

CHAPTER 15

Leadership and Employee Behavior in International Business



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AFTER STUDYING THIS CHAPTER, YOU SHOULD BE ABLE TO:

1. Identify and discuss the basic perspectives on individual differences in different cultures.
2. Evaluate basic views of employee motivation in international business.
3. Identify basic views of managerial leadership in international business.
4. Discuss the nature of managerial decision making in international business.
5. Describe group dynamics and discuss how teams are managed across cultures.

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LEADERSHIP ISSUES AT TOYOTA

Until recently Toyota was among the most admired businesses in the world. Its products consistently earned top scores for quality and value, its financial base was among the strongest in its industry, and its leaders were respected for their integrity and strategic vision. But things have taken a different turn in recent times. After overtaking General Motors to become the world's largest automobile company in 2008, quality and safety problems with Toyota vehicles began to surface in 2010.

Specifically, word began to spread that certain Toyota vehicles were prone to uncontrolled acceleration that could lead to accidents—sometimes fatal. To make matters worse, it also became public knowledge that Toyota had known about the problems for some time and had chosen to do nothing about them. Over the next year, the company recalled more than 8 million vehicles (5 million in the United States alone) to correct this and other safety problems. These recalls, in turn, cost the firm hundreds of millions of dollars and severely damaged its reputation for quality.

Toyota's leadership came under intense scrutiny—and criticism—in the wake of these problems. Moreover, this scrutiny revealed not one but two different sets of leadership shortcomings at the company. One set of shortcomings may have played a pivotal role leading up to the quality crisis and the other served to further tarnish Toyota's reputation after the problems became public knowledge.

One of a leader's most important tasks is to thoroughly understand the organization culture at the company. It would follow logically, then, that if the culture is changed, the leader must understand the dynamics and potential outcomes of this change as well. And it is in this area that Toyota's leaders may have first stumbled. For decades Toyota's culture was centered on the principle of using "only reliable, thoroughly tested technology that services your people and processes." This translated into high-quality products and lean production processes and was known internally as "The Toyota Way."

But under the leadership of Fujio Cho and Katsuaki Watanabe, Toyota's chairman and vice chairman, respectively, the firm began to adjust its core operating principles. Cho was a strong advocate of environmentally friendly automotive technology, such as the hybrid-electric Prius, and led the company's effort to position Toyota as a market leader in this field. Watanabe, for his part, spearheaded Toyota's efforts to increase capability for building large gas-guzzling cars and small trucks in pursuit of increased U.S. market share. Indeed, the firm's strategic goal to become the world's number-one automaker was based on using new know-how, new technology, and new materials to improve, perfect, and create new innovations in auto design and manufacturing. However, the strategy also required that Toyota shift its focus from manufacturing engineering and continuous improvement more toward research and development and product design.

But when a company shifts its focus from lean production to technology and innovation, the culture will also change. For instance, the essence of lean production dictates the elimination of waste. But the uncertainties in new product development require that the manufacturer build in redundancy to manage the risks of the unknown and ensure a high level of safety. Trying to balance lean production with the need for redundancy is a difficult act that requires the leadership to be instrumental in making key decisions as well as leading and managing the change. And by all accounts Cho and Watanabe failed to meet this obligation. That is, the new strategy called for a change in culture but this needed change was ignored.

Even worse, though, was that Toyota's leadership also allowed fundamental changes in human resource practices that may have also contributed to the problems. When the overarching goal is quality, performance is evaluated and rewards are distributed for producing high-quality products. But when growth becomes the goal, performance evaluations and rewards will also shift. So, under the previous system people were encouraged to correct quality problems. But under the new system correcting quality problems may detract from growth and hence actually (and presumably inadvertently) be discouraged. And compounding the problem was the fact that some experts think that the firm's longtime creed "The Toyota Way" became so biased toward positive information that employees "learned" to not make waves by raising concerns about product quality and safety.

A second leadership failure occurred after news of the safety problems became widely known. In times of crisis people often look to leaders to step forward, offer explanations, take responsibility, and outline corrective steps. But Toyota's leader, Akio Toyoda (promoted to president in 2009) was nowhere to be seen. Worse still, he allowed other senior managers to offer poorly worded apologies and make contradictory promises about how the company was addressing its problems. And some of Toyota's few consistent messages were that the problems were minor, could be easily corrected, and might have even been the fault of the drivers.

After several weeks of fumbling the company's response to the crisis, however, Toyoda eventually agreed to travel to the United States and appear before a congressional panel of inquiry. He also offered a contrite apology and initiated what would become one of the most massive product recalls in history. In 2009 the firm's net revenues fell by more than 20 percent and it posted its first net loss since 1950. No doubt part of Toyota's decline was attributable to the global recession. And some of it would have happened no matter how well Toyoda had managed the crisis. But some of it also came as a result of the firm's leaders failing to carry out their jobs as effectively as they should have.

To their credit, in the aftermath of this debacle Toyota's leadership took a careful and systematic look at their shortcomings and resolved to find better ways of doing things in the future. The first major initiative for leadership change was announced in 2013. The goals of the change were to provide more autonomy to the regions where Toyota sells cars and to groom a more diverse set of leaders for future top management positions. One major change was that several key executives outside of Japan were elevated to higher level positions in the organization and given more autonomy. For instance, James Lentz, former head of Toyota's sales and marketing in the United States, was promoted and given additional responsibilities for virtually all of Toyota's operations in the United States, including manufacturing. In addition, former General Motors executive Mark Hogan was appointed to Toyota's corporate board in Japan. It remains to be seen if these changes will really help transform the company, of course. But it does seem that Toyota's log-entrenched mind-set about leadership, at least, is beginning to change.¹ ■

The story of Toyota's leadership shortcomings illustrates several important messages for all managers, but especially those who work in international businesses. For one thing, leaders must maintain a thorough knowledge of their firm, its culture, and its strategy. Second, leaders need to understand that changes in strategy may dictate changes in culture and rewards. Beyond these two points, it is also important for international managers to understand the symbolic role they play as the "face" of their organization. Clearly then, it is important that they represent their organization in the most effective manner possible.

To complicate their work further, although managers who operate in a domestic firm must understand and contend with a complex set of behavioral and interpersonal processes, managers in a multicultural firm have the additional challenge of managing people with diverse frames of reference and perspectives on work and organizations. International managers who develop insights into dealing with people from different cultural backgrounds will be far ahead of those who do not.

In Chapter 4, we discussed national culture and its implications for firms with international operations. We now look more closely at the actual behaviors of managers and employees in different cultures and how those behavioral differences affect the conduct of international business. We start by discussing the nature of individual differences in different cultures. Then we introduce and discuss four aspects of behavior that are especially important for international businesses: motivation, leadership, decision making, and groups and cross-cultural teams.²

Individual Behavior in International Business

Individual behavior in organizations is strongly influenced by a variety of individual differences—specific dimensions or characteristics of a person that influence that person.³ Most patterns of individual differences are, in turn, based on personality. Other important dimensions that relate to individual behavior are attitudes, perception, creativity, and stress.

Personality Differences Across Cultures

Personality is the relatively stable set of psychological attributes that distinguishes one person from another.⁴ A long-standing debate among psychologists—often referred to as the question of "nature versus nurture"—is the extent to which personality attributes are biologically inherited (the "nature" argument) or shaped by the social and cultural environment in which people are raised (the "nurture" argument). In reality, both biological factors and environmental factors play important roles in determining personalities.⁵ Although the details of this debate are beyond the scope of our discussion here, international managers should recognize the limitations of sweeping generalizations about people's behavior based on their cultural backgrounds and should acknowledge that individual differences also exist within any given cultural group. That is, although culture may lead to certain behavioral tendencies, as outlined in Chapter 4, individual behavior within any given culture can also vary significantly.

