Adaptation to the Global Work Culture by Organizations, Managers and their Employees

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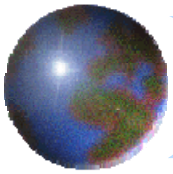


From

No Cultural Differences

To

Cross –Cultural Differences

To

Cultures' interfaces

Why doing Cross-Cultural OB Research?

- My early research on participation in goal-setting as a motivational approach
- Participation → Goal commitment→ Performance

Latham, G. Erez., and Locke, E., "Resolving scientific disputes by the Antagonists: Application of the Erez-Latham dispute regarding participation", Monograph*, Journal of Applied Psychology,* 73, 1988, 753-772.

Erez - based on Kurt Lewin (1951)

Latham – based on French, Kay, & Meyer, (1966). Participation and the appraisal system. *Human Relations, 19,* 3-20.

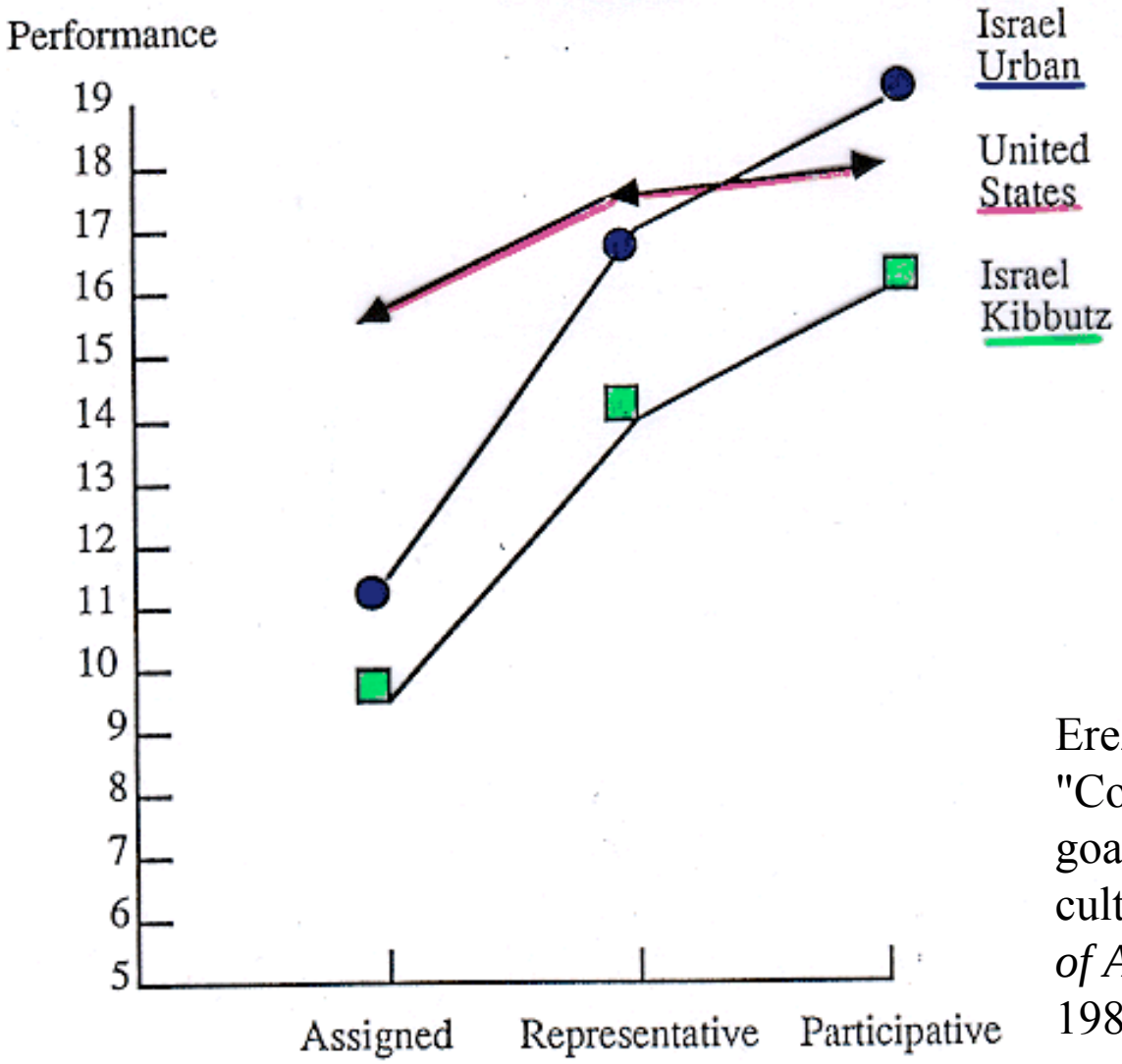
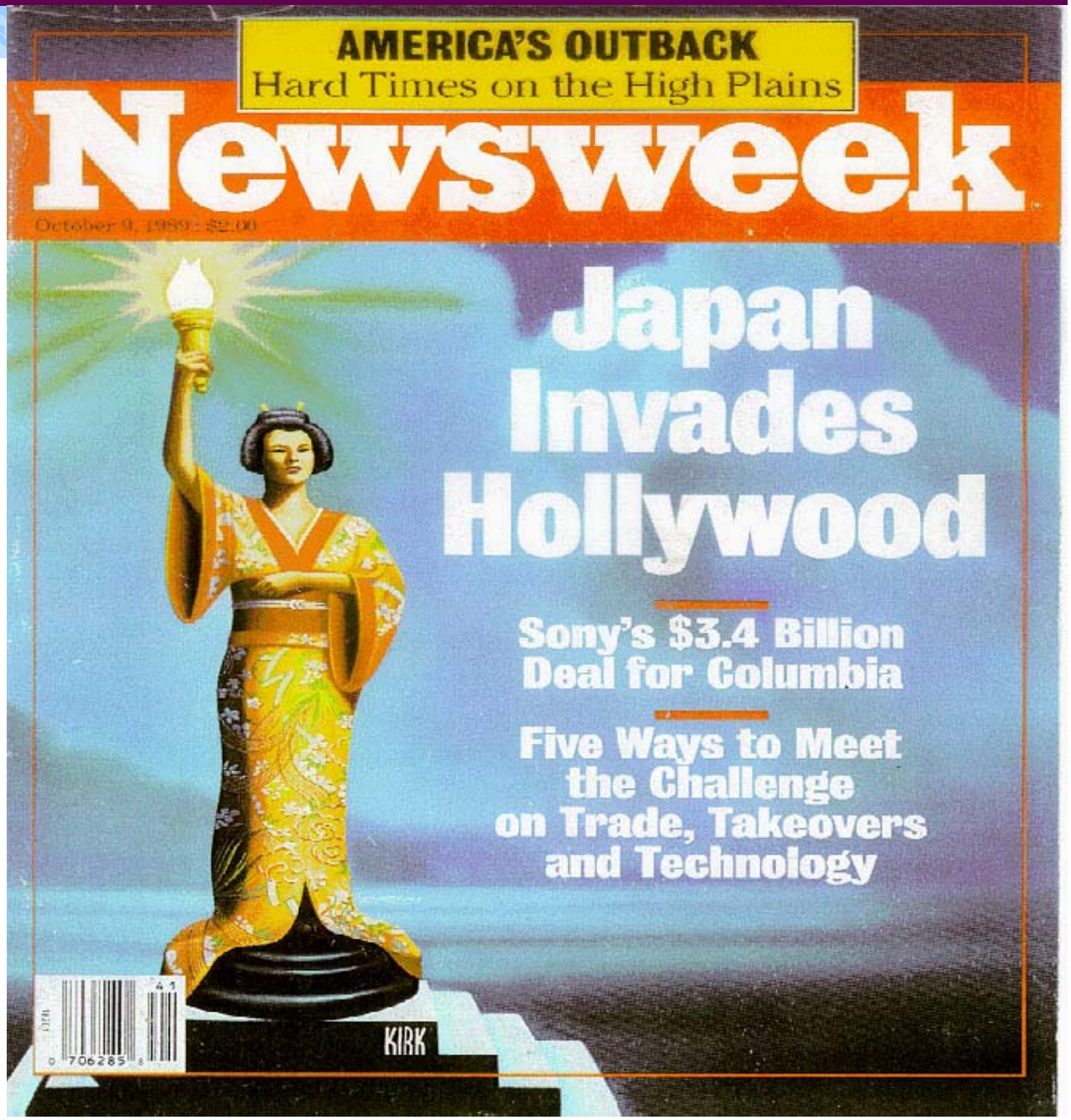


Fig. 5: Presentation of adjusted performance means across goal-setting strategies and countries.

Erez, M. and Earley, P.C., "Comparative analysis of goal-setting strategies across cultures". *Journal of Applied Psychology*, *72*, 1987, 658-665.

