

Cross Cultural Management 001

Learning Outcomes

- Challenges for Global Managers
- The New Global Managers
- Globalisation & its impact
- Monocultural & Multicultural Individuals
- The World 1.0, 2.0 & 3.0 Concepts
- Intangible Human Capital
- Change Management
- Communication Styles
- Global Management Skills
- Cross-Cultural Teams

CHALLENGES FOR *GLOBAL MANAGERS*



The new global manager



- Managers are responsible for utilizing human, financial, informational, and physical resources in ways that facilitate their organization's overall objectives in changing environments about which they often understand very little.
- These challenges can be particularly problematic when operations cross national boundaries.



The management challenge:

Understanding and managing the new global realities

Being a manager is not easy.

With increasing globalization comes increased pressure for both **change** and **competitiveness**. Understanding this changing environment is our first challenge.

The second is building **mutually beneficial interpersonal** and **multicultural relationships** with people in different parts of the globe.

Preparing for the new global landscape

*A competitive world offers two possibilities.
You can lose. Or, if you want to win, you can change.*



-- Lester Thurow
Sloan School of Management, MIT
USA

What is globalization?

***Globalization** is the integration of markets, capital, nations, and technologies in ways that allow individuals, groups, corporations, and countries to reach around the world farther, faster, deeper, and cheaper than ever before.*

Diversity

- Japanese & Czech Restrooms...Colours
- Nigerian-born Oncologist Nkechi Mba
- South Korean...you are not working if you not at your desk

Topsy-Turvy Identities

- Only 7% of US college going students could identify national origins of their favourite brands....Adidas, Samsung, Nokia, Lego, Ericsson
- Changing global landscape
- The world is not getting smaller but it is getting FASTER
- Global FDI is set to reach \$ 3 Trillion by 2020

Mono-Culturalism Won't Work

- Monocultural Individuals
- Multicultural individuals
- How much do you identify with more than one culture?
- Internationalisation of a culture/cultures

Multi-Culturalism

- A study of 100 Israeli Managers working in the Silicon Valley found that Israeli-American managers thought in more complex ways than managers who saw themselves as belonging to only Israeli or only American cultures,. As a result, peers rated them as more competent managers and they were promoted faster
- Multiculturalism is related to people in varying degrees
- Monocultural, Slightly Multicultural, Moderately Multicultural & Highly Multicultural

Thomas L. Friedman & Pankaj Ghamawat

- World 1.0 Friedman's The World is Flat
- World 2.0 The Stateless Ideal
- World 3.0
 - The World Matters but the countries abroad also matter
 - The Global Strategy must be based not the elimination of differences but on the understanding of differences

Globalisation & Glocalisation

- Many larger MNCs have started downsizing and have begun to look like confederations of smaller organisations... smaller, autonomous, entrepreneurial & action-oriented

Lego & Ford

- Lego's Strategic Drift & a re-look into their global strategy
- Ford's Focus Global Launch in 2012 from Europe & not the USA

Benefits

- Economies of Scale (reduction in operating cost, more bargaining power)
- Economies of Scope.... Reusing a resource from one business/country in additional businesses/countries
- Experience Curve Effect

Benefits

- New & more potentially profitable Markets
 - Improve firm's competitiveness
 - Access to new ideas & technologies
-
- But need to prepare well in advance...

EPRG Framework

- Ethnocentric
- Polycentric
- Regiocentric
- Geocentric

Global Marketing

- Global marketing is defined as the firm's commitment to coordinate its marketing activities across national boundaries in order to find & satisfy global customer needs better than the competition
- Global marketing strategy
- Exploit HQ's knowledge...worldwide diffusion & adaptation
- Transfer knowledge & best practices

Adaptations

- Geotargeting by Helly Hansen
- Persil Black & Persil Abaya
- Trade-off between Standardisation & Localisation
- Global Integration & Market Responsiveness

Intangible Human Capital

- The Human Resource is Intangible and difficult to manage as the Human Capital of an organization is owned by individuals and not by the organisations
- The Knowledge, Skills & Capabilities of individuals have Economic Value to an organisation but they take away these Human Capital when they leave
- All the investments in terms of money, time & effort spent on Grooming, Up-skilling & Training them is lost when they leave

Retain Top Performers

- Need to Promote & Retain Top Performers
- It goes waste if not harnessed well by the organisations
- 'G Times G'
Generate New Ideas & Generalise the same across the organisation

New Terms & Concepts

- Up-scaling, Downsizing, Layoffs, Near Shoring, Furloughing...
- Strategic utilization of People
- Key Role in CSR
- Using Technologies in enhancing Human Performance
- Leveraging human differences for strategic advantages
- Managing 3MIs....Man, Money, Materials & Information

Multiculturalism

- Multi-cultural Competency
- Cultural Intelligence
- Global Leadership
- GMS (Global Management Skills)