THE "BIG FIVE" PERSONALITY TRAITS Psychologists have identified literally thousands of personality traits and dimensions that differentiate one person from another. But in recent years, researchers have identified five fundamental personality traits that are especially relevant to

Another important personality characteristic is **authoritarianism**, the extent to which an individual believes that power and status differences are appropriate within hierarchical social systems like business organizations.¹⁴ For example, a person who is highly authoritarian may accept directives or orders from someone with more authority purely because the other person is “the boss.” On the other hand, even though a person who is not highly authoritarian may still carry out appropriate and reasonable directives from the boss, he or she is also more likely to question things, express disagreement with the boss, and even to refuse to carry out orders if they are for some reason objectionable. A highly authoritarian manager may be relatively autocratic and demanding, and highly authoritarian subordinates will be more likely to accept this behavior from their leader. A less authoritarian manager may allow subordinates a bigger role in making decisions, and less authoritarian subordinates will respond positively to this behavior. This trait is obviously quite similar to the concept of power orientation discussed in Chapter 4.

Self-esteem is the extent to which a person believes that he or she is a worthwhile and deserving individual. A person with high self-esteem is more likely to seek higher status jobs, be more confident in his or her ability to achieve higher levels of performance, and derive greater intrinsic satisfaction from his or her accomplishments. In contrast, a person with less self-esteem may be more content to remain in a lower-level job, be less confident of his or her ability, and focus more on extrinsic rewards.

Among the major personality dimensions, self-esteem is the one that has been most widely studied in other countries. More research is clearly needed, but the published evidence does suggest that self-esteem is an important personality trait in most Western European countries, throughout North America and South America, and in Australia. However, it has not been widely studied in Africa, the Middle East, and most Asian countries. In those societies in which self-esteem does emerge as a meaningful personality trait, those individuals with high levels of self-esteem seem to be more motivated and to perform at a higher level than those with lower levels of self-esteem.¹⁵

Attitudes Across Cultures

Another dimension of individuals within organizations is their attitudes. **Attitudes** are complexes of beliefs and feelings that people have about specific ideas, situations, or other people. Although some attitudes are deeply rooted and long-lasting, others can be formed or changed quickly. For example, attitudes toward political parties or major social issues, such as pollution control or abortion, evolve over an extended period of time. But attitudes about a new restaurant may be formed immediately after eating there for the first time.

Attitudes are important because they provide a way for most people to express their feelings. An employee’s statement that he is underpaid by the organization reflects his feelings about his pay. Similarly, when a manager endorses the new advertising campaign, she is expressing her feelings about the organization’s marketing efforts. In recent times, attitudes toward workplace privacy have become especially important in light of the increased use of e-mail, the Internet, and other forms of electronic communication.

JOB SATISFACTION One especially important attitude in most organizations is job satisfaction. **Job satisfaction** or **job dissatisfaction** is an attitude that reflects the extent to which an individual is gratified by or fulfilled in his or her work. Extensive research conducted on job satisfaction has indicated that personal factors such as an individual’s needs and aspirations determine this attitude along with group and organizational factors such as relationships with coworkers and supervisors and working conditions, work policies, and compensation.¹⁶ A satisfied employee also tends to be absent less often, to make positive contributions, and to stay with the organization. In contrast, a dissatisfied employee may be absent more often, may experience stress that disrupts coworkers, and may be continually looking for another job. However, high levels of job satisfaction do not necessarily lead to higher levels of performance.

Research has shown, at least in some settings, that expatriates who are dissatisfied with their jobs and foreign assignments are more likely to leave their employers than are more satisfied managers.¹⁷ One survey measured job satisfaction among 8,300 workers in 106 factories in Japan and the United States. Contrary to what many people believe, this survey found that Japanese workers in general are less satisfied with their jobs than are their counterparts in the United States.¹⁸ For instance, on a four-point scale the average U.S. worker scored 2.95 when

asked “All in all, how satisfied would you say you are with your job?” The average Japanese worker, in contrast, scored only 2.12. Another survey found that managers in the former Soviet Union are relatively dissatisfied with their jobs, especially in terms of their autonomy to make important decisions.¹⁹ Yet another study suggests that Vietnamese workers are relatively satisfied with their jobs, with younger workers (those born since 1975) especially satisfied.²⁰

ORGANIZATIONAL COMMITMENT Another important job-related attitude is **organizational commitment**, which reflects an individual’s identification with and loyalty to the organization. One comparative study of Western, Asian, and local employees working in Saudi Arabia found that the expatriate Asians reported higher levels of organizational commitment than did the Westerners and local Saudis.²¹ Another found that U.S. production workers reported higher levels of organizational commitment than did Japanese workers.²² More recently, a large study of organizational commitment among U.S. expatriates in four Asian and four European countries found that if those expatriates had a long service history with the firm, received extensive pretransfer training, and adjusted easily to the foreign culture after transfer, they retained high levels of commitment to their parent company. But expatriates with shorter service histories, who had less pretransfer training, and who had a more difficult adjustment period, actually developed stronger levels of commitment toward the *foreign* affiliate.²³ These findings seem reasonable: The first group of employees had made major personal investments in the parent organization and, because of the ease of their transfer, had less need to invest themselves emotionally in their new assignments. The second group had less attachment to their domestic employers but needed to make larger personal investments in their new assignments to overcome the difficulties they were encountering. Similar “bonding” is observed among people who undergo stressful situations together, such as basic training in the military, initiation week in a fraternity or sorority, or the “ropes” course commonly used by many corporate trainers.

Perception Across Cultures

One important determinant of an attitude is the individual’s perception of the object about which the attitude is formed. **Perception** is the set of processes by which an individual becomes aware of and interprets information about the environment. Perception obviously starts when we see, hear, touch, smell, or taste something. Each individual, however, then interprets that awareness through filtering processes that are unique to that person. For example, two people supporting different teams can watch the same play on a soccer or rugby field and “see” different realities. An individual’s cultural background obviously plays a role in shaping how the person’s filtering mechanisms work.

Stereotyping is one common perceptual process that affects international business. *Stereotyping* occurs when we make inferences about someone because of one or more characteristics they possess. For example, some people in the United States hold stereotypes that Japanese managers work all the time, that Swiss managers are well organized, and that French managers are elitist. And some people in those countries stereotype U.S. managers as greedy. Although such stereotypes may sometimes be useful as cultural generalizations, all managers should be aware that each individual is unique and may or may not fit preconceived impressions.

Aside from stereotyping, perception can affect international business in many other ways. For example, as described in Chapter 3, international managers must assess political and other forms of risk in foreign markets. However, there may be differences across cultures as to how risk is perceived. As illustrated in one recent study, managers from six Latin American countries perceived common business risks (such as political, commercial, and exchange-rate risks) differently from one another.²⁴ Managers in Costa Rica saw risk as a definable and manageable part of the environment, whereas managers from Guatemala saw risk as an abstract force that was determined almost by chance.

Similarly, another study of Japanese expatriates and British locals working together in Japanese-owned banks in London found that the two groups perceived each other in different ways.²⁵ The Japanese expatriates saw their British coworkers as being most interested in protecting their jobs and maintaining their income, whereas the British locals saw the Japanese as being most interested in profit and group harmony. And, finally, another study found that

senior executives in the United States, the United Kingdom, Germany, and Austria perceived ethical situations differently from one another.²⁶ Clearly, then, international managers must consider the role of perception as they conduct business in different countries.

Stress Across Cultures

Another important element of behavior in organizations is stress. **Stress** is an individual's response to a strong stimulus.²⁷ This stimulus is called a *stressor*. We should note that stress is not all bad. In the absence of stress, we may experience lethargy and stagnation. An optimal level of stress can result in motivation and excitement; too much stress, however, can have negative consequences.

It is also important to understand that stress can be caused by “good” as well as “bad” things. Excessive pressure, unreasonable demands on our time, and bad news can all cause stress. But receiving a bonus and then having to decide what to do with the money can also be stressful. So, too, can receiving a promotion, gaining recognition, and similar positive events.