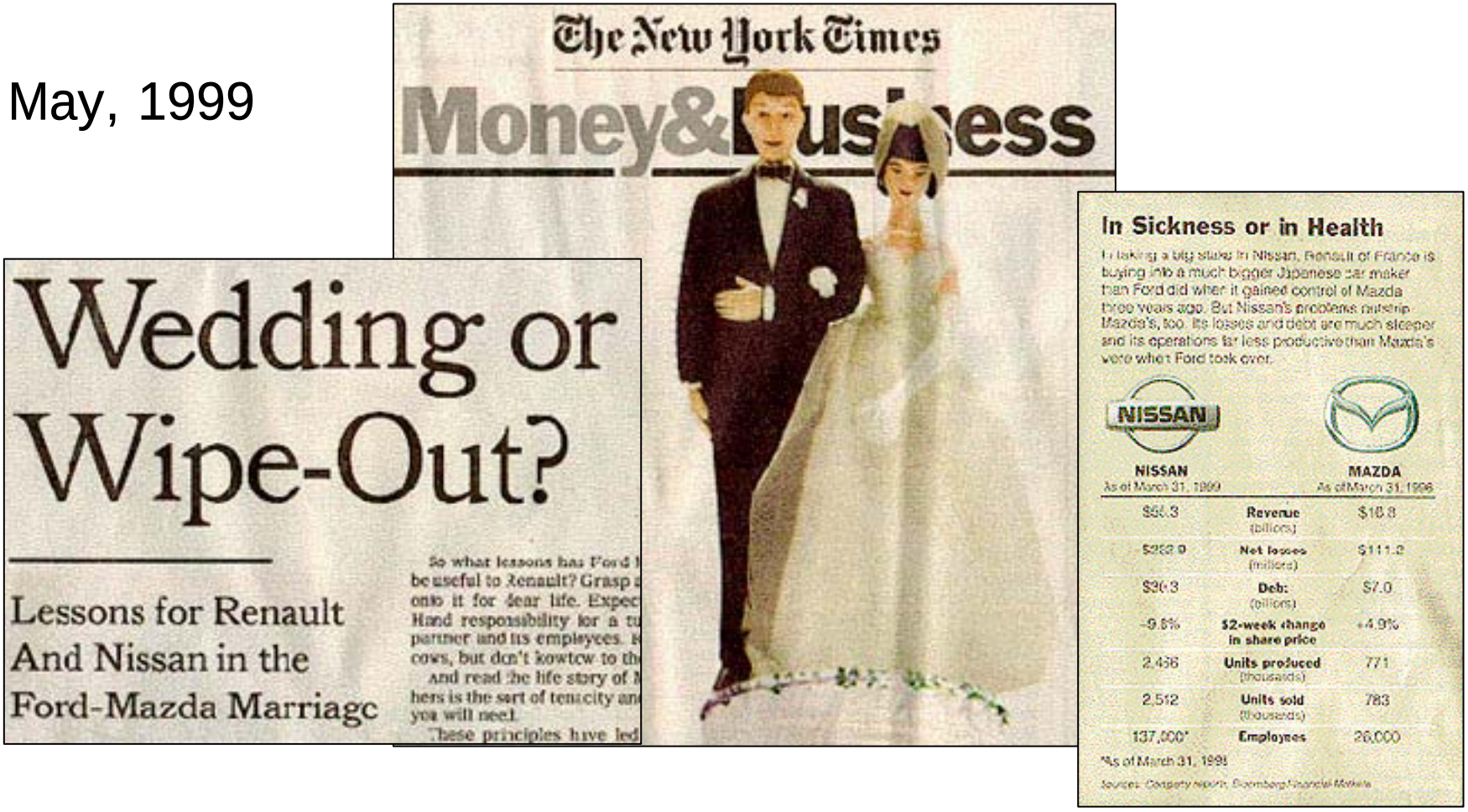
Culture & Globalization In the Eighties

October, 1989



Cross Cultural Alliances

May, 1999

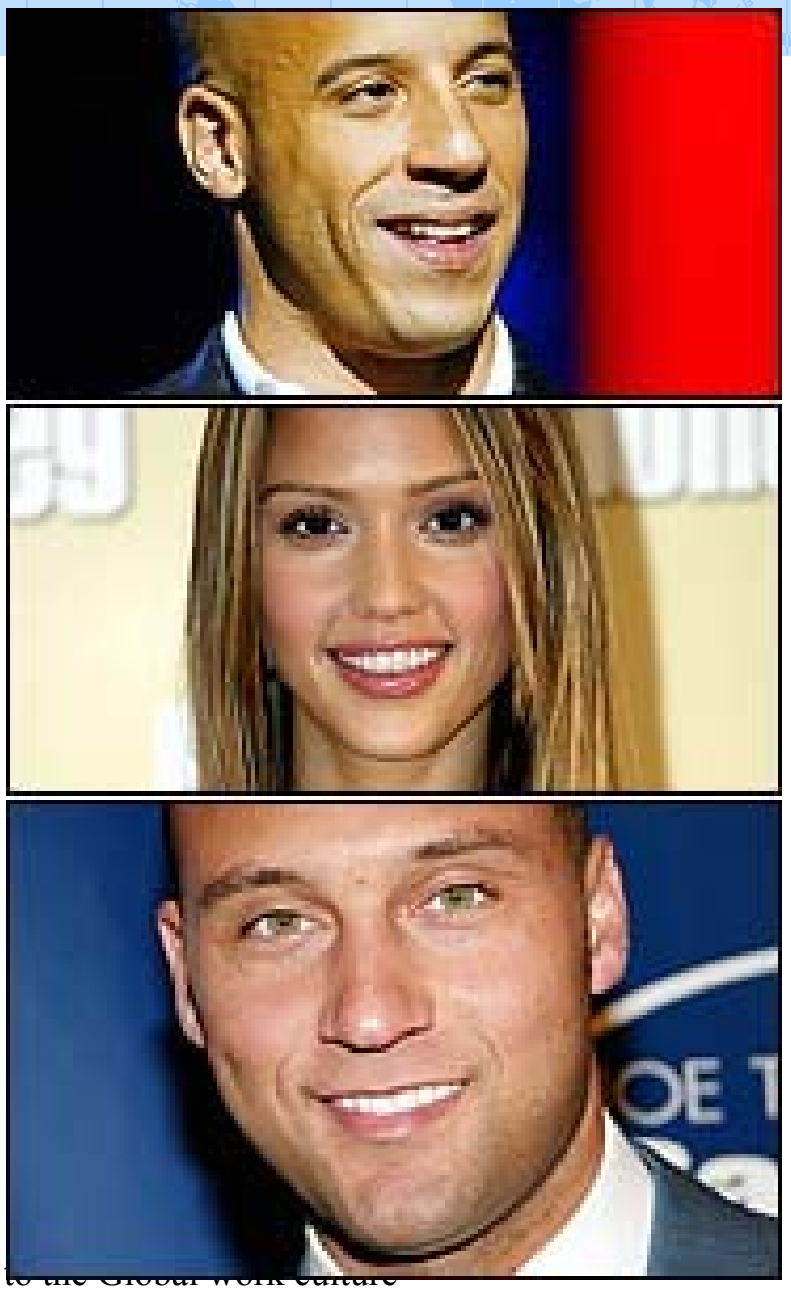


Generation EA -

Ethnically Ambiguous

NYTimes, Dec. 28, 2003

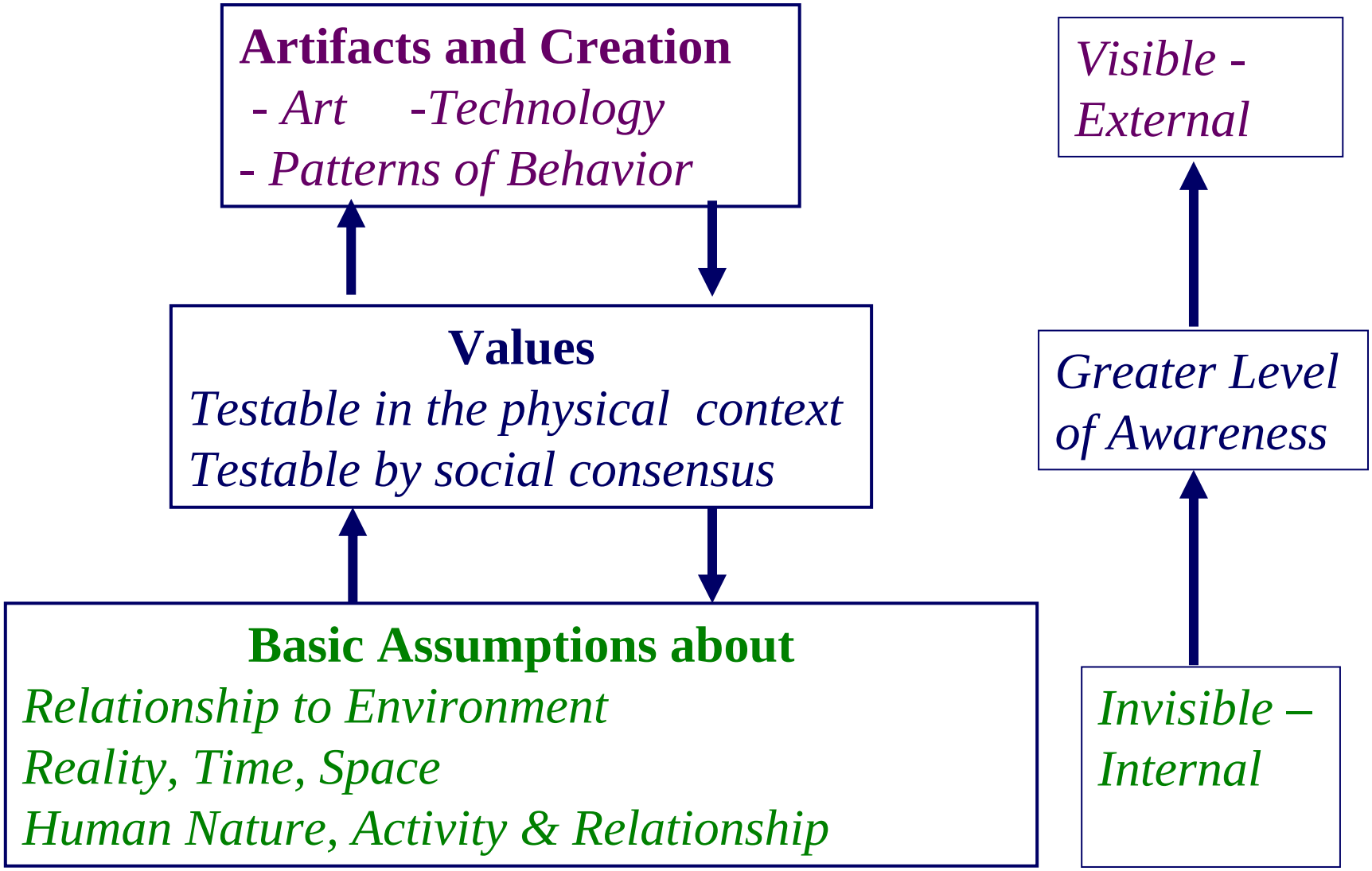
From Culture's Differentiation to Culture's Assimilation



Is The World Really Flat?

