Regulation: Some Research Perspectives*. Frenchs Forest, NSW, Prentice-Hall, Pearson Education Australia. Chapter 9, 164-188.

By

Dr. Anthony Chibo-Christopher

Doctor of Business Administration - International Business Economics  
2012

### ABSTRACT

The exchange of knowledge, goods, services, capital and technology has become interconnected across national and cultural borders. Increasingly businesses have to manage organizations and workforces in different cultures. Issues such as whether management theories and concepts from one culture can be applied successfully in another are raised, and what should be done to ensure that organizations and managers remain successful even while operating in foreign cultures. In this paper the articles above are critically reviewed they are summarized, analyzed and evaluated for the information and knowledge they provide in the globalization of management.

# Contents

Introduction	3
Introducing Geert Hofstede, André Laurent and David Richards	3
The Purposes and Summaries	3
Ontology, Epistemology and Methodology.	5
Different Conceptions of Management	5
Managing Across Cultures	6
Models for Describing Cultural Differences	6
Insights in Management Thinking from different Cultures	7
The Value of the Articles Today	8
Purpose & Audience	8
Authority	8
Date & Coverage	8
Objectivity	9
Recommendations & Conclusions	9
References	10

## **Introduction.**

The exchange of knowledge, goods, services, capital and technology has become interconnected across national and cultural borders. Increasingly businesses have to manage organizations and workforces in different cultures. Issues such as whether management theories and concepts from one culture can be applied successfully in another are raised, and what should be done to ensure that organizations and managers remain successful even while operating in foreign cultures. In this paper the articles above are critically reviewed they are summarized, analyzed and evaluated for the information and knowledge they provide in the globalization of management.

## **Introducing Geert Hofstede, André Laurent and David Richards**

Geert Hofstede, the author of “Cultural constraints in management theories” is the very well known prominent Dutch researcher in the fields of organizational culture, cross-cultural groups and organizations. He has a pioneering and major role in developing a systematic framework for assessing and differentiating organizational and national cultures. (The Economist, 2013) calls him the man who literally put corporate culture and its issues on the map. He has received much recognition for his works and research in cross-cultural analysis. In 2006, the Maastricht university administration established a Geert Hofstede Chair for Cultural Diversity at Maastricht University,

André Laurent author of another of the papers “The Cross-Cultural Puzzle of International Human Resource Management.” Is a French professor Emeritus of Organizational Behavior at INSEAD (The European Institute of Business Administration). He has published numerous works concentrating on the international cross-cultural dimensions of management and organizations. His consulting work is mostly on issues of cooperation across borders and the merging of organizations across cultures. In 1992 he received the prestigious International Professional Practice Area Research Award for outstanding research in the field of Human Resource Development from the American Society for Training and Development (ASTD).

David Richards is the author of “Managing the Conflict of Cultures: Globalization and the Persistence of Cultural Differences”. The third article reviewed as part of this paper. He is currently a professor of international business and cross-cultural management in the UK university of Sunderland business school. He has published several articles and research; his interests are mostly focused on cross-cultural and expatriate management behavior.

## **The Purposes and Summaries**

Geert Hofstede in his article written in 1993 “Cultural constraints in management theories” explains that in other parts of the world other than the USA, management practices and the entire concept of management may differ from its understanding in the US. The theories needed to understand this are very significantly different from what is considered normal and attractive in the USA. From a globalization of management perspective, U.S. management

theories possess peculiarities not necessarily shared by management elsewhere. Therefore the purpose for writing his paper was to expose the need for internationalization of management theories used by US businesses as at 1993. While he concedes that no one model can explain for all the unique features in different cultures, he asserts that the model he explains in his article has the practical value of demonstrating the relative position of the U.S. versus other parts of the world. Therefore shedding light on what understandings need to change or improve. He explains the differences and peculiarities of how management is understood and practiced in some countries and regions of the world. Exposing the contrast to what the manager and management is in the United States.

Similarly but with a focus on the management of people within an organization, Andre Laurent in "The Cross-Cultural Puzzle of International Human Resource Management." Expresses that as at 1986 International Human Resource Management was still at the infancy stage. He reveals that the purpose of writing of this paper was to contribute to the framing of the then new field international HRM (Human Resource Management) by building on his quest into the cultural diversity of management conceptions across nations. He explains that Managers in organizations have different assumptions, preferences, and values on how people should be managed in order to attain organizational goals. He explains that results from his previous research revealed that most the powerful determinant of managers' assumptions was by far their nationality. Nationality had three times more influence on the shaping of managerial assumptions than any other factor. Andre Laurent agrees with Geertz Hofstede that international organizations must take note of the differences in attributions and meanings of similar gestures when dealing with other nations. He recommends steps that should be taken to achieve a truly international conception of human resource management.