There are two different perspectives on stress that are especially relevant for international managers. One, managing stress resulting from international assignments, is covered in Chapter 19. The other is recognizing that people in different cultures may experience different forms of stress and then handle that stress in different ways. In one study that looked at stress patterns across 10 countries, Swedish executives experienced the least stress. Executives from the United States, the United Kingdom, and the former West Germany reported relatively moderate stress, and that they were managing this stress effectively. But managers from Japan, Brazil, Egypt, Singapore, South Africa, and Nigeria reported that they were experiencing high levels of stress or that they were having difficulties managing stress.²⁸ Another study reported that managers in Germany do a better job of maintaining a healthy balance between work and nonwork activities and managing stress than do managers in the United Kingdom.²⁹

BRINGING THE WORLD INTO FOCUS

STRESSING OUT IN THE CALL CENTERS

Twenty-one-year-old Anurag Verma has one of those jobs that tend to come up in the conversation when Americans are talking about U.S. unemployment: He works in India's burgeoning business process outsourcing (BPO) industry. He makes good money—about \$800 a month, which is 12 times the average Indian salary. He uses a BlackBerry and doesn't have to ride a crowded bus to work because he owns a car. He was getting ready to put money down on a condo until one day he collapsed at his desk and had to be taken to the hospital. In the weeks leading up to his collapse, he had been suffering from dizzy spells and migraines; he'd lost his appetite and 22 pounds.

Anurag had been on the job for eight months, and in the industry, his problem is known as BOSS—Burn Out Stress Syndrome. Symptoms include chronic fatigue, insomnia, loss of appetite, and gastrointestinal problems. Back and shoulder pain are common, as are ear and eye ailments. Experts say that BOSS affects about one-third of India's 7 million BPO workers. In the city of Bangalore (known as the “Silicon Valley of India” because it's the country's leading information technology exporter), a study of information technology (IT) professionals conducted by the National Institute for Mental Health and Neurosciences (NIMHANS) found that 1 in 20 workers regularly considered suicide and classified 36 percent as “probable psychiatric cases.”

“You are making nice money,” reports 26-year-old Vaibhav Vats, whose weight ballooned to 265 pounds after two years at an



outsourced IBM call center, “but the trade-off,” he warns young people just entering the industry out of college, “is also big.” Those trade-offs typically include long night shifts and disrupted eating and sleeping schedules, and a common result, according to doctors, is the alteration of biorhythms—the patterns by which our bodies adapt to the patterns of day and night. One study, for example, found that BPO workers tend to develop markedly different sleeping patterns. According to researchers, they were not only sleepier but were “more depressed and suffered from anxiety disorders.” Explains Dr. Anupam Mittal of Delhi's Max Hospital: “Those who put in 10 hours of work every night are unable to get adequate sleep during daytime no matter how hard they try. This causes a cumulative sleep debt leading to significant sleep deprivation, fatigue, mood swings, [and] lack of concentration.”

There are also physiological repercussions. Women, for instance, suffer from menstrual and hormonal disorders when disrupted sleep patterns create imbalances in melatonin and cortisol, two hormones related to sleep and stress. “Sleep deprivation and exposure to light at night,” says Dr. Swati Bhargava, a Mumbai gynecologist, “interrupts melatonin production, thereby stimulating the body to produce more estrogen, which is a known hormonal promoter of breast cancer.” Bhargava's diagnosis is supported by research showing that women who work nights have a 6 percent higher risk of breast cancer.³⁰

Stress can play a powerful role in any job, but some jobs are inherently more stressful than others. Take this border patrol agent for example. He spends several hours a day patrolling desolate areas along the U.S.-Mexican border. The temperatures are often extreme—very hot on summer days and very cold on winter evenings. He may also encounter people trying to cross the border who haven't eaten for days and who are in dire need of medical treatment, and he may be threatened by armed thieves.



ERIC THAYER/Reuters

In Practice

- Managers in all organizations must remember that no two people are the same. This is even more important in a multinational organization with a diverse workforce.
- Managers need to remember that attitudes, perception, and stress are affected by different things in different cultures.

For further consideration: If you were being transferred to work in another country, how would you try to learn about how people behave in that country?

Motivation in International Business

All international businesses face the challenge of motivating their workforces to reduce costs, develop new products, enhance product quality, and improve customer service. **Motivation** is the overall set of forces that causes people to choose certain behaviors from a set of available behaviors.³¹ Yet the factors that influence an individual's behavior at work differ across cultures.

Needs and Values Across Cultures

The starting point in understanding motivation is to consider needs and values. **Needs** are what an individual must have or wants to have. **Values**, on the other hand, are what people believe to be important. Not surprisingly, most people have a large number of needs and values. Primary needs are things that people require to survive, such as food, water, and shelter. Thus, they are instinctive and physiologically based and play a major role in directing human behavior.³² For instance, Ivory Coast farmers have grown cocoa for decades, and the methods used to grow it has been passed down from generation to generation. However, dramatic fluctuations in prices and climate change have combined to make income for the farmers increasingly unpredictable. To ensure a more stable income, many of these farmers are switching to more stable crops such as rubber and palm oil.

Secondary needs, on the other hand, are more psychological in character and are learned from the environment and culture in which the individual lives. Examples of secondary needs include the needs for achievement, autonomy, power, order, affiliation, and understanding. Secondary needs often manifest themselves in organizational settings. For example, if an individual is to be satisfied with his or her job the rewards provided by the organization must be

consistent with his or her needs. Offering a nice office and job security may not be sufficient if the individual is primarily seeking income and promotion opportunities. Values, however, are learned and developed as a person grows and matures. These values are influenced by one's family, peers, experiences, and culture.

Motivational Processes Across Cultures

Most modern theoretical approaches to motivation fall into one of three categories. *Need-based models of motivation* are those that attempt to identify the specific need or set of needs that result in motivated behavior. *Process-based models of motivation* focus more on the conscious thought processes people use to select one behavior from among several. Finally, the *reinforcement model* deals with how people assess the consequences of their behavioral choices and how that assessment goes into their future choice of behaviors. This model incorporates the roles of rewards and punishment in maintaining or altering existing behavioral patterns.

Need-Based Models Across Cultures

Geert Hofstede's work, discussed in Chapter 4, provides some useful insights into how need-based models of motivation are likely to vary across cultures.³³ Common needs incorporated in most models of motivation include the needs for security, for being part of a social network, and for having opportunities to grow and develop. By relating these need categories to four of Hofstede's dimensions—social orientation, power orientation, uncertainty orientation, and goal orientation—we can draw several inferences about differences in motivation across cultures.

For example, managers and employees in countries that are individualistic may be most strongly motivated by individually based needs and rewards. Opportunities to demonstrate personal competencies and to receive recognition and rewards as a result may be particularly attractive to such people. In contrast, people from collectivistic cultures may be more strongly motivated by group-based needs and rewards. Indeed, they may be uncomfortable in situations in which they are singled out for rewards apart from the group with which they work.

Conflicts can easily arise when an international firm's mechanisms for motivating workers clash with cultural attitudes. Many U.S. managers working for Japanese multinational corporations (MNCs) have difficulty with the seniority-based, group-performance-oriented compensation systems of their employers. Similarly, Michigan autoworkers resisted the attempts by Mazda officials to get them to "voluntarily" wear Mazda baseball caps as part of their work uniforms.³⁴ And U.S. professional baseball players playing for Japanese teams, accustomed to the "star system" at home that accords them status, prestige, and special privileges, are often shocked by the team-based approach in Japan, which discourages attention to individuals.

Power-respecting individuals are those who accept their boss' right to direct their efforts purely on the basis of organizational legitimacy. As a consequence of this power respect, they may be motivated by the possibility of gaining their boss' approval and acceptance. Thus, they may willingly and unquestioningly accept and attempt to carry out directives and mandates. In contrast, power-tolerant people attach less legitimacy to hierarchical rank. Thus, they may be less motivated by gaining their boss' approval than by opportunities for pay raises and promotions.

