Preface

> Growth takes place whenever a challenge evokes a successful response that, in turn, evokes a further and different challenge. We have not found any intrinsic reason why this process should not repeat itself indefinitely, even though a majority of civilizations have failed as a matter of historical fact.
>
> Arnold J. Toynbee, *A Study of History*

Globalization has been reshaping the world in many ways, and it will continue to do so in the future. Consider the emerging economies of the BRIC countries (Brazil, Russia, India, and China). These countries were hardly players in the global marketplace in the 1970s. However, these four countries are being touted as the four emerging giants of the global economy. In fact, China is the second largest economy in the world, having surpassed the economic miracle that Japan was known to be in the 1980s. Globalization has also been altering our conceptions of how organizations are managed, ought to be managed, and whether they should be managed for improving profitability and stakeholder value or should also incorporate a concern for human welfare in the process of international expansion.

Financial markets have become highly interdependent and sometimes with dramatic consequences for the world economy, as we have recently witnessed since the autumn of 2008. Volatility in the global marketplace is a given, and multinationals from both globalized and emerging economies are competing at a rate not seen before. Money, other tangible assets, and intangible assets like technological know-how, as well as organizational knowledge are becoming increasingly global and accessible to many private and public organizations worldwide. Given this development, it is only natural that multinational and global organizations are searching for new ways of improving their operations (i.e., finding effective ways of managing the global organizations). While there are many facets to managing the global organization (e.g., financial, market-related, technology-related), cultural differences have been emerging as being rather important.

The goal of this book is to provide theory-specific and research-based knowledge in the area of cultural differences that are germane to managing global organizations. We start with the concept of societal culture,

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which has been a focus of research in numerous social science disciplines including anthropology, sociology, political science, and psychology. Even legal scholars have struggled with the notions of equity and fairness as a function of cultural differences that exist across nations. The specific contents of this book are designed to address the following:

In Chapter 1, we discuss the concept of culture, cultural variations, and the various theoretical frameworks that are designed to understand cultural phenomena across nations. Then, in Chapter 2 we address the scope and significance of globalization as it exists today and as it is expected to grow and change the economic map of the world. Chapter 3 presents a detailed analysis of how cultural variations can influence effectiveness of communication in the interpersonal, intergroup, and interorganizational contexts. It is indeed true that media can sometimes be more important in transmitting the significance of a message compared with the explicit content of the messages.

In Chapter 4, we discuss the role of negotiation and decision-making involving cross-border transactions. The roles of cultural beliefs, biases, and values are explored at some length. Implications for the conduction of successful negotiation are discussed.

Chapters 4, 5, 6, 7, and 8 discuss the issues of sustaining high levels of work motivation, job satisfaction, and organizational commitment across borders and cultures (e.g., in various subsidiaries of the multinational and global corporation, in the context of joint ventures and strategic alliances), and effectiveness of work groups and teams. Globally dispersed work teams are becoming commonplace in many multinational companies. Strategies for effectively managing such teams need to be formed on an ongoing basis. Theoretical foundations for managing the multicultural and cross-border teams are discussed in Chapter 8. The relentless pace of technological changes and the spread of globalization have increased work stresses in various industries and countries in the world. New ways of coping with stressful experiences at work and non-work need to be devised. Multinational and global companies are emphasizing the growth of employee assistance programs in managing stressful experiences that can and often have debilitating consequences in the global workplace.

Then, in Chapter 9 the topic of leadership, a topic of perennial interest in the field of US management, is discussed from a cultural perspective. Individualists view the phenomenon of leadership with a different lens compared with collectivists. Interestingly, about 70 percent of the world's population are collectivists or are typically inclined to endorse collectivistically tailored practices and leadership behaviors. We discuss in that chapter also the evolution and sustenance of leadership at different levels of multinational global organizations. In the process, we remind ourselves

that leadership, especially how it is perceived and exercised, varies considerably across cultures. Implications for developing leaders at different levels of the multinational organization are presented.