Thomas Friedman, **2005**

Culture – a Multi Layer Construct (Schein,1985)



National Cultural Values

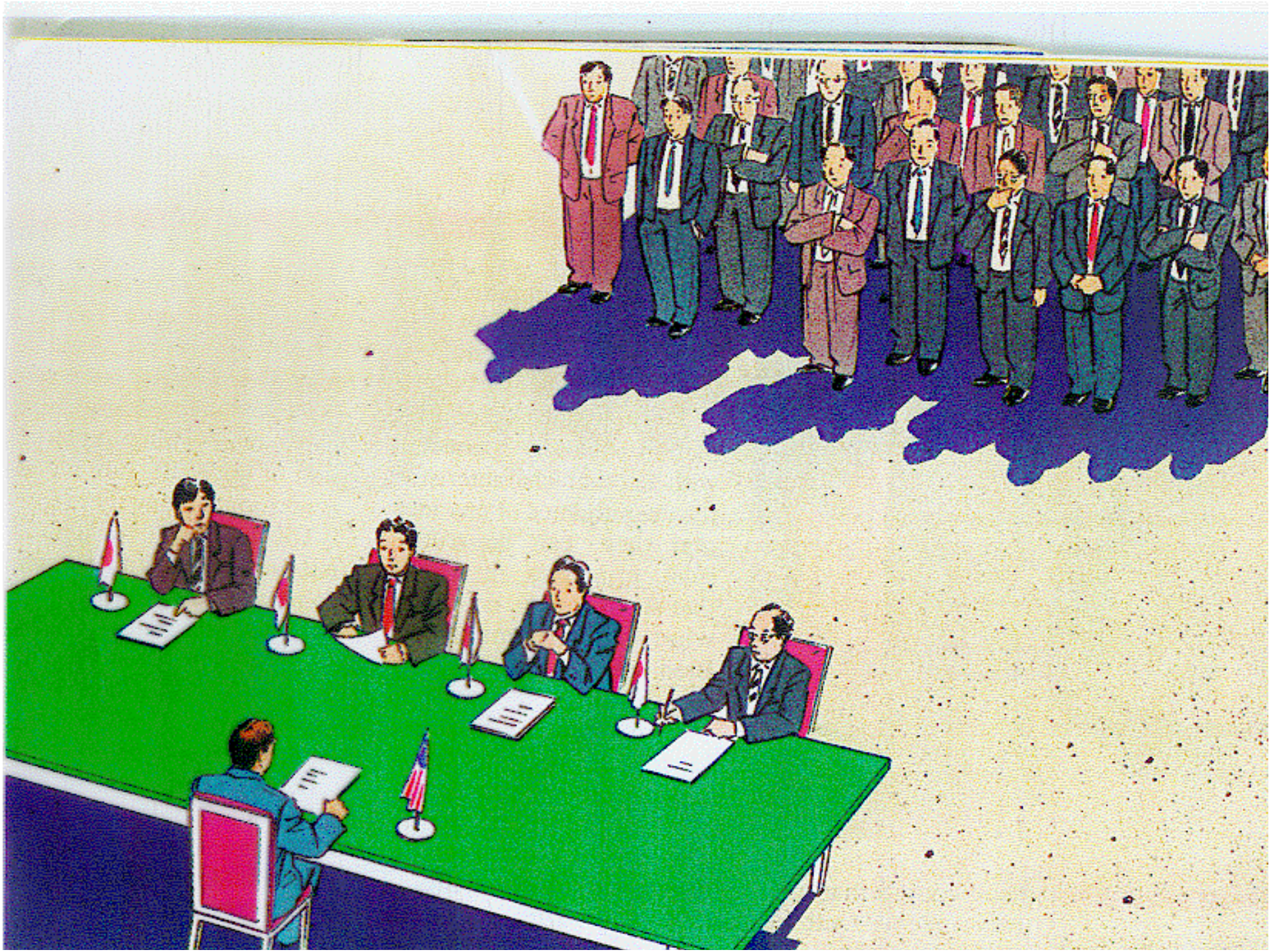
(Hofstede, 1980, 1991, 2001;House et al., 2004)

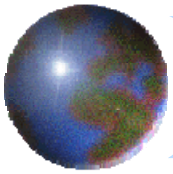
- **<u>Individualism Vs. Collectivism)</u> - The way people relate to each other:**

Individual Vs. group goals

Self interest Vs. interest in group members

Preference to be by oneself Vs. with others





Cultural Values (Cont.)

- **Power Distance**
- **(Equality Vs. inequality)-**

The extent to which members of a culture accepts inequality and large differentials between those having power, and those having little power.

Cultural Values (Cont.)

- **Uncertainty Avoidance** –

emphasis on rules and regulations, rituals, and extensive documentation.

- **Masculinity Vs. Femininity** -

  Gender differentiation in roles and occupations is high in masculine cultures, and low in feminine cultures.

- **Future Time Orientation** –

Long versus short term planning.

Cultural Values (Cont.)

(House, 1995)

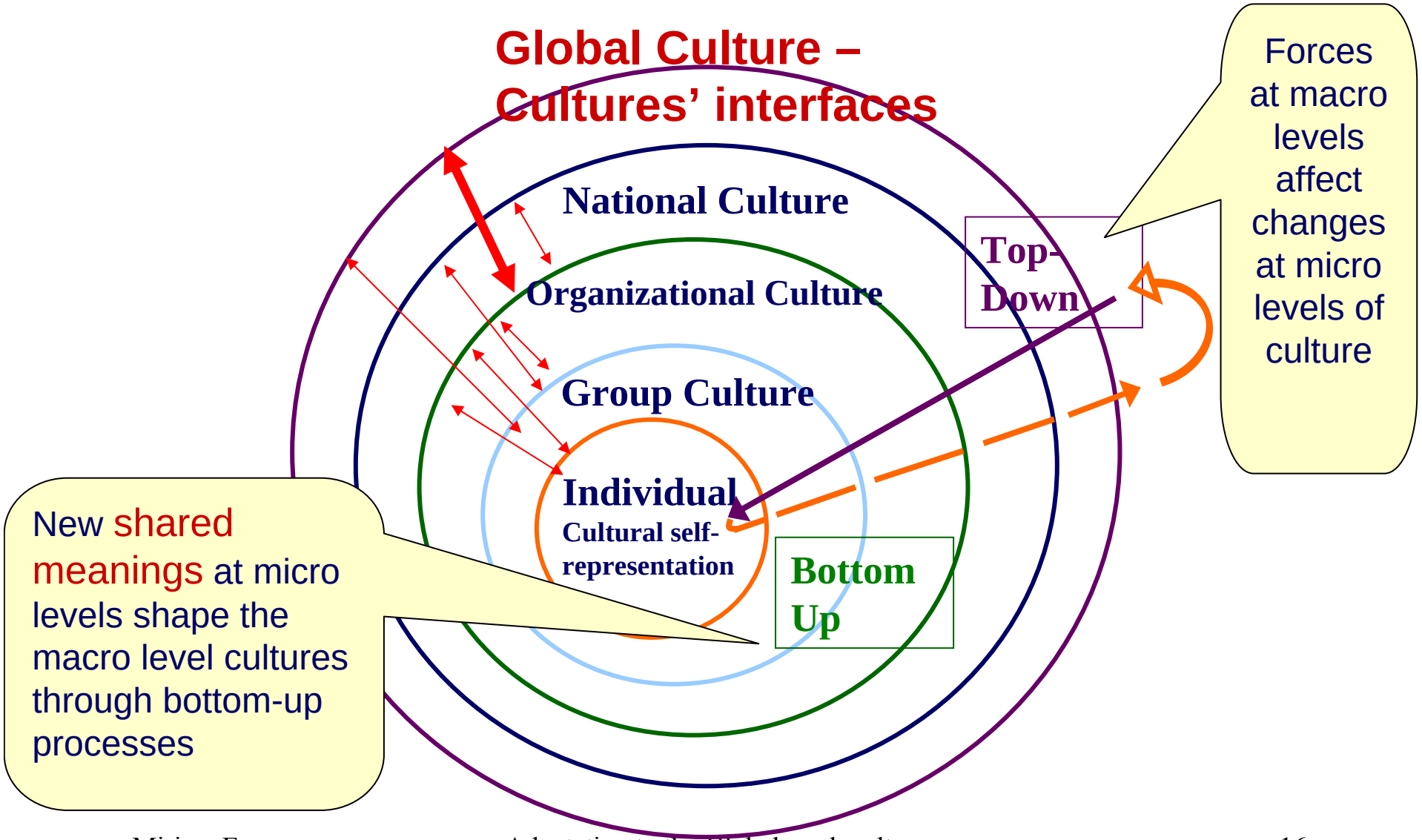
- **Humanism** - Emphasis on humanistic values.
- **Performance Orientation** - emphasis on success.

National Culture: Implications for Innovation

	National Culture (House, et al., 2004)				
	Israel	Germany	USA	Singapore	China
	Mean	Mean	Mean	Mean	Mean
Uncertainty Avoidance	4.01C	5.22A	4.15B	5.31A	4.94A
Power Distance	4.73C	5.25B	4.86B	4.99B	5.04B
Collectivism Group based	4.70B	4.02C	4.25C	5.64A	5.80A
Performance Orientation	4.08B	4.25B	4.47A	4.90A	4.45A

The Macro-Level Global Culture

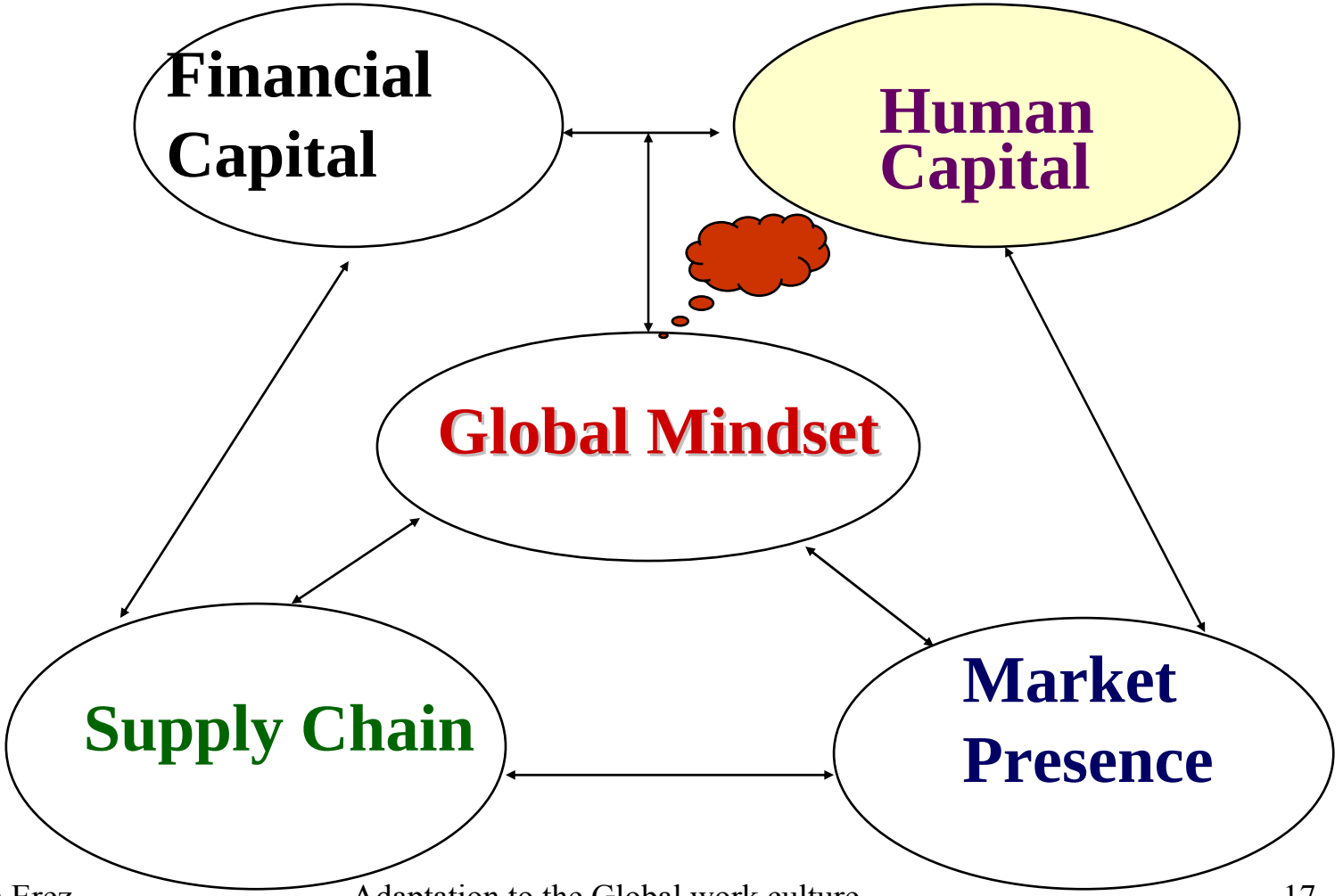
(Erez & Gati,2004)