Managers and employees in uncertainty-avoiding cultures may be highly motivated by opportunities to maintain or increase their perceived levels of job security and job stability. Any effort to reduce or eliminate that security or stability may be met with resistance. In contrast, people in uncertainty-accepting cultures may be less motivated by security needs and less inclined to seek job security or stability as a condition of employment. They also may be more motivated by change and by new challenges and opportunities for personal growth and development. For example, recent studies comparing U.S. and German workers reveal substantial differences in their preferences regarding job values. Job security and shorter work hours were valued more highly by the German workers than the U.S. workers. Income, opportunities for promotion, and the importance of one's work were much more highly valued by the U.S. workers than by their German counterparts.³⁵

Finally, people from more aggressive goal behavior cultures are more likely to be motivated by money and other material rewards. They may pursue behavioral choices that they perceive as having the highest probability of financial payoff. They also may be disinclined to work toward rewards whose primary attraction is mere comfort or personal satisfaction. In contrast,

workers in passive goal behavior cultures may be more motivated by needs and rewards that can potentially enhance the quality of their lives. They may be less interested in behavioral choices whose primary appeal is a higher financial payoff. For example, Swedish firms provide generous vacations and fringe benefits.

Various studies have tested specific motivation theories in different cultural settings. The theory receiving the most attention has been Abraham Maslow's hierarchy of five basic needs: physiological, security, social, self-esteem, and self-actualization.³⁶ International research on Maslow's hierarchy provides two different insights. First, managers in many different countries, including the United States, Mexico, Japan, and Canada, usually agree that the needs included in Maslow's hierarchy are all important to them. Second, the relative importance and preference ordering of the needs vary considerably by country.³⁷ For example, managers in less-developed countries such as Liberia and India place a higher priority on satisfying self-esteem and security needs than do managers from more developed countries.³⁸

Results from research based on another motivation theory, David McClelland's learned needs framework, have been slightly more consistent. In particular, the need for achievement (to grow, learn, and accomplish important things) has been shown to exist in many different countries. McClelland has also demonstrated that the need for achievement can be taught to people in different cultures.³⁹ However, given the role of Hofstede's cultural differences, it follows that McClelland's needs are not likely to be constant across cultures. In particular, individualistic, uncertainty-accepting, power-tolerant, and aggressive goal behavior cultures seem more likely to foster and promote the needs for achievement and power (to control resources) than the need for affiliation (to be part of a social network). In contrast, collectivistic, uncertainty-avoiding, power-respecting, and passive goal behavior cultures may promote the need for affiliation more than the needs for achievement and power.⁴⁰

Frederick Herzberg's two-factor theory is another popular need-based theory of motivation.⁴¹ This theory suggests that one set of factors affects dissatisfaction and another set affects satisfaction. It, too, has been tested cross-culturally with varied results. For example, research has found different patterns of factors when comparing U.S. managers with managers from New Zealand and Panama.⁴² Results from U.S. employees suggested that supervision contributed to dissatisfaction but not to satisfaction. But supervision did contribute to employees' satisfaction in New Zealand. Unfortunately, Herzberg's theory often fails to yield consistent results even within a single culture. Thus, even though the theory is well known and popular among managers, managers should be particularly cautious in attempting to apply it in different cultural contexts.

Process-Based Models Across Cultures

In contrast to need-based theories, expectancy theory takes a process view of motivation.⁴³ The theory suggests that people are motivated to behave in certain ways to the extent that they perceive that such behaviors will lead to outcomes they find personally attractive. The theory acknowledges that different people have different needs—one person may need money, another recognition, another social satisfaction, and still another prestige. But each will be willing to improve his or her performance if he or she believes the result will be fulfillment of the needs he or she finds most important.

Relatively little research has explicitly tested expectancy theory in countries other than the United States. It does seem logical, however, that the basic framework of the theory should have wide applicability. Regardless of where people work, they are likely to work toward goals they think are important. However, cultural factors will partially determine both the nature of those work goals and people's perceptions of how they should most fruitfully pursue them.

One particularly complex factor that is likely to affect the expectancy process is the cultural dimension of social orientation. The expectancy theory is essentially a model of individual decisions regarding individual behavioral choices targeted at individual outcomes. Thus, it may be less able to explain behavior in collectivistic cultures, but otherwise may be one of the most likely candidates for a culturally unbiased explanation of motivated behavior. For example, expectancy theory helps explain the success Sony has enjoyed. People who go to work for Sony know they will be able to pursue diverse opportunities and will be kept informed about what is happening in the firm. People who see these conditions as especially important will be most strongly motivated to work for Sony.

The Reinforcement Model Across Cultures

Like expectancy theory, the reinforcement model has undergone relatively few tests in different cultures. This model says that behavior that results in a positive outcome (reinforcement) will likely be repeated under the same circumstances in the future. Behavioral choice that results in negative consequences (punishment) will result in a different choice under the same circumstances in the future. Because this model makes no attempt to specify what people will find reinforcing or punishing, it may also be generalizable to different cultures.

Like expectancy theory, the reinforcement model may have exceptions. In Muslim cultures, for example, people tend to believe that the consequences they experience are the will of God rather than a function of their own behavior. Thus, reinforcement and punishment are likely to have less effect on their future behavioral decisions. Aside from relatively narrow exceptions such as this, however, the reinforcement model, like expectancy theory, warrants careful attention from international managers, provided they understand that what constitutes rewards and punishment will vary across cultures.

In Practice

- Managers need to understand that needs and values vary across cultures and thus what motivates workers in one culture will not necessarily motivate workers in a different culture.
- Motivational processes and reinforcement will also vary from one culture to another.

For further consideration: What are the implications of differences in motivation across cultures for organizational reward systems in multinational organizations?

Leadership in International Business

Another important behavioral and interpersonal consideration in international business is leadership. **Leadership** is the use of noncoercive influence to shape the goals of a group or organization, to motivate behavior toward reaching those goals, and to help determine the group or organizational culture.⁴⁴ Leadership in international business takes on additional complexities as a result in part of the more diverse workforces that are likely to be found in international organizations.⁴⁵

Some people mistakenly equate management and leadership. However, there are clear and substantive differences between these two important processes. Management tends to rely on formal power and authority and to focus on administration and decision making. Leadership, in contrast, relies more on personal power and focuses more on motivation and communication. Leadership has been widely studied by organizational scientists for decades. Early studies attempted to identify physical traits or universal behaviors that most clearly distinguished leaders from nonleaders. More recently, attention has focused on matching leadership with situations. Although some studies still focus on traits, most leadership models suggest that appropriate leader behavior depends on situational factors.⁴⁶

Contemporary Leadership Theory

Contemporary leadership theories recognize that leaders cannot succeed by always using the same set of behaviors in all circumstances. Instead, leaders must carefully assess the situation in which they find themselves and then tailor one or more behaviors to fit that situation. Common situational factors that affect appropriate leader behavior include individual differences among subordinates; characteristics of the group, the organization, and the leader; and subordinates' desire to participate.⁴⁷

Clearly, cultural factors will affect appropriate leader behavior, and the way in which managers spend their workday will vary among cultures.⁴⁸ Figure 15.2 summarizes some interesting findings from an early international study of leadership. Managers were asked to indicate the extent to which they agreed with the statement, "It is important for a manager to have at hand precise answers to most of the questions that subordinates may raise about their work."

the two countries. Mexico ranks high on power respect relative to the United States. U.S. residents are far more individualistic than those of Mexico, whereas the family is more highly valued in Mexico than in the United States. Mexican cultural values translate into the paternalistic, authoritarian management style adopted by managers of the MNC's Mexican facilities. Managers of its U.S. facilities, however, adopted less paternalistic and more participative styles in managing their employees. By allowing management styles to adapt to national culture, the MNC enjoyed equally high levels of productivity from both facilities.⁵⁴

The GLOBE Leadership Project

To learn more about international leadership, a global team of researchers have been working on a series of studies under the general heading of Project GLOBE (Global Leadership and Organizational Behavior Research Project). GLOBE was initiated by Robert House, and research is still being conducted under its auspices.⁵⁵ GLOBE identified six leader behaviors that can be observed and assessed across a variety of cultures. These behaviors are:

- *Charismatic/value-based leadership*: the ability to inspire, to motivate, and to promote high performance; includes being visionary, self-sacrificing, trustworthy, decisive, and performance oriented.
- *Team-oriented leadership*: emphasizes team building and creating a sense of common purpose; includes being collaborative, diplomatic, and administratively competent.
- *Participative leadership*: the extent to which leaders involve others in making decisions; being participative and non-autocratic.
- *Humane-oriented leadership*: being supportive, considerate, compassionate, and generous; displaying modesty and sensitivity.
- *Autonomous leadership*: refers to being independent and individualist; being autonomous and unique.
- *Self-protective leadership*: includes behaviors intending to ensure the safety and security of the leader and the group; includes being self-centered, status conscious, conflict inducing, and face saving.