The nature of organizational structures and designs is addressed from a cultural perspective in Chapter 10. The fact that German and Japanese multinational organizations are designed differently from their Anglo counterparts (US, UK, Australia, and Canadian multinationals) is not only interesting from a scientific point of view but has significant implications for the development of various management methods as well as for developing global careers. We provide a framework for understanding the nature of the interplay between cultural variations and organizational structures.

In Chapter 11, we discuss a topic that emerged in the 1990s as the major springboard for ideas on the path to creating superior products and services in multinational and global organizations. While it was well known from the dawn of the 20th century that the transfer of technological know-how was of critical importance in sustaining excellence, creation of scientific and system-specific knowledge that can be diffused, transmitted, transferred, and absorbed in various subsidiaries and strategic alliance-based contexts is a new phenomenon. In addition, it is a rather important development. Understanding how cultural variations interact with technological developments is crucial in addition to understanding the economic and infrastructure-related costs. The implications for effective management of technology transfer and organizational knowledge management are presented in this chapter.

Chapter 12 deals with the cultural variations of international human resource management. Cultural values are bound to cause preferences in the way individuals like to be treated, rewarded, and develop in the context of their work organizations, and especially in the context of multinational and global organizations. The careers of executives in the era of globalization are in a state of flux. While senior managers realize the importance of cultivating and retaining executive talent, a new development is on the horizon. The workforces of multinational and global organizations are becoming more diverse in terms of the cultural backgrounds of the workers. The preferences of these workers are rooted in their cultures but also change as a function of changing realities in the global economy.

Finally, Chapters 13 and 14 present the emerging scenario of managing multinational and global organizations from a cultural perspective and also discuss the future that awaits it. It is going to be an exciting future— one that is full with possibilities but also fraught with challenges on many fronts. The challenge of cultural variations to the management of multicultural global organizations is examined in these chapters. We hope that

they shed some light on the future of managing multinational and global organizations.

In order to manage global organizations, the managers of the 21st century will not find help by simply searching for a book called *Global management 101* or *Global management for dummies*. The topic is too complex to make such books possible. There are many challenges to managing and developing global organizations which are not only profitable but are also exciting places to work and develop a career and sustain a high quality of work life in a multicultural environment. It is hoped that we have addressed many dimensions of the cultural aspects of managing global organizations. A book like this is not designed to be free from our own values and biases, but we tried to present our biases as we moved along.

The idea of writing a book focusing on the management of organizations across cultures was discussed between the first two authors in the late 1980s when the first author was a professor at the University of Texas at Dallas. The idea led to several meetings between Rabi Bhagat and Harry Triandis. Some of the preliminary frameworks were presented by Rabi Bhagat at graduate and undergraduate seminars on international and global management at the University of Memphis. The 1990s and 2000s were spent writing several research articles in the area of cultural variations. The idea of reviving the book and making it available for students and researchers all over the world took place when Annette McDevitt joined the endeavor in 2006. She completed her doctorate at the University of Memphis in the area of cultural variations on negotiation and worked closely with Rabi Bhagat in writing several research chapters and articles in the area of organizational knowledge management, robustness of Asian management styles, and culture conflicts.

In writing this book, we were able to draw on our research and teaching experiences in various countries and regions of the world, including Australia, Argentina, Brazil, China, Denmark, Finland, France, Germany, India, Japan, Malaysia, The Netherlands, Poland, Russia, Singapore, and South Korea. Annette McDevitt lived in Japan in her earlier years and developed insights into the functioning of Japanese culture—both urban and rural. Harry Triandis has been to about 70 countries, on all inhabited continents, doing research and lecturing. The ideas presented in this book have evolved over the years.

Any book of this kind is a joint endeavor between the authors and the publisher. We are indeed thankful to our editor, Alan Sturmer, and his assistant, Alexandra Mandzak for their patience and encouragement. We also thank Kulraj Singh and Robert Vickery, two of Rabi Bhagat's doctoral assistants, for help in manuscript preparation.

A project like this has been demanding on our families. We thank them very much for their patience and support for the past four years. We sincerely hope that this book will encourage readers to explore the role of cultural variations in the management of organizations, and particularly global organizations. The journey of a thousand miles begins with a single step, and we sincerely hope that our book has taken a bold single step in that direction.

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