Globalization -

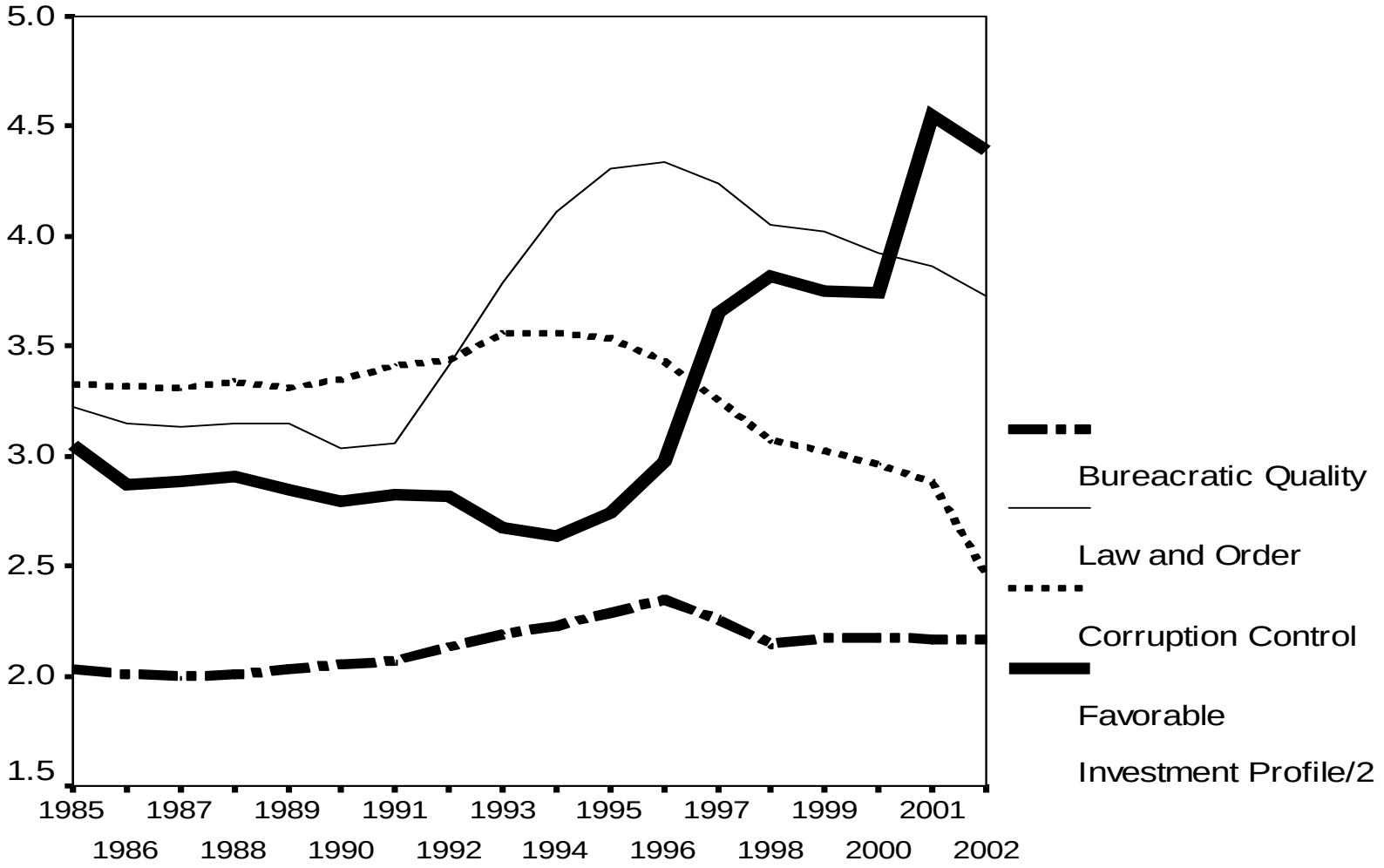
Economic Interdependence Among Countries

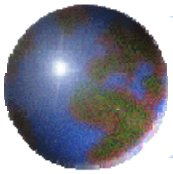
A free flow of:



Rational Administrative Culture:

Drori, Jang & Meyer, ASQ 2006

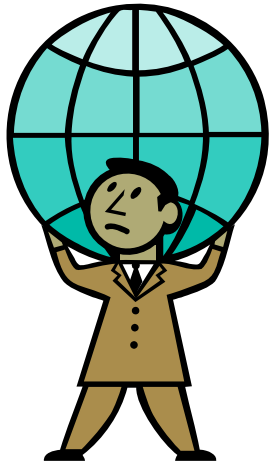


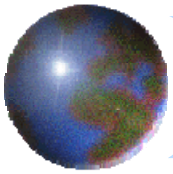


Culture's Interface

- *What Happens to **People** and **Organizations** when they enter the global work environment?*

The Emergence of a Global Identity





Globalization ⟷ Self Identity

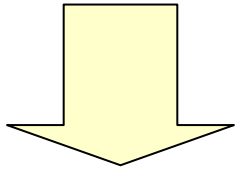
Self Identity:

- Understanding of who one is in relation to others.

- ***Social Identity*** -

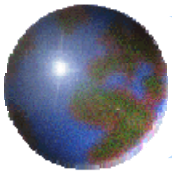
A sense of belongingness to a specific group that has a psychological meaning to oneself (Tajfel, 1978; Tajfel & Turner, 1979)

Globalization



Bi-Cultural Identity (Arnett, 2000)

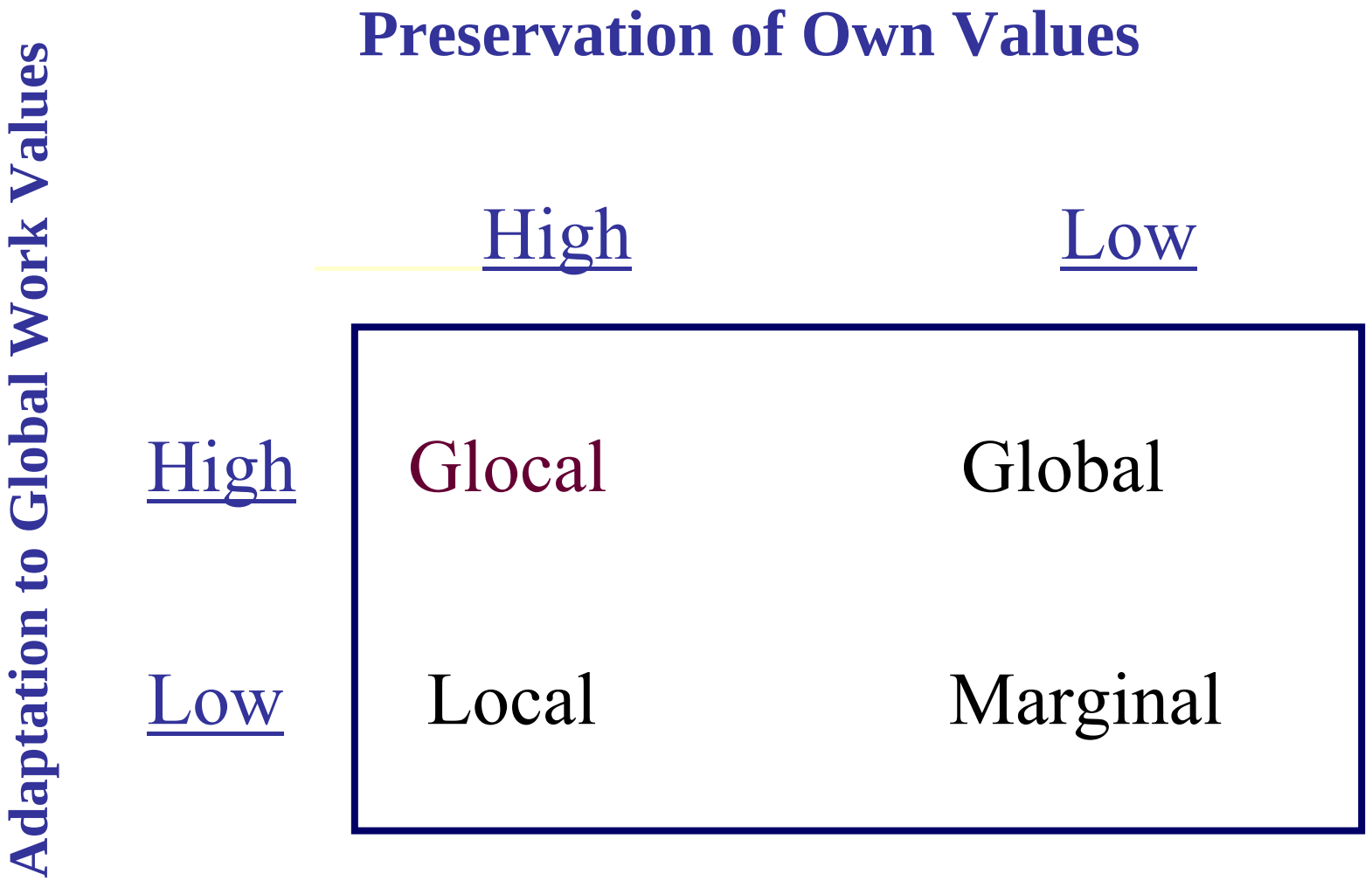
1) Global Identity – a sense of belongingness to a worldwide culture (Arnett, 2000).
2) Local Identity – rooted in the local culture.