These behaviors have been—and are being—studied in 62 global societies. These societies are mostly separate countries, but when there are markedly different societies with a country (such as Black and White South Africa), each is examined separately. Based on the preliminary results, the original 62 societies were condensed into 10 cultural clusters—societies that yielded highly similar results to one another. For instance, the Nordic Europe cluster includes Finland, Sweden, Denmark, and Norway, and the Southern Asia cluster consists of India, Indonesia, Malaysia, Thailand, and Iran.

In general, the findings of GLOBE suggest that within any cultural cluster, followers react in similar ways to various leader behaviors. For example, employees in Nordic Europe generally want their leaders to be inspiring and to involve others in decision making but are less concerned with status and similar self-centered attributes. Therefore, charismatic/value-based and participative leadership are most important and humane-oriented and self-protective leadership are least important. In Southern Asia, however, most employees want their leaders to be collaborative, sensitive to other people's needs, and concerned with status and face saving. Consequently, self-protective and charismatic/value-based leadership are most important in these countries, whereas autonomous and participative leadership are least important.⁵⁶ Of course, as noted previously, this research is still ongoing, and it would be premature to draw overly strong generalizations at this point.

In Practice

- Managers need to understand that people in different cultures expect different things from their leaders.
- Likewise, managers must remember that their own behaviors will have different effects in different cultures.

For further consideration: Do you think it is easier for a leader to manage people who are from one culture or from several cultures?

Decision Making in International Business

Another area of international business in which large cultural differences exist is decision making. **Decision making** is the process of choosing one alternative from among a set of alternatives to promote the decision maker's objectives.

Models of Decision Making

There are two different views of how managers go about making decisions, as illustrated in Figure 15.3. The *normative model of decision making* suggests that managers apply logic and rationality in making the best decisions. In contrast, the *descriptive model of decision making* argues that behavioral processes limit a manager's ability to always be logical and rational.⁵⁷

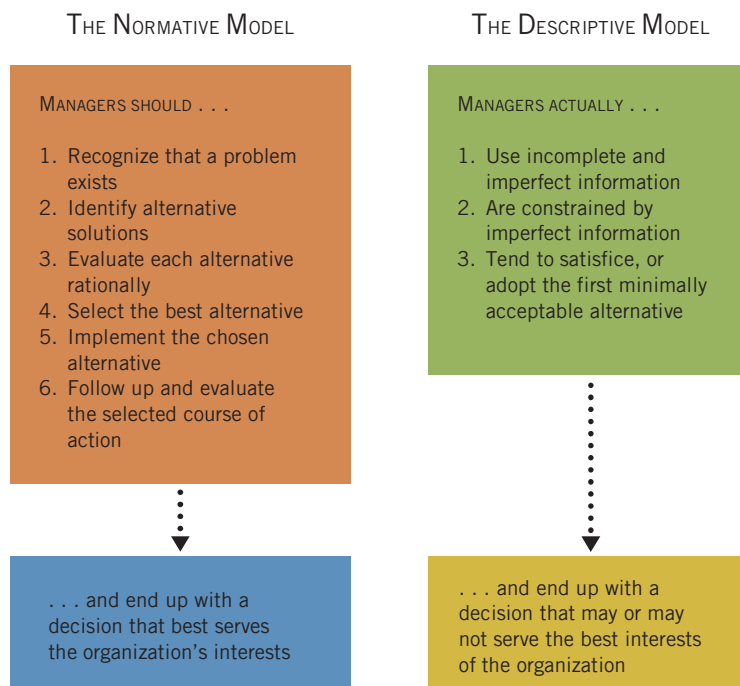
The normative model suggests that decision making starts when managers recognize that a problem exists and a decision has to be made. For example, a Shell refinery manager recently noticed that turnover among a certain group of workers had increased substantially. The second step is for the manager to identify potential alternatives for addressing the problem. The Shell manager determined that because turnover can be caused by low wages, poor working conditions, or poor supervision, her alternatives included raising wages, improving working conditions, or changing the group's supervisor.

The third step in the normative model is to evaluate each alternative in light of the original problem. The Shell manager knew that the group's wages were comparable to what others in the refinery were making. She also realized that the group's work area had recently been refurbished, so she assumed working conditions were not a problem. In addition, she also discovered that a new supervisor had recently been appointed for the group. Using this information, the manager proceeded to step four in the normative process, selecting the best alternative. She felt that the problem was one of poor supervision, so she looked more closely at that particular part of the situation.

After scrutinizing the new supervisor's records, the plant manager saw that the supervisor had been promoted during a hectic period and had not gone through the refinery's normal supervisory training program. Because step five of the normative model suggests that the chosen alternative be implemented, the plant manager arranged for the new supervisor to complete his training. After six months, turnover in the group had dropped significantly and the plant manager was certain from this follow-up and evaluation that her chosen course of action was the correct one.

The descriptive model acknowledges that this is perhaps how managers should make their decisions. But the model also notes that, in reality, managers are affected by two important

FIGURE 15.3
Models of the Decision-Making Process



behavioral processes. The first is called bounded rationality. *Bounded rationality* suggests that decision makers are constrained in their ability to be objective and rational by limitations of the human mind. Thus, they often use incomplete and imperfect information. Notice that the Shell manager in the preceding example did not consult with the members of the group to find out why turnover had increased. Had she done so, she might have gained additional information. The other behavioral process is called satisficing. *Satisficing* suggests that managers sometimes adopt the first minimally acceptable alternative they identify, when a further search might suggest an even better alternative. For example, because the supervisor had an opportunity to gain some experience, he might have been able to improve his skills with an abbreviated or accelerated training program.

The Normative Model Across Cultures

We can draw several possible implications from applying our basic understanding of the normative and descriptive models to decision making in other cultures.⁵⁸ To explore those implications, we first walk through the steps in the normative model.

STEP 1: PROBLEM RECOGNITION People from different cultures are likely to recognize and define problem situations in different ways. For example, in individualistic cultures, problems are likely to be defined in terms of individual scenarios and consequences. In collectivistic cultures, the focus will be more on group-related issues and situations. In an uncertainty-accepting culture, managers are more likely to take risks in solving problems and making decisions. In uncertainty-avoiding cultures, they may be much more cautious and strive to reduce uncertainty as much as possible before making a decision. As a result, they may fall back on firm policies and rules to provide a course of action (“We can’t do that because it’s against company policy”).

STEP 2: IDENTIFYING ALTERNATIVES The processes through which alternatives are identified will also vary across cultures. For example, in power-respecting cultures, managers may be much less willing to consider an alternative that potentially threatens the hierarchy—for example, that a suggestion from a subordinate might be valid or that a problem might exist at a higher level in the organization. But in power-tolerant cultures, such hierarchical issues are more likely to be considered possible remedies to organizational problems.