David Richards in his article written in 2001, "Managing the Conflict of Cultures: Globalization and the Persistence of Cultural Differences" explains that core cultural differences exist, in spite of globalization. His paper is therefore designed to facilitate the creation of global business qualities and features, through examining the nature of cultural differences and stressing the need to consider what should be learnt from acquiring cross-cultural knowledge, skills and techniques. He argues that organizations are social and cultural creations, therefore dealing with the human issues and problems involved in working in a different culture is critical to the success or failure of corporations or individuals operating in foreign cultures. Similarly to points from Hofstede and Laurent above, Richards argues that individuals in such positions must concentrate on making sense of cultural differences. The knowledge of context appropriate behavior and attributions in other cultures and explanations for seemingly strange behavior is very important. The implications of culture for the international manager are explored in his article. Let us continue by discussing what ontological and epistemological connections are demonstrated in these articles, as well as the methodologies used.

## **Ontology, Epistemology and Methodology.**

Hofstede, Laurent and Richards in these articles demonstrate in different ways a point of view that attributions and understanding of behavior differ according to different cultures. Successful business relationships and organizational operations across cultures, involve recognizing and understanding the differences in culture, and exhibiting behavior that takes into consideration these cultural differences. Hofstede makes a strong and clear point when he explains in his article that even the views of management theorists are influenced by the environment or culture in which they grew up in. From these points of view shared by all three articles, the authors exhibit relativists/interpretists ontology and epistemology views which are that observation and conclusions do not exist independently of our interpretations and every observation collaterally affects what we observe and Observation is never objective but is always affected by social constructions. The methodologies used in these articles are mainly qualitative. Involving common sense understanding and reviewing of documents. However some of the conclusions reached are drawn from data reviewed from other quantitative research articles many written by the authors themselves. The terms and phrases used in all three articles are clear and not ambiguous. Most will find the reasoning presented in the three articles to be clear and common sense and the authors have stated clearly their reasons for writing the articles, which is explained above under "purposes and summaries". In-between the three articles several points and ideas in globalization of management are made, and in the following paragraphs, I will present and discuss them.

## **Different Conceptions of Management**

A major point made in all three articles is that there is no such thing as global management theories. Laurent explains that analysis of national cultures show that the art and science of managing and organizing cannot be claimed by any one nationality or culture. Every culture has over time developed unique understandings of what management is. Hofstede makes the same point when he says management exists in all countries, but the understanding of it differs from country to country and a good knowledge of the countries culture is needed to understand its issues, methods and philosophies. He goes on to assert that one countries theory cannot be applied successfully abroad. Management cannot be practiced successfully without taken into considerations social norms and structures. Richards points out as he quotes (Phatak, 1989) that Management practices successful in one culture may turn out to be a failure in another. He also warns by quoting (Schuler et al, 1995) that empirical evidence show that managers not being able to behave effectively outside their home countries is the major cause for the high rates of failure among international joint ventures. These points made by (Phatak, 1989) and (Schuler et al, 1995) show that there is professional support from other authors including this author of this paper for the point made by Hofstede, Laurent and Richards. The author of this paper remarks that Business success in Africa for a foreign organization, is achieved by the studying and understanding local customs and practices, and then management incorporating them into local company practices. Establishing

the above point allows us to discuss the management skills and knowledge needed by those involved in management on a global scale.

### **Managing Across Cultures**

Another major point made by Richards and Laurent is that all persons involved in international business (practitioners, managers, and teachers) must have a global perspective and an expanded concept of the role of the international manager. Richards points out that this involves firstly Understanding the influence of culture on management and organizational behavior, it also involves acquiring Skills in managing the interactions between people of different cultures and an approach to management that makes cultural diversity an advantage in the work place. Laurent quotes (Geertz,1973) that managers in global organizations must come to a deep realization that when dealing with their workforce and human environment they are dealing with different attributions to meanings. This means that whatever they have come to understand as strengths and proper behavior could be attributed with different meanings in a different culture or nation. For example Richards explains that in Western culture, one's identity is attributed to what he has been able to accomplish, however in cultures group based cultures identity is attributed to the people you are related to. Richards also quotes (Hofstede and Bond 1998) (Hampden-Turner and Trompenaars, 1997); (Triandis, 1995) who support the points they have made here, by explaining that managers must understand that cultures from different nationalities can complement one another in a workforce managed by managers with the proper skills and understanding pointed out above. (Hofstede and Bond 1998) warn that the value choices of one's own culture must be seen to be relative and not superior to those of other cultures. References to (Geertz, 1973), (Hofstede and Bond 1998), (Hampden-Turner and Trompenaars, 1997) and (Triandis, 1995) show that there is support for these points by other authors in this field. Drawing from the experience an entrepreneur with businesses operating outside the home country, this author has on some occasions created synergy and used cultural diversity as an advantage by designating a headquarters groomed manager "chief operating officer" with duties to supervise and guarantee the integrity and high quality for the outcome of all operations, and designating a local as "General manager" with duties to organize and guarantee that work is done and goals are met. Hofstede, Laurent and Richards present models for recognizing, discerning and describing cultural difference.