Global Identity in the work context:

An Individual's sense of belonging to groups operating in the context of global organizations **(Shokef & Erez, 2006)**

Based on Berry et al., (1980)



STUDY 1: Global and Local Identities in Multi-Cultural Teams (Shokef, Erez & Cochavi, 2006;Lisak & Erez, 2007)

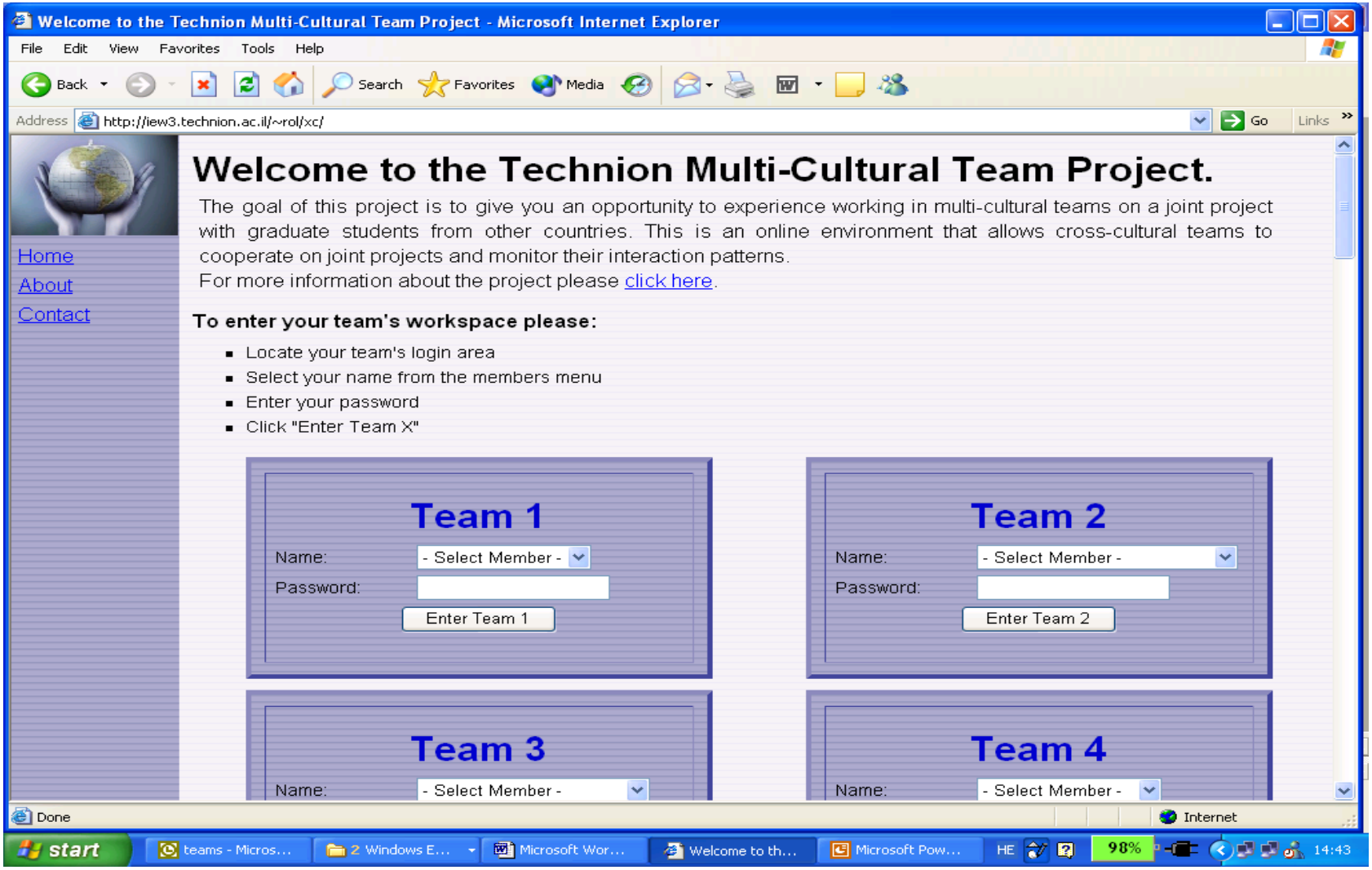
Sample : 311 MBA students working part-time divided into groups of 3-4 members

Israel N=88; Italy N= 41; Hong-Kong N=60; South Korea N=21;

USA N=101

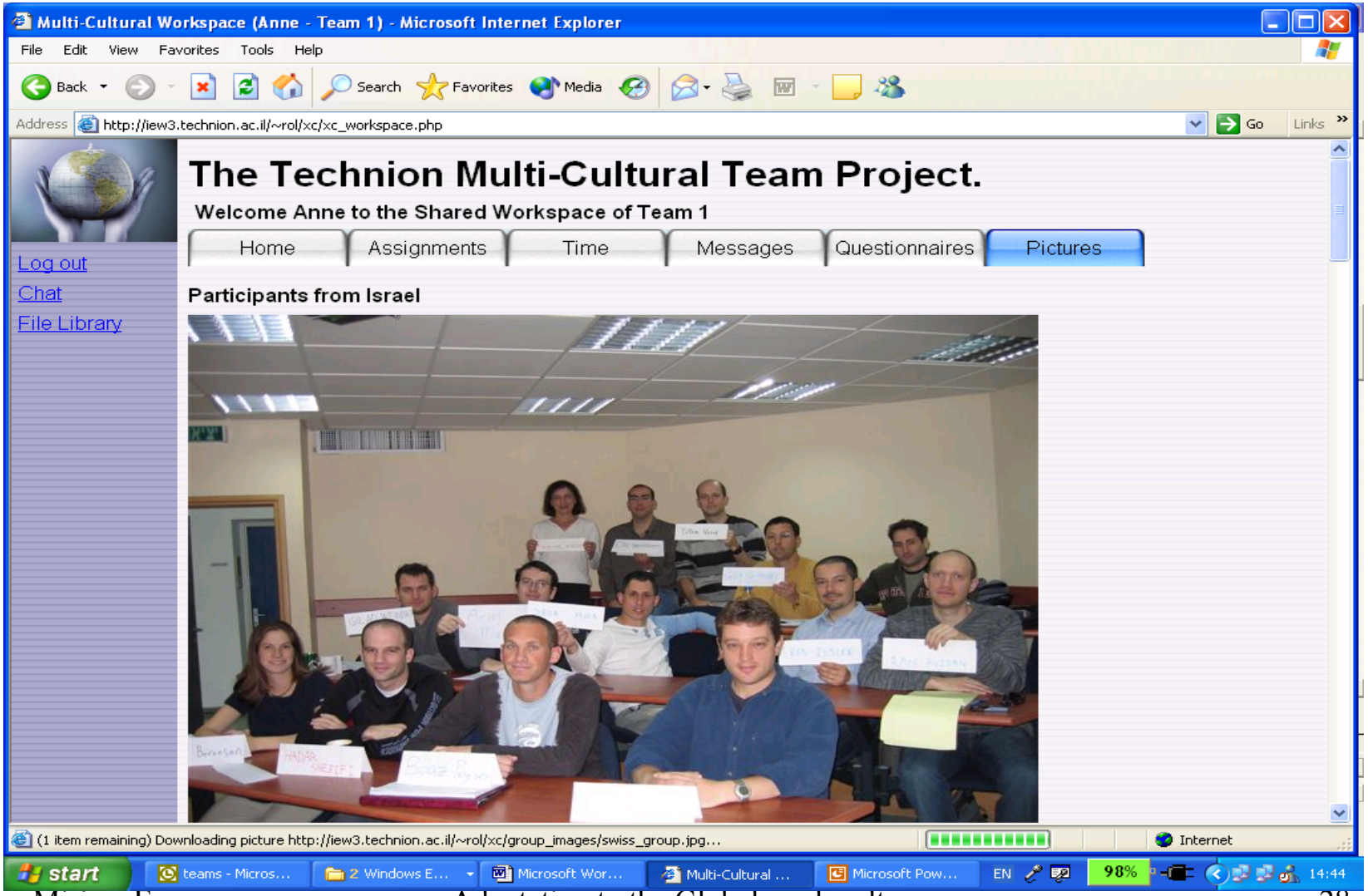
Task: Multicultural teams working on a joint project of developing a guide for an expatriate who is going to be relocated in a country of their choice