In collectivistic societies, the desire for group harmony and conflict avoidance may be so strong that decision making is approached in unique ways. For example, the Japanese concern for maintaining group harmony has given rise to the *ringi* system for identifying alternatives and making decisions. The **ringi system** provides that decisions cannot be made unilaterally; doing that would be too individualistic and therefore destructive of group harmony. To encourage creative solutions, a manager may draw up a document, called the *ringisho*, which defines the problem and sets out a proposed solution. The Japanese corporate belief is that those who implement a solution should be those most affected by the problem because they understand the problem and are motivated to solve it. Thus, most *ringisho* originate from middle managers.

Although the *ringisho* originates from an individual, it is soon subsumed by the group. The document is circulated to all members of the originator’s work group, as well as to other groups affected by it. As the *ringisho* passes through the workplace, it may be accepted, rejected, or modified. Only a document that is approved by all its reviewers is passed to a more senior manager for approval or disapproval. But before the *ringisho* reaches this stage, any senior manager worth his salt will have already dropped hints if he had any objections to any parts of it. Appropriate changes then would have been incorporated into the document by some subordinate before the *ringisho* arrived at the senior manager’s desk. Through the *ringi* system, creativity, innovation, and group harmony are all promoted.⁵⁹

In contrast, the German business structure is both strongly hierarchical and compartmentalized. Decision making tends to be slow and drawn out, designed to build consensus within a department of a firm. Data are painstakingly gathered, then communicated to the appropriate employees within the hierarchy. However, information often does not flow easily between departments, and a decision, once reached, may be difficult to change. Also, established operating procedures are followed carefully. These factors substantially reduce the firm’s flexibility and responsiveness to rapidly changing conditions. The resulting inflexibility often hinders the performance of foreign subsidiaries of German MNCs, which have difficulty getting the home office to acknowledge that their operating conditions may differ from those in Germany.⁶⁰

STEP 3: EVALUATING ALTERNATIVES Evaluating alternatives can also be affected by cultural phenomena. For example, an alternative that results in financial gain may be more attractive in an aggressive goal behavior culture than in a passive goal behavior culture, which may prefer an alternative that results in improved quality of work life. Uncertainty avoidance will also be a consideration; alternatives with varying levels of associated uncertainty may be perceived to be more or less attractive.

Evaluating alternatives is further complicated in countries in which people tend to avoid taking responsibility for making decisions. China's economic policies, for example, have changed so quickly and drastically over the past five decades that those supporting today's economic policies may find themselves in political difficulties tomorrow. Indeed, within the Chinese culture there is a tendency for Chinese officials to avoid association with any decision that could haunt them later. Group decision making reduces the potential blame an individual bureaucrat may suffer.⁶¹

STEP 4: SELECTING THE BEST ALTERNATIVE Cultural factors can affect the actual selection of an alternative. In an individualistic culture, for example, a manager may be prone to select an alternative that has the most positive impact on him or her personally; in a collectivistic culture, the impact of the alternative on the total group will carry more weight. Not surprisingly, a manager trained in one culture will often use the same techniques when operating in a different culture, even though they may be ineffective there. In one recent study comparing U.S. managers operating in the United States with U.S. managers operating in Hong Kong, the managerial behaviors of the two groups were found to be the same. These behaviors included managerial supportiveness of subordinates, problem solving, openness of communication, disciplining of subordinates, and so on. However, although these behaviors positively affected firm performance in the United States, they had no effect on firm performance in Hong Kong.⁶²

Cultural differences in problem solving and decision making may be particularly troublesome for partners in a joint venture or other strategic alliance because they must develop mutually acceptable decisions. U.S. managers often deliberately use conflict (in the form of devil's advocate or dialectical inquiry techniques) as a means of improving the decision-making process. Managers from more consensus-oriented societies, such as Japan, find this disharmonious approach distasteful and unproductive.⁶³

STEP 5: IMPLEMENTATION In a power-respecting culture, implementation may be mandated by a manager at the top of the organization and accepted without question by others. But in a power-tolerant culture, participation may be more crucial to ensure acceptance. In an uncertainty-avoiding culture, managers may need to carefully plan every step of the implementation before proceeding so that everyone knows what to expect. In an uncertainty-accepting culture, however, managers may be more willing to start implementation before all the final details have been arranged.

STEP 6: FOLLOW-UP AND EVALUATION Follow-up and evaluation also have cultural implications, most notably regarding power orientation. In a power-respecting culture, a manager may be unwilling to find fault with an alternative suggested by a higher-level manager. Also, too much credit may be given to a higher-level manager purely on the basis of his or her position in the hierarchy. But in a power-tolerant culture, responsibility, blame, and credit are more likely to be accurately attributed.

The Descriptive Model Across Cultures

The behavioral processes of bounded rationality and satisficing are more difficult to relate to cultural differences. Few research efforts have specifically explored these phenomena in different cultures, and their nature makes it hard to draw reasonable generalizations. Thus, although it is likely that they do have some impact on business decisions made in different cultures and therefore need to be understood by managers, more research needs to be conducted on their precise influence. In particular, all managers need to understand the potential limitations of applying different modes of decision making in different cultural settings. For example, several years ago the Japanese owners of the Dunes Hotel and Casino in Las Vegas tried to implement a variety of Japanese management practices in the casino operation. One was decision making by consensus. They quickly recognized, however, that it was far too slow for the intensely competitive, fast-changing casino industry.

VENTURING ABROAD

MIXING AND MATCHING IN A JOINT VENTURE

Because work teams have become so ubiquitous in management today, it follows that many new joint ventures and other alliances will have work teams as a critical component. But managers need to pay careful attention to the culturally based differences that can exist among people in such settings and how those differences can facilitate or hinder the new venture.

Consider, for example, the experiences that three multinational firms had when they decided to “venture abroad” together. It all started when IBM, Siemens, and Toshiba entered into a new joint venture to work together in developing an advanced type of computer chip. Each firm identified a set of research scientists for the project and the total group of around 100 people assembled for work at an IBM facility in East Fishkill, a small Hudson River Valley town in New York. The idea was that the best and brightest minds from three diverse companies would bring such an array of knowledge, insight, and creativity to the project that it was bound to succeed.

Unfortunately, things didn’t start out well, and it took much longer than expected for the firms to really figure out how to work together. The biggest reasons cited for the early difficulties related to the cultural differences and barriers that existed among the group members. For example, the Japanese scientists were accustomed to working in one big room where everyone could interact with everyone else and it was easy to overhear what others were saying. The IBM facility, in contrast, had small, cramped offices that could only hold a few people at a time. The Germans were unhappy



because most of their offices lacked windows—they claimed that back home no one would be asked to work in a windowless office.

Interpersonal styles also caused conflict at times. Both the U.S. and Japanese scientists criticized their German colleagues for planning and organizing too much, and the Japanese were criticized for their unwillingness to make clear decisions. The German and Japanese scientists felt that their U.S. hosts did not spend enough time socializing with them after work. There were also problems with employee privacy and workplace rights. The office doors at the IBM facility all had small windows that visitors could use to peek in to see if the occupant was busy before knocking. Both the Germans and Japanese, however, saw this as an invasion of their privacy and often hung their coats over the windows. And they also objected to IBM’s strict no-smoking policy that mandated that people go outside to smoke, regardless of weather conditions.

Because of these problems, the group’s initial lack of progress was discouraging. Managers felt that a big part of the problem was that they did not do an adequate job of training the group members before transferring them to the project and that better cultural training in particular would have been useful. Fortunately for the joint venture, the group members eventually started to train and socialize themselves about how to overcome the cultural differences. Indeed, after the early rough spots, the new venture finally took off and the new chip was developed only a few months behind schedule.⁶⁴

In Practice

- All managers need to remember the explicit role that decision making plays in their jobs.
- Managers need to understand the differences between the descriptive and normative models of decision making and how those differences may affect their own decision making.

For further consideration: It seems logical that the normative model would produce better decisions. Can you think of situations in which the descriptive model might be superior?