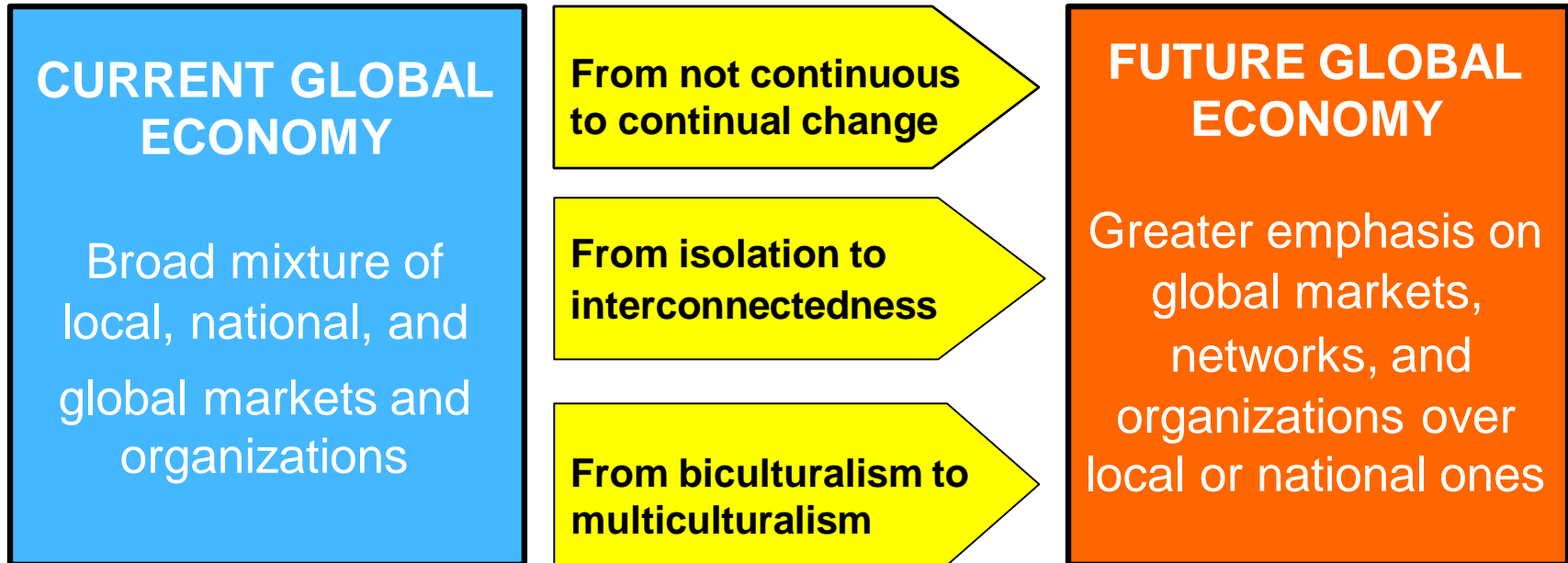
Change is Universal

- Affecting not only LSEs but SMEs as well
 - BMW , a great German brand is not being made in the USA and China
 - Budweiser , a big & old Beer brand of USA is now owned by InBev , a Belgian organisation
 - Spring Hill Greenhouse , a US based Floral companies sources Lily & Tulip from Netherlands & Roses from Colombia
- Attracting & Relocating Talent
- Economies of Scale & Economies of Scope
 - Creating Centres of Excellence

Globalization drivers



The emerging global landscape



Challenges in adapting to realities on the ground

- It is sometimes unclear to which culture we should adapt.
- Multicultural meetings increasingly occur virtually by way of computers or video conferencing instead of through more traditional face-to-face interactions.

Examples

- The Japanese Communication Style
- The American Communication Style

- The British Way of Developing Business Relationships
- The American Way of Developing Business Relationships

So, what do managers need to
*know to work successfully across
cultures?*

Challenges facing global managers/1



1. Develop a **learning strategy** to guide both short and long-term professional development as a global manager.
2. Develop a **basic knowledge of how different cultures** work, what makes them unique, and how managers can work successfully across such environments.
3. Develop **effective strategies** for working with managers from other cultures who may process information differently and view their roles and responsibilities in unfamiliar ways.

Challenges facing global managers/2



4. Develop an **understanding of the competing interests and demands** of various stakeholders in an organization, as well as the organizational processes necessary for achieving targeted outcomes.
5. Develop an understanding of **how business enterprise can be organized** differently across cultures, as well as the implications of these differences for management, cooperation, and competition.

Challenges facing global managers/3



6. Develop **effective cross-cultural communication skills**.
7. Develop an **understanding of leadership processes across cultures**, and how managers can work with others to achieve synergistic outcomes.
8. Develop a knowledge of **how cultural differences can influence the nature and scope of employee motivation**, as well as what global managers might do to enhance on-the-job participation and performance.

Challenges facing global managers/4



9. Develop **effective negotiating skills** and an ability to use these skills to build and sustain global partnerships.
10. Develop an **understanding of how ethical and legal conflicts** relate to managerial and organizational effectiveness, as well as how managers can work and manage in an ethical, fair, and socially responsible manner.

Multicultural competence



An increasing group of management experts are emphasizing on the need for managers to develop perspectives that stretch beyond domestic borders.

This concept is identified in many ways (e.g., ‘global mindset,’ ‘cultural intelligence,’ ‘global leadership’), but we refer to it simply as ***multicultural competence***. Whatever it is called, its characteristics and skills are in increasing demand as large and small, established and entrepreneurial firms strive for global competitiveness.

GMS model



Preparing for the new global landscape

In the future, the ability to learn faster than your competitors may be the only sustainable competitive advantage.

-- Arie de Gues

Corporate planning director
Royal Dutch Shell
Netherlands



Cross-Cultural Teams

- Developing the Trust Element is the Key
 - (i) Get to know Each Team Member
 - Learn about their stories & journeys
 - (ii) Take steps to Retain a Culturally Diverse Staff
 - (iii) Create a Structure for Success
 - (iv) Get to Know the Team's Cultural Differences
 - The fault lines
 - (v) Work to Build Personal Bonds
 - (vi) Address Conflict Immediately
 - Miscommunication is the biggest culprit

Google

- Google & Brainiacs
- Google & Bing & Yahoo in the USA
- Google & Baidu in China