Technion Multi-Cultural Team Project (TMCTP) - *Example of the Interface*



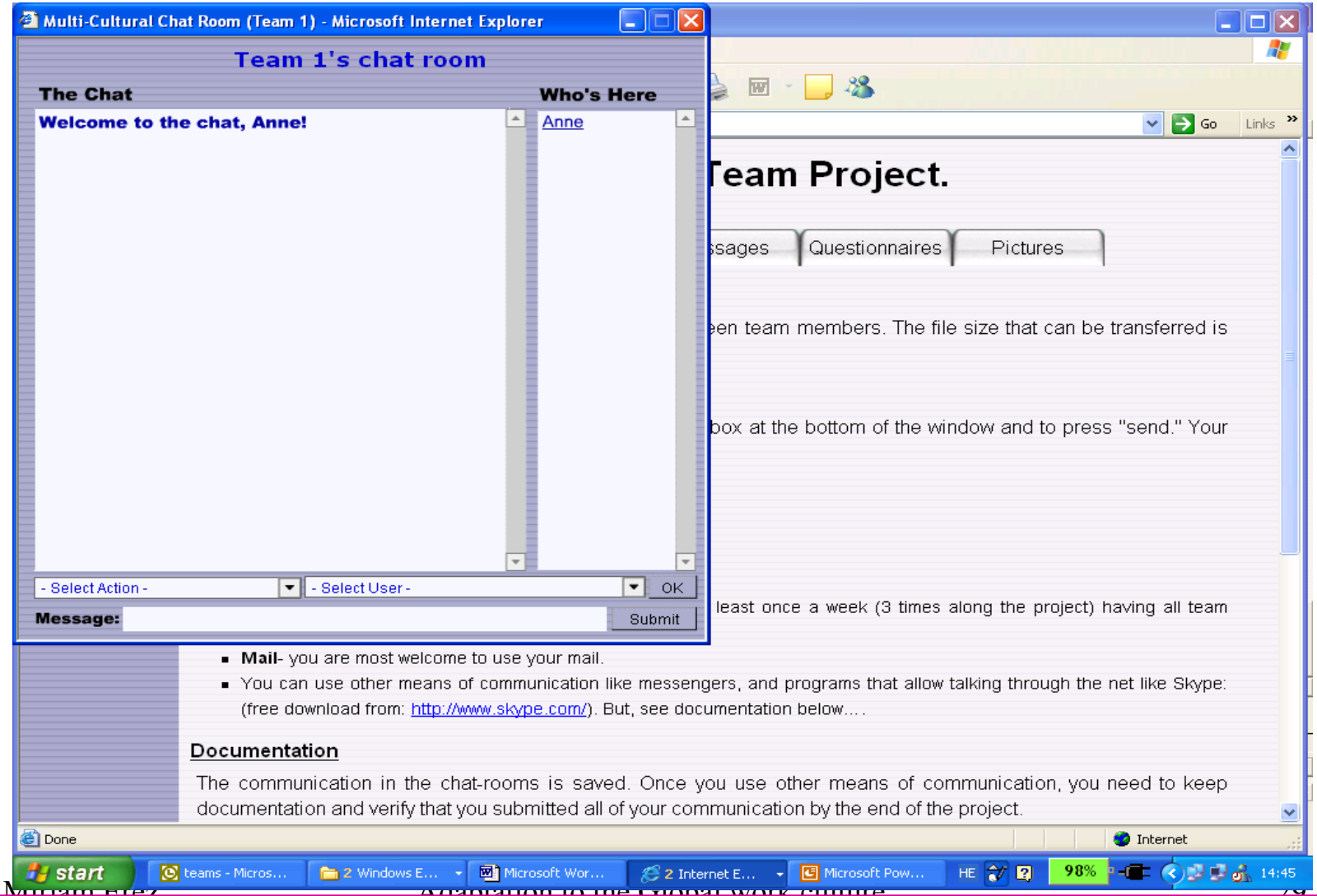
TMCTP

A picture of participants from Israel



TMCTP

Example of the Chat Room and the Instructions behind it.



Who are we?

Sokratis …
Greek; 22 years old
SDA Bocconi
Background: Marketing, HR
Hobbies: reading history, windsurfing, swimming

Lim …
South Korean; 28 years old
KAIST Graduate School of Management
Background: Architecture
Hobbies: playing soccer, reading, architecture

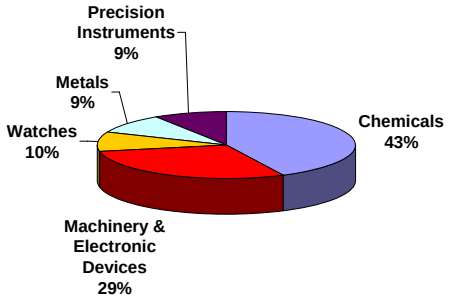
Country snapshot - Swiss

Background: Switzerland became a modern federal state in 1848 and now comprises 26 semi-autonomous cantons and half-cantons. The federal constitution provides extensive elements of direct democracy. Bills passed by parliament have to be approved by the electorate if 50,000 signatures against the bill are collected. People's initiatives allow citizens to propose amendments to the constitution or to statutory law. If backed by 100,000 signatures, they need to be approved in a referendum. A revised version of the federal constitution, albeit with only minor substantive changes, came into effect at the beginning of 2000.

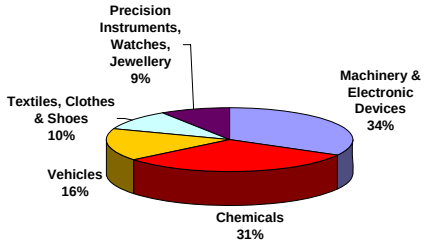
2003 Macro. Data

Population	7.3 M
GDP	US$ 321.8 G
GDP at PPP	US$ 230.6 G
GDP per Capita	US$ 43,857
1999-2003 Avrg for:	
Real GDP Growth	1.2%
Inflation	0.9%
Current Account Balance/GDP	10.9%

Major Exports 2003: US$115.4G



Major Imports 2003: US$108.5G



2003 Swiss Largest Enterprises from Forbes's Global 500

Rank				Revenues
World	Swiss	Company	Industry	(US$M)
23	1	Nestle	food products	57,204
26	2	Credit Suisse Group	diversified finance	53,649
43	3	UBS	diversified finance	43,371
48	4	Zurich Financial Services	insurance	40,448
106	5	Swiss Re Group	insurance	22,080
119	6	Novartis Group	pharmaceuticals	20,795
133	7	Roche Group	pharmaceuticals	19,071
135	8	ABB Group	electrical equipment	18,295
157	9	Adecco	commercial services	16,095
189	10	Swiss Life Holding	insurance	14,106

Other Relevant Information

- It has four official languages: German, French, Italian & Romansch
- became a member of the UN only in 2002
- has no immediate plans to join the EU

Expat adaptation to values

	Face	Reciprocity	Harmony	Relations
Korea	**Respect their behavior and thought based on Confucius virtue.** ***Medium difficulty***	**Maintain reciprocity throughout the relationship for the mutual benefits** ***Medium difficulty***	**Not being hostile and be friendly to avoid conflict.** ***Medium difficulty***	**Treat people according to their hierarchy level of age and social class.** ***Medium difficulty***
Switzerland	**usually honest and and responsible** **They await others to have the same** **qualities to accept them and to establish** **relations of confidence.** ***Medium difficulty***	**Aware of reciprocity, but not necessary if a relationship is established.** ***Medium difficulty***	**Do not seek conflicts, prefers not to give his opinion if that can cause conflict. Very neutral and accommodating.** ***Low difficulty***	**Reserved and distant initially, becomes generous and faithful with the time. Special consideration with the elderly.** ***Medium difficulty***

Lessons Learned

Joon:

"I have found out how important it is to manage time & schedule, when I work with people outside my home country. And I have to adapt to new situations & try to understand the other cultures."

Eran:

"Not all people are Israelis…I must pay high attention to local cultural behavioral codes and "translate" my Israeli gestures into the local ones."

Lyudmila:

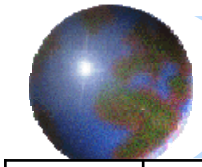
"If I have the chance to start this project now, I will ask each participant about his/her time availability and time constraints for the next 2 weeks. I would put this information in a table and create "a team agenda". This would give us a chance for even better planning and coordination among the four of us."

Sokratis:

"It was an interesting experience, since working across cultures is always challenging. A project like that, however, illustrates the differences among various nations, which can only be balanced through increased cooperation of all participants."

Procedure

One Week before the project	Instructions, teams, and **1st questionnaires**
First week of project	(1) get to know each other; (2) coordinate time; (3) choose a country
Second week of project Third week of project	Joint work on the team project
End of 3rd week	Submission of **project**
After the project submission	**2nd Questionnaires** and feedback



Factor structure of Global & local Identity

GI1	I see myself as part of the global international community	**.822**	739E-02
GI2	I feel a strong attachment towards the world environment I belong to	**.867**	.107
GI3	I define myself as a citizen of the global world	**.876**	-.77E-02
GI4	I feel like I am "next door neighbor" of people from other parts of the world	**.845**	569E-02
GI5	I feel a strong attachment towards people from all around the world	**.871**	759E-02
LI1	I see myself as part of my society (e.g., Israeli, American, etc.)	.76E-02	**.883**
LI2	I feel a strong attachment towards the society, I belong to.	078E-02	**.901**
LI3	I define my self as an ____ (your nationality- e.g., Israeli, American, etc.)	.94E-02	**.824**
LI4	I feel like I am "next door neighbor" of people from my country	860E-02	**.761**
LI5	I feel a strong attachment towards people from my country	.136	**.844**

A Measure of Global Identity

	Global Identity Time1	Global Identity Time2	Local Identity Time1	Local Identity Time2
Cronbach α	.83	.87	.77	.81
I see myself as part of the global community	.82	.82		
I feel a strong attachment towards the world environment I belong to	.76	.80		
I am a global cosmopolitan person	.78	.83		
I feel I am living in a global village	.76	.77		
I feel like I am "next door neighbors" with people living in other parts of the world	.72	.80		
I feel a strong attachment towards other participants from my home country			.59	.61
I feel good about my cultural background			.75	.76
I have a lot of pride in my cultural affiliation			.82	.86
I participate in practicing my culture's ceremonies, special food, music, customs…			.68	.71
I feel a stronger sense of belongingness to groups of my own cultural background			.63	.64
I am proud of the accomplishments of members of my culture			.61	.72

A Two Factor Model

A multi-group CFA of a 2-factor model using LISREL 8.7 yielded an acceptable fit level

A 2-factor model:

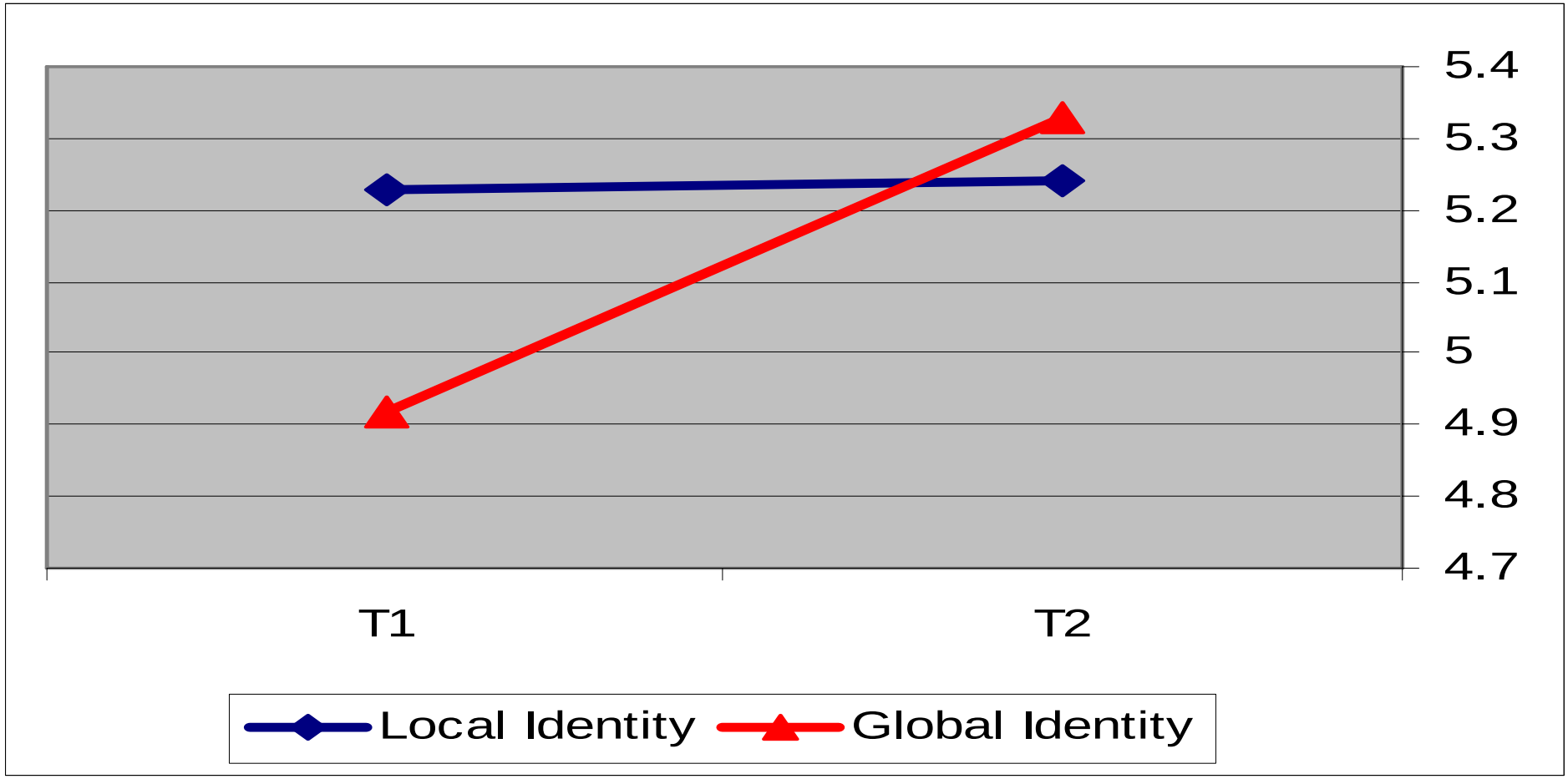
$\chi 2[51]=91.91$, $p<.001$; RMSEA=.079; NNFI=.97; CFI=.98)

significantly better than a 1-factor model:

$\chi 2[56]=776.07$, $p<.001$; RMSEA=.315; NNFI=.51;CFI =.67)

Between Models $\Delta\chi 2[5]= 684.16$, $p<.001$).

Change of Global Identity and Local Identity over all TMCTP (2007) participants



Global Identity- Significant change between T1 and T2
Local Identity- No significant change between T1 and T2
Significant change between Local and Global Identity- Only at T1.

Correlations Between Identities & Team Processes

(TMCTP 2007)

	Participation and communication	**Commitment**	**Mutual Trust**
Global Identity (T1)	ns	ns	ns
Global Identity (T2)	.28**	.33**	.27*
Local Identity (T1)	ns	ns	ns
Local Identity (T2)	ns	.27*	ns

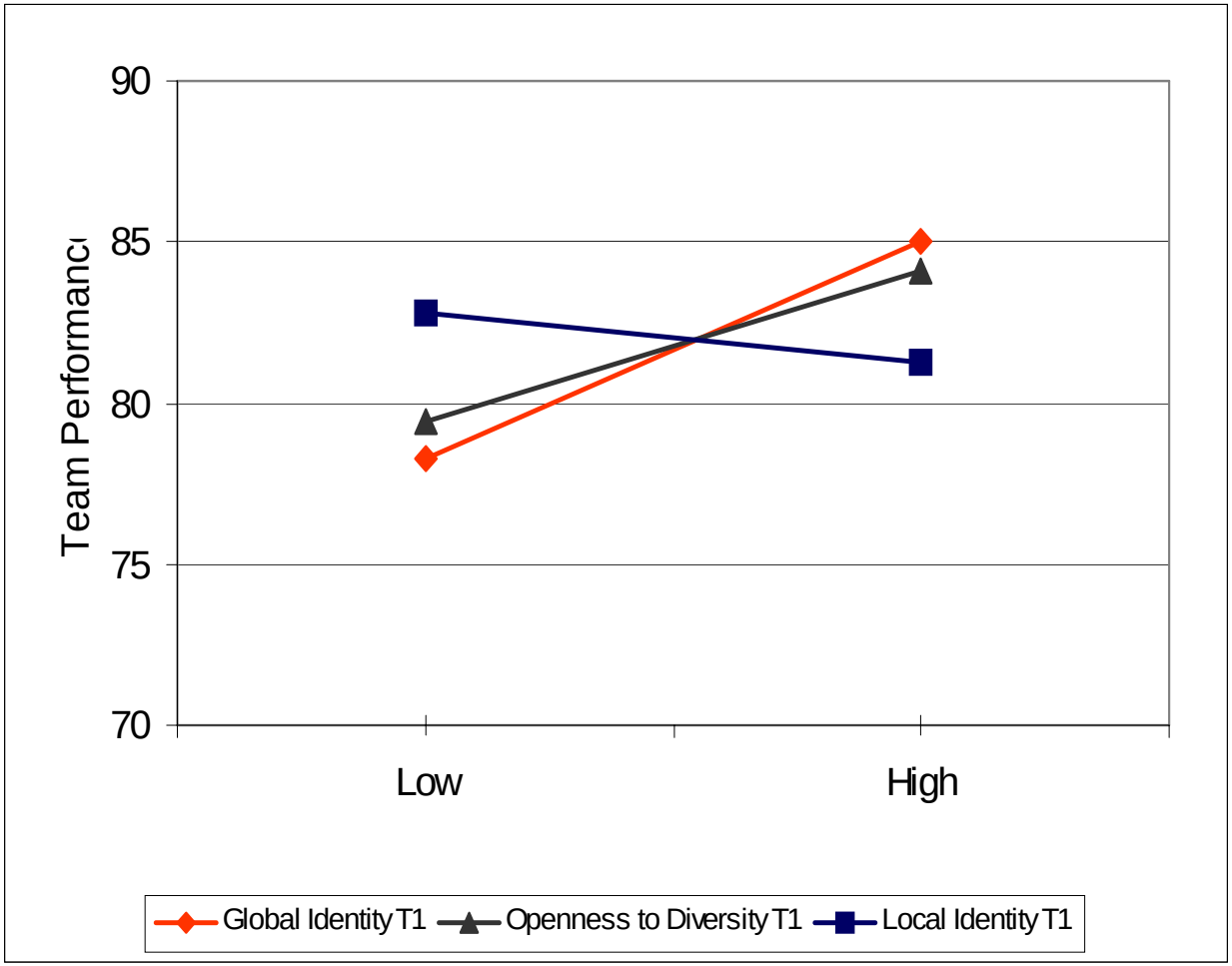
***P<0.05**
****P<0.01**

Correlations Between Identities & Team Outcomes (TMCTP 2007)

	Team Identity	Perceived Team Effectiveness	Perceived Leader Effectiveness (By Followers)	Willing To Work Together in The Future
Global Identity (T1)	ns	ns	ns	ns
Global Identity (T2)	.35**	.32**	.25*	.30**
Local Identity (T1)	ns	ns	ns	ns
Local Identity (T2)	.27*	.27*	ns	.25*

*P<0.05
**P<0.01

Team Performance: Effects of Global identity, Local Identity and Openness to Diversity



Study 2: Convergent & Discriminant Validity of Global & Local Identity

Cochavi, Erez & Shokef, 2007)

- Methods
- Sample: 300 MBA students from 4 countries: U.S., Italy, Korea, Israel working in teams of 3-4 members