Groups and Teams in International Business

Other important behavioral processes that international managers should understand are those associated with groups and teams. Regardless of whether a firm is a small domestic company or a large MNC, much of its work is accomplished by people working together as a part of a team, task force, committee, or operating group. The “Venturing Abroad” box underscores the importance of understanding some of the issues in using teams in different cultures.

The Nature of Group Dynamics

Firms use groups frequently because, in theory, people working together as a group can accomplish more than they can working individually. Although organizations use a wide array of different kinds of groups, teams are especially popular today. Indeed, many managers now refer to all their groups as teams. Technically, a *group* is any collection of people working together to accomplish a common purpose, whereas a *team* is a specific type of group that assumes responsibility for its own work. Because teams are so ubiquitous today and the term is so common among managers, we will use this term in our discussion.

A mature team in a firm generally has certain characteristics:

1. It develops a well-defined role structure; each member has a part to play on the team, accepts that part, and makes a worthwhile contribution.
2. It establishes norms for its members. Norms are standards of behavior, such as how people should dress, when team meetings or activities will begin, the consequences of being absent, how much each member should produce, and so on.
3. It is cohesive. That is, team members identify more and more strongly with the team, and each member respects, values, and works well with the others.
4. Some teams identify informal leaders among their members—individuals whom the team accords special status and who can lead and direct the team without benefit of formal authority.

If a team's role structure promotes efficiency, its norms reinforce high performance, it truly is cohesive, and its informal leaders support the firm's goals, then it can potentially reach maximum effectiveness. Sony's computer development group took on all of these characteristics, which no doubt helped contribute to the group's ability to reach its goal ahead of schedule. However, if the team's role structure is inefficient, its performance norms are low, it is not cohesive, or its informal leaders do not support the firm's goals, then it may become ineffective from the firm's standpoint.

Managing Cross-Cultural Teams

The composition of a team plays a major role in the dynamics that emerge from it. A relatively homogeneous team generally has less conflict, better communication, less creativity, more uniform norms, higher cohesiveness, and clear informal leadership. A more heterogeneous team often has more conflict, poorer communication, more creativity, less uniform norms, a lower level of cohesiveness, and more ambiguous informal leadership.

Managers charged with building teams in different cultures need to assess the nature of the task to be performed and, as much as possible, match the composition of the team to the type of task. For example, if the task is relatively routine and straightforward, a homogeneous team may be more effective. Similarities in knowledge, background, values, and beliefs can make the work go more smoothly and efficiently. But if the task is nonroutine, complex, and/or ambiguous, a heterogeneous team may be more effective because of members' diverse backgrounds, experiences, knowledge, and values.

Other cultural factors may also play a role in team dynamics. For example, in an individualistic culture, establishing shared norms and cohesiveness may be somewhat difficult, whereas in a collectivistic culture, team cohesiveness may emerge naturally. In a power-respecting culture, team members should probably be from the same level of the organization because members from lower levels may be intimidated and subservient to those from higher levels. In a power-tolerant culture, variation in organizational level may be less of a problem. Uncertainty avoidance and team dynamics may also interact as a function of task. If a task is vague, ambiguous, or unstructured, an uncertainty-avoiding group may be unable to function effectively; in contrast, an uncertainty-accepting group may actually thrive. Finally, teams in an aggressive goal behavior culture may work together more effectively if their goal has financial implications, whereas teams in a passive goal behavior culture may be more motivated to work toward attitudinal or quality-of-work outcomes.⁶⁵

Matching business behavior with the cultural values of the workforce is a key ingredient in promoting organizational performance. Much of the competitive strength of Japanese firms, for example, is as a result of their incorporation of Japanese cultural norms into the workplace. Japanese culture emphasizes the importance of group harmony and respect for superiors. "Silent leaders," ones who guide rather than command subordinates and who preserve group harmony, are more admired than are authoritarian managers. The ringi system ensures that new approaches are granted group approval before being implemented. The traditional lifetime employment practices that some major Japanese firms use promote employee loyalty to the organization. All these features are reinforced by careful selection of new employees. Only those persons who are willing to subordinate their individual goals to the needs of the group are hired. This corporate philosophy carries over to foreign operations of Japanese MNCs. For example, many U.S. newspapers have reported on the extraordinary amounts of testing and interviewing that such firms operating in North America do before hiring an employee.

In Practice

- All managers need to understand the increased pervasiveness of teams as vehicles for getting work done and how to most effectively use such teams.
- International managers must understand the role of cross-cultural differences when forming global teams.

For further consideration: If you were appointed to lead a cross-cultural team, what steps would you take to minimize the possibility of culturally based conflict among your team members?

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CHAPTER REVIEW**Summary**

Behavioral and interpersonal processes are vitally important in any organization. Both their importance and their complexity are magnified in international firms. Individual differences provide the cornerstone for understanding behavioral patterns in different cultures. Personality traits, attitudes, perceptions, and stress are all important individual differences that international managers should understand.

Motivation is the overall set of forces that causes people to choose certain behaviors from a set of available behaviors. Need-based, process-based, and reinforcement models of motivation each explain different aspects of motivation. Although none of these models is generalizable to all cultures, each can provide insights into motivation in similar cultures.

Leadership is the use of noncoercive influence to shape the goals of a group or organization, to motivate behavior toward reaching those goals, and to help determine the group or organizational culture. People from different cultures react in different ways to each type of leadership behavior. These different reactions are determined partially by cultural dimensions and partially by the individuals themselves.

Decision making is the process of choosing an alternative from among a set of alternatives designed to promote the decision maker's objectives. People from different cultures approach each step in the decision-making process differently. Again, variation along cultural dimensions is a significant determinant of variations in decision-making processes.

Groups and teams are part of all organizations. A team's role structure, cohesiveness, norms, and informal leadership all contribute to its success or failure. Culture plays a major role in determining the team's degree of heterogeneity or homogeneity, which in turn helps determine its overall level of effectiveness.

Review Questions

- 15-1. Define *personality* and explain how personality differences affect individual behavior.
- 15-2. Explain how attitudes vary across cultures.
- 15-3. Discuss the basic perceptual process and note how it differs across cultures.
- 15-4. Explain how attitudes and perception can affect each other.
- 15-5. Discuss stress and how it varies across cultures.
- 15-6. Identify some of the basic issues managers must confront when attempting to motivate employees in different cultures.
- 15-7. How do needs and values differ in different cultures?
- 15-8. Summarize the steps in the normative model of decision making and relate each to international business.
- 15-9. Why are teams so important? What are the basic implications of teams for an international business?

Questions for Discussion

- 15-10. Which do you think is a more powerful determinant of human behavior—cultural factors or individual differences?
- ★ 15-11. Think of two or three personality traits that you believe are especially strong in your culture, and two or three that are especially weak. Relate these to Hofstede's cultural dimensions.
- 15-12. Imagine that you have just been transferred to an overseas location by your business. What are your own personal dimensions? How might these personal

dimensions affect your experience and your ability to adapt to the new situation? You may choose any country as the location of your international posting.

- 15-13. How do businesses in your country seek to motivate employees?
- 15-14. Good leadership is vital to all organizations. What makes a good business leader in your country?
- ★ 15-15. Do you think it will ever be possible to develop a motivation framework that is applicable in all cultures? Why or why not?
- ★ 15-16. How do motivation and leadership affect corporate culture?
- 15-17. What advice would you give a foreign national who has been transferred to a business in your country?
- 15-18. You have been asked by your CEO to prepare two presentations, backed up by a short document. The business is expecting the arrival of a small group of employees from an overseas subsidiary. You can choose the nationality of these employees. First, prepare a presentation briefly outlining your country's business culture and second, a presentation reflecting how business culture is different in the employees' country.