### **Models for Describing Cultural Differences**

Hofstede, Laurent and Richards present models for describing cultural differences. Hofstede's model has five dimensions. He explains that the place on which a country falls in these dimensions enable predictions to be made on how the society there behaves and predicting successful management practices for such society. "Hofstede defines culture as the collective programming of the mind, which distinguishes one group, or category of people from another". He explains that culture is useful in predicting behavior. The first dimension in hofstede's model is called Power Distance, and he defines it as "the degree of

inequality among people, which the population of a country considers as normal". The second dimension is labeled individualism, which is "the degree to which people in a country prefer to act as individuals rather than as members of groups". This dimension includes Collectivism, which is the opposite of individualism. The third dimension is called Masculinity or Femininity. It is explained as the degree to which male or female associated attributes and values dominate in a society. The fourth dimension is Uncertainty Avoidance, he defines it as "the degree to which people in a country prefer structured over unstructured situations". The fifth dimension is called Long-term versus Short-term Orientation. Values like persistence and savings are attributes of the long-term side and social obligations and tradition are behaviors found on the short-term side. Using this model will give different dimension scores to different countries. Hofstede argues that this at least makes us aware that different countries behave very differently from one another when faced with the same issues. One of the models presented in Richards article is (Hampden-Turner and Trompenaars, 1997) seven cultural dimensions model. It has seven dimensions measuring values by responding to a quandary Questionnaire, which contrasts values like competing or cooperating and presents alternative responses to a Series of quandary from which respondents are to choose one of two approaches to solving. The dimensions are 1. Specific criteria (e.g. profitability) / Diffuse criteria (e.g. knowledge) 2. Winning/compromising / Negotiating consensus 3. Individualism (e.g. competing) / Communitarians (e.g. cooperating) 4. Inner-directed (steered from within) / Outer-directed (steered from without) 5. Status achieved (success is good) / Status ascribed (the good should succeed) 6. Universalism (rule by laws) / Particularism (unique and exceptional) 7. Sequential time (time as a race) / synchronous time as a dance). These models help form successful management practices across cultures and nations in the globalization of management. The using of these models has lead very important Insight into the management thinking and understandings in other cultures.

### **Insights in Management Thinking from different Cultures**

Laurent refers to his own previous research findings showing that the American manager believes he has to be individualistic and ambitious to succeed. The French manager believes that in order to succeed, others must think he has high potential and is social. The German manager believes that he must be industrious and creative to succeed. For British managers the ability to create the right image and for the right people to see this is most important for success. Hofstede also referring to his past research findings says the manager is a cultural hero in America. According to him this is not so in Germany. It is the highly skilled engineer that's a hero in Germany if any. He explains that the German worker does not need a manager in the American sense to motivate him to work. The manager's role in Germany is to resolve technical problems. In Japan he continues the peer group and not the manager mostly controls what the worker does. Richards says Hofstede, and many others; see describing cultural differences as a single continuum with individualistic western cultures on one-side and collectivist eastern cultures on the other. However Richards points out that (Triandis, 1995) and (Earley and Gibson, 1998) found that this

constrained bi polar view meant missing out on explaining other relevant differences in cultures. They remarked, "More individualism did not necessarily mean less collectivism". However Many authors in this field have built their theories on the works of Hofstede's model and its five dimensions. It is this authors point of view that Hofstede's work and the resulting five dimensional model describing cultural differences, will always be a landmark, pioneering, eye opening revelation in cross cultural management studies and therefore globalization of management. The value of all three articles today is important to explore and express.

## **The Value of the Articles Today**

The most recent of the three articles was written in 2001. This is over a decade ago. Therefore it is important to explore the value of these articles today. Let us explore the value of each article according to the following criteria: Purpose & Audience, Authority of author and article, Date and Coverage, Objectivity.

### **Purpose & Audience**

The purpose for the three authors writing their articles has already been presented under "purpose and summary" therefore this paragraph will discuss their intended audience. It is implied in the text of Hofstede's article that the intended audience is mainly the American academic community. One can deduce that Laurent is addressing the academia in human resource management as well as all practicing human resource managers in organizations, Richards article implies that he is writing for the benefit of all managers involved with management on a global scale. It is this author's view that all three articles achieve their intended purpose. Affecting the intended audience with the knowledge contained in these articles should improve practices in the context of globalization of management.