Study 2: Convergent & Discriminant Validity of

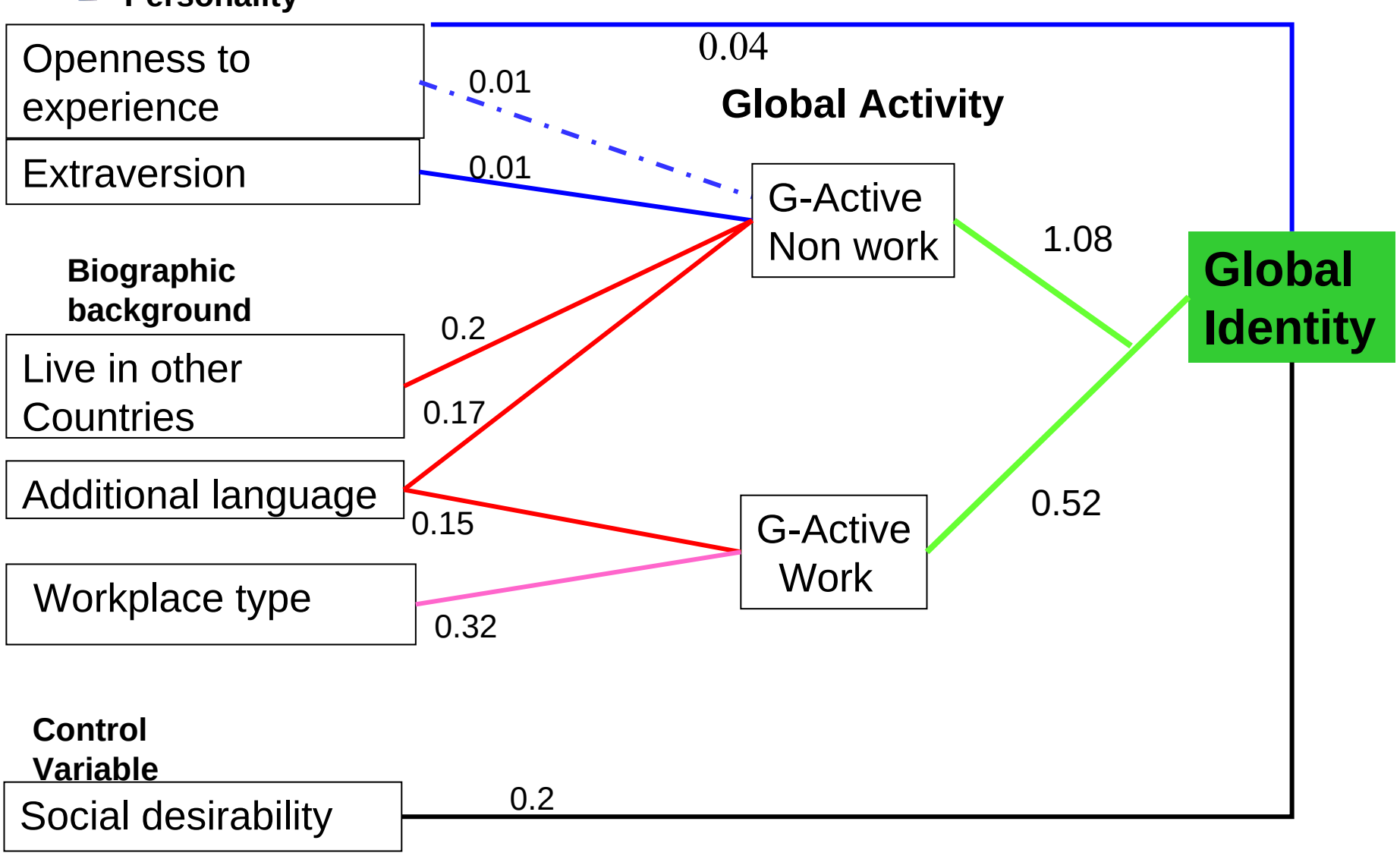
		Global Identity	Local Identity
Involvement in Global Activities	Involvement at work	**0.19****	N.S
	Non work Involvement	**0.44*****	N.S
Personal Dispositions	Extraversion	**0.15***	N.S
	Openness to experience (big five)	**0.19****	N.S
Biodata	Live in other countries	**0.27****	N.S
	Additional languages	**0.31****	N.S
	Social desirability	**0.21*****	N.S
	Embeddedness Mitchell, Holtom,Lee, Sablynski & Erez (AMJ 2001).	N.S	**0.41****

*<0.05, **<0.01, ***<0.005

Workplace Type

Workplace type	Global identity Mean (SD)	Local identity Mean (SD)
Local	4.35[a] (1.34)	5.21 (1.34)
International	4.41[a] (1.55)	5.32 (1.34)
Global	**5.22**[b] (1.42)	5.16 (1.34)

The Global Identity Model (SEM)



Study 3: How managers cope with the duality of Global & Local Managerial Roles?

(Berson, Erez & Adler, 2004)

Organization: A Fortune-20 high tech organization. Operating in more than 100 countries

Participants: 406 mid-level managers from 21 countries, classified into 6 regional zones.

Measure

A 31-item survey of Managerial Role Perceptions

CEO quotes regarding Identity

Annual Report	Speeches
"Our … beliefs and core values…., include **•Respect for the individual** **• Contribution to customers** **• Contribution to the community".**	***"Who are we? What do we believe? What are our values?*** **•We preserve…values like trust, respect, integrity,** **•…Contribution to our customer, as well as to the community…"**

Annual Report	Speeches
"The company…" has long been admired for our culture- **•A performance meritocracy** **• ..and a firm belief that every community in which we…. work should benefit by our presence".**	***•…"We are in a single global ecosystem – wired, connected, overlapping…*** ***•Benefiting from each others' successes and suffering from each others' failures…*** ***•As diverse as our languages, our cultures… may be, together we are all part of one ecosystem now".***

Four Factors of the Managerial Role

Local Focus

Improve organizational efficiency… align work with vision…

Constructively intervene to resolve performance problems

.66 / .61 → **Task**

Create an environment of trust and respect

Demonstrate uncompromising integrity

.68 / .61 → **People**

Global Focus

Manage business processes to achieve breakthrough objectives

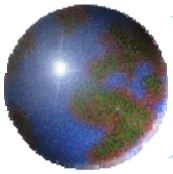
Build and execute a financial strategy that achieves growth

.62 / .67 → **Strategic Planning**

Increase the org. ability to anticipate global trends

Lead the organization through ongoing change

.72 / .71 → **Change**



Findings

- Similarities across Cultures with respect to Global managerial roles

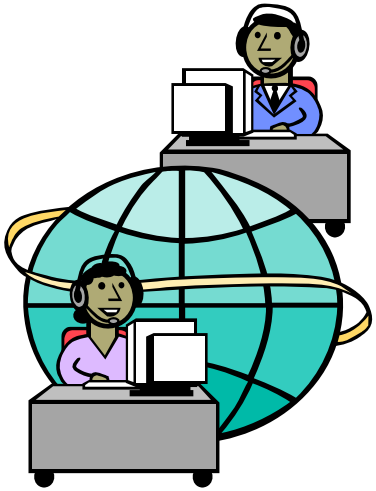
- Significant Differences across Cultures with respect to Local managerial roles.

Summary

- Awareness of the change from Local to Global
- Learn the Global Work Environment
- Develop a Global Mindset
- Accept Diversity
- Build Trust
- Implement practices that support global integration with local responsiveness

The Organization Level

The Emergence of a Global Organization Culture



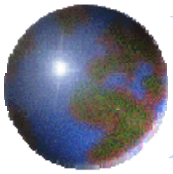
How to characterize the Global Work Values?

"A **value** is an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (Rokeach, 1973; p.5)

Ecological approach (Berry, Poortinga, Segall, & Dasen, 1992; Rokeach, 1973)

Cultural values facilitate adaptation to the environment.

The environmental characteristics determine which values are the most instrumental for adaptation and survival.



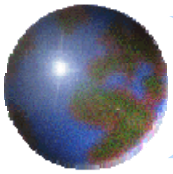
How a Global Corporate Culture is Created?

- **Culture = Shared Meaning System**

(Bandura, 1986; Hofstede, 1980; Kluckhon, 1952; Shewder & LeVine, 1984; Triandis, 1972)

- **Global Work Culture**:

"The shared understanding of the visible rules, regulations and behaviors, and the deeper values and ethics that characterize the global work context" (Shokef & Erez, 2006).



Derived Global Work Values

Global Work Context	Global Work Values
• Globally Competitive	Emphasis on: • Competitive Performance • Customer Orientation • Quality Emphasis • Innovation
• Uncertainty & Change	• Openness to Change
• Geographically dispersed & Culturally Diverse	• Trust, Respect, Modesty, Ethics • Interdependence
• Threat to Individual Identity Bartlett & Ghoshel, 1989; Berson, Erez, & Adler, 2004; Earley & Gibson, 2001; Govindarajan & Gupta, 2001	• Acceptance of Diversity • People Focus • Social Responsibility

Study 5: The global corporate culture

(Shokef, Erez & De-Haan, 2006)

Sample 1: 392 employees from 4 subsidiaries of 1MNC

Israel N=105; Italy N=89; Singapore N=91; South Korea **N=107**

Methods

Questionnaires: On-line

Global Work Value Measure: 52 items, 7-point Likert-type response scale (1 - *Very Little Emphasis*, 2 - *Little emphasis*, 3 - *Below average emphasis*, 4 - *Average emphasis*, 5 -*Above average emphasis*, 6 - *Strong emphasis*, 7 - *Very strong emphasis*), assessing the emphasis given to values in the participant's subsidiary/organization.

Three Agreement Criteria

	Agreement Level		
Criterion:	**High**	**Moderate**	**Low**
(1) Measurement Equivalence – Across countries	Scalar Same means	Metric Same relationship	Configural Same Factor Structure
(2) Rank Importance – Within country, then averaged across countries	rank of 1-4	rank of 5-7	rank of 8 +
(3) Distance between Ranks - based on the average distance between all pairs of countries	low distance (below 1)	medium distance (between 1-2)	high distance (between 2-3)

Summary of Results

	Value	Agreement Level Based on:			Hypothesized Agreement Level	Overall Agreement Level
		ME	Rank	Distance in Ranking		
Task-related values	Competitive				H	H
				L	H	L
	Customer Orientation	H	H	H	H	H
	Innovation and		L	M	H	M
Inter-personal & Indivi-dual values	Int		M	M	M	M
			H	L	M	M
	Personal development	L	L	M	L	L
	Openness to cultural diversity	H	H	M	H	H
	Organizational social	M	M	L	L	M

Obtained **Scalar** Invariance

Average distance of "0.00" – low distance => High agreement

Ranked as most important (1) in all countries

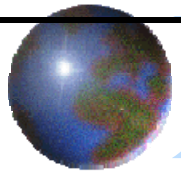
Summary of Results

	Value	Agreement Level Based on:			Hypothesized Agreement Level	Overall Agreement Level
		ME	Rank	Distance in Ranking		
Task-related values	Competitive performance orientation	M	H	H	H	H
	Quality	L	M	L	H	L
	Customer orientation	H	H	L	H	H
		M	L	L	H	M
Inter-personal & Indivi-dual values	Interdependen	M	M	M	M	M
	Trust	M	H	L	M	M
	Personal development	L	L	M	L	L
	Openness		H	M	H	H
	Organizat responsibility		M	L	L	M

Obtained **Metric** Invariance

Average distance of "2.66" – high distance => Low agreement

Ranked **3rd** Across countries



Customer orientation

Competitive performance orientation

Openness to cultural diversity

Interdependence

Trust

Innovation & change

Organizational social responsibility

Personal development

Quality

Easier when adjusting to the global work environment

More Global

High agreement

Moderate agreement

Harder when adjusting to the global work environment

Influenced by Local characteristics

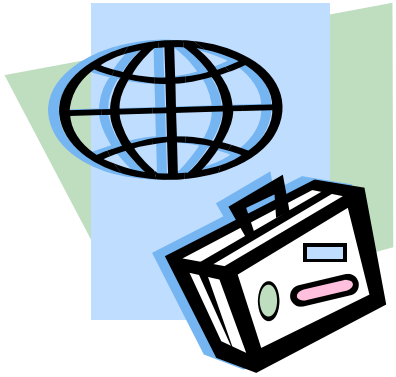
Conclusions

Think Global Interact Local

Task Related Issues

Interpersonal & Personal

Future Directions



Focus On:

- ***Culture's Interface*** ***(rather than on Cultural Differences)***

- ***The Emergence of a Global Organizational Culture and a Global Individual Mindset***