### **Authority**

The authorities Hofstede, Laurent and Richards have to write these articles are impressive judging from their qualifications, experience and expertise. Who the authors are and their qualifications has already been presented under "Introducing Geert Hofstede, André Laurent and David Richards" but it should be added that before he retired, Geert Hofstede was a professor of organizational anthropology and international management at the University of Limburg at Maastricht, the Netherlands. He holds a M.Sc. degree in Mechanical Engineering from Delft Technical University, and a Ph.D. in Social Psychology from Groningen University, both in his native Netherlands.

### **Date & Coverage**

As mentioned before the most recent of the three articles was written in 2001. That's over a decade ago. Today, The International Monetary Fund (IMF, 2012) confirms that Africa is clearly experiencing and providing opportunities for business growth at a time where most other regions of the world are experiencing sluggish or no growth. Consequently a very significant and increasing number of companies internationally are seeking to do business in Africa, a cultural environment different from their own. However, there is no

mention of management culture in Africa, or the African manager's beliefs on management, in any of the articles reviewed in this paper. This is also true for Latin America. There is no explanation given for this. Some of ideas and points made by Hofstede about under developed countries is agreeable to the author, namely how obvious it is that the post colonization Western management systems and theories has contributed little or nothing to the development of such countries in Africa. This lack of success in economic development should be enough evidence to doubt the suitability of western management theories in Africa. The assumption that modern management techniques and theories from outsiders can develop a country is being proved wrong everyday. Therefore as Hofstede hoped, the best is for a dialogue and partnership between equals. In which the Western partner acts as the expert in Western technology and the local partner as the expert in local culture, and local management practices and habits. However, things have changed a bit and global affairs are changing and what Hofstede hoped for in 1993 is happening in increasing numbers today. Western and Chinese companies are investing in Africa in equal partnership joint ventures where the western partner provides the technology and the local partner provides the expertise in local management culture and practices. Therefore the articles reviewed in this paper would have been of more global benefit today if they gave some kind of insight on the effects and conceptions of African and Latin American cultures on management and organization. All three articles in different ways inform and explain to the reader about cultural differences and its implications for management. They make the reader aware that one management theory or practice cannot be used successfully for all cultures, however they omit the mention or some insight of some major and populous cultures such as Africa, and Latin America. These omissions remove from the value of these articles especially in today's world where Africa is providing many opportunities for business growth to international or global organizations.

### **Objectivity**

The information given and conclusions made in Hofstede, Laurent's and Richards's articles are objective. They are verifiable by looking up their data and information sources. They are not expressions of their biased opinions instead they are conclusions drawn from data reviewed from other quantitative research articles many written by themselves. The terms, phrases and points made are clear, unambiguous and logical. Most will find the reasoning presented in the three articles to be clear. It must be said that many researchers have carried out research based on the research findings of Hofstede. Many have agreed with him, others have disagreed with him and his work and yet others have being inspired by his work and produced more research findings not necessarily agreeing with his.

### **Recommendations & Conclusions**

As more and more business organizations seek growth by investing and doing business internationally, management has increasingly become a global practice. One that must be executed with recognition of global cultural diversity. Hofstede's Laurent's and Richards's articles reviewed in this paper offer

imperative information for all involved in the matters of globalization of management. Together they give the reader a good foundational understanding of the fact that in the globalization of management, different approaches must be used for different cultures. Their points are logically presented and backed by referrals to empirically obtained information. This author recommends that these articles be re-written with more information on Africa and Latin America. This will certainly add to the relevance of all three papers in today's world. However all the authors via the three articles reviewed here have certainly given the academia, controllers and managers of global organizations very valuable information and guide for the execution of suitable and successful management practices in the globalization of management.

### References.

Geertz, C. (1973). *The interpretation of cultures*. New York: Basic Books.

Hampden-Turner, C. and Trompenaars, F. (1997). *Mastering the infinite game*. Oxford: Capstone.

Hofstede, G. and Bond, M.H. (1988). *The Confucius connection: from cultural roots to economic growth*. *Organizational Dynamics* 16 (4): 4-21.

International Monetary Fund, (2012). *Regional Economic Outlook: Sub-Saharan Africa, Maintaining Growth in an Uncertain World*. Washington, DC: IMF.

Kroeber, A.L., Kluckhohn, C. (1952). *Culture: a critical review of concepts and definitions*. Cambridge, MA. Peabody Museum, Harvard University. (Peabody Museum Papers, 47, 1.)

Phatak, A. V. (1989). *International dimensions of management*. (Second edition). Boston, MA. PWS Kent.

The economist, (2013)

<http://www.economist.com/node/12669307>

[10 April 2013]

Triandis, H.C. (1995). *Individualism and collectivism*. Boulder, CO.: Westview.

Schuler, R. S., Jackson, S. E., Dowling, P. J. and Welch, D. E. (1995). *The formation of an International joint venture: Davidson instrument panel*. In Mendenhall, M. and Oddou, G. (eds) *Readings and cases in international human resource management* (Second edition). Cincinnati, OH.: South-Western, pp. 70-84.