Building Global Skills

Select a country in which you have some interest and about which you can readily find information (e.g., Japan as opposed to Bhutan). Go to your library or use the Internet and learn as much as you can about the behavior of people from the country you selected. Concentrate on such culturally based social phenomena as the following:

- The meaning people from the country attach to a few common English words
- The meaning they attach to common gestures
- How they interpret basic colors
- The basic rules of business etiquette they follow
- Their preferences regarding personal space
- How the country is characterized along Hofstede's dimensions

Team up with a classmate who chose a different country. Each of you should pick a product or commodity that is

produced in the country you studied (such as stereos, bananas, oil, or machine parts). Attempt to negotiate a contract for selling your product or commodity to the other. As you negotiate, play the role of someone from the country you studied as authentically as possible. For example, if people from that culture are offended by a certain gesture and your counterpart happens to make that gesture while negotiating, act offended!

Spend approximately 15 minutes negotiating. Then spend another 15 minutes discussing with your classmate how the cultural background each of you adopted affected (or could have affected) the negotiation process.

- 15-19. How easy or difficult is it to model the behavior of someone from another country?
- 15-20. What other forms of advance preparation might a manager need to undertake before negotiating with someone from another country?

CLOSING CASE

IKEA's Transformational Leader

Pernille Spiers-Lopez grew up in a small town in Denmark. After finishing college she worked as a journalist for a short time, but she found that profession to be unsatisfying. Her next move was to relocate to the United States and open a business importing Danish furniture. Unfortunately, that venture failed. She then took a minimum-wage job selling furniture in Florida. Through hard work and determination within two years Spiers-Lopez was supervising 24 stores. The regional furniture company where she was working was then purchased by IKEA in 1993.

She quickly advanced through the management ranks at IKEA, where she was the only woman on the company's North American board. A 1997 businesswomen's leadership conference led her to reassess her priorities and her role at IKEA. In response, she chose to alter her career path and moved into human resource management. She subsequently became the U.S. director of human resources; one of her first actions was to implement programs to recruit

more minority and female managers. Today, half of the firm's 75 top earners are female. Five women now serve on the management board. She also increased pay and benefits throughout the firm, especially for the lowest-paid employees. Today, thanks in large part to Spiers-Lopez, IKEA offers one of the most generous benefits packages for full-time and part-time workers in the retailing sector. And along the way she was promoted to the position of CEO and President of IKEA North America and Global Chief Human Resource Officer.

Yet it was a personal, frightening experience that led to the most dramatic change. Spiers-Lopez is a working mother whose husband is a public school principal. As her IKEA career developed, the couple chose not to uproot the family. Instead, Spiers-Lopez commuted home several times each week from distant worksites. In 1999, Spiers-Lopez was working long hours and commuting frequently. Her competitive, Type A personality caused her to push herself

harder and harder without regard to the consequences. One night as she left work she experienced tremendous pain in the chest and arms. Rushing to the hospital, convinced she was having a heart attack, Spiers-Lopez found the problem instead was exhaustion and stress.

She decided she wanted to continue working but with more limits. “I’d been in denial for some time about my own strength. I’d been emotionally numb, ignored things and moved ahead, and put my family on automatic pilot,” Spiers-Lopez says. “Now I’ve acted on that wake-up signal and am working on balancing life and work.”

One of her coping mechanisms was a reduction in working hours so that she could relax with family. She says, “For years I’ve struggled with questions of whether I’m a good mother, a good friend, and a good wife....[Now] I avoid business travel on weekends, try to keep regular hours at work and leave the job at the office.” Her coworkers help, too. “We have meetings, and they know if they don’t say, ‘Let’s take a break,’ they won’t get a break. So they say, ‘Pernille, in order to help you, we’re going to all take a break.’” A perfectionist, she struggles to keep from being overwhelmed but adds, “I am continuing to learn how to ‘wing’ things.” Her career and personal life have both flourished as a result of better balance.

Her personal experiences with balancing career and family have affected her choices as a manager. She is a strong advocate for telecommuting, alternative work arrangements, and job sharing. IKEA’s policy of generous leave for new or adoptive mothers and fathers was designed by Spiers-Lopez. The organization has also flourished under Spiers-Lopez’s

leadership. The number of U.S. stores has doubled and sales are the fastest growing of all the IKEA regions.

The combination of hard-driving competition and a culture that values people has resulted in an organization that is both supportive of its workers and profitable. Author Andy Meisler calls it “high-yield humanism.” Spiers-Lopez admits that it is not easy for her to walk the line between challenge and nurture. “I want things done quickly,” she says. “But in big organizations you have to be careful not to move too many things too quickly. Elevators have to stop at every floor.”

Case Questions

- 15-21. Can you speculate about the personality traits that personify Pernille Spiers-Lopez?
- 15-22. Describe the role that motivation has played in the choices made by Pernille Spiers-Lopez in her career.
- 15-23. Discuss how her experiences with stress may have been impacted by international issues.
- 15-24. Describe Pernille Spiers-Lopez’s approach to leadership at IKEA.

Sources: “The IKEA concept,” IKEA website, www.ikea.com, accessed on May 16, 2008; Joseph Roth, “Unique training program key to timing for recruitment,” IKEA press release, April 24, 2007, www.ikea.com, accessed on May 16, 2008; Andy Meisler, “Success, Scandinavian style,” *Workforce Management*, August 2004, pp. 26–32; “Pernille Spiers-Lopez has designs for IKEA,” *WomensBiz.U.S.*, June 2005, www.womensbiz.us, accessed on May 16, 2008.

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- 15-25. Describe how you might use the “Big Five” personality traits when forming a cross-cultural project team.
- 15-26. How might attitudes, motivation, and leadership affect one another in organizational settings?
- 15-27. Mymanagementlab Only—comprehensive writing assignment for this chapter.

Endnotes

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PART 3 CLOSING CASES

Reinventing Nissan

During the 1980s it was hard to pick up a copy of *Businessweek*, *Fortune*, or *Forbes* that did not feature some article extolling the virtues of Japanese management techniques and the Japanese way of doing business. Many Western commentators urged U.S. and European firms to adopt such Japanese corporate policies as lifetime employment, group-oriented compensation, and reliance on tight customer-supplier networks like those found in the *keiretsu* system. Among the most admired of these firms were Japan's premier automakers—Toyota, Nissan, and Honda.

The 1990s, however, were disastrous for many Japanese firms. The collapse of Japan's so-called bubble economy at the end of the 1980s condemned Japan to a decade of slow growth, stagnant stock markets, and loss of confidence. Among Japan's corporate elite, Nissan perhaps suffered the greatest fall of all. Although Nissan had prospered during the 1980s, the 1990s were far less kind. Expansion of its domestic auto-making capacity during the 1980s left Nissan with far too many factories and workers, and it was forced to battle for market share in the crowded Japanese domestic market by keeping its prices low. (Japan has more major domestic automobile manufacturers than any other country.) The company suffered from excess capacity in its European operations as well. And the high value of the yen during the first half of the 1990s made it difficult for the company to export its way out of its difficulties. The Asian currency crisis of 1997–1998 dried up that region's demand for the company's products in the waning years of the twentieth century. Confronted with these diverse challenges, the company eked out a small profit in 1991 but lost money in 1992 and 1993.

To restore the company to profitability, Nissan's executives announced a major cost-cutting program in 1994. As one part of this program, Nissan pledged to slash the number of suppliers the firm would buy from in the future. It hoped this would result in better prices for auto parts by increasing the size of its orders to individual suppliers. Nissan also decided to trim its workforce and to reduce the number of parts used in the company's cars, thereby simplifying its procurement operations and reducing its inventory costs. Unfortunately, these efforts did not work, in part because the program's targets were not met. As a result, Nissan continued to lose

money in 1994 and 1995. Although the company earned a modest profit in 1996, its profits turned negative once again in 1997. Profit performance for 1998 and 1999 was no better.

Unable to overcome its mounting problems, Nissan suffered the ultimate humiliation for a Japanese company: It was taken over by a foreigner. In May 1999 France's Renault SA purchased 37 percent of Nissan's common stock for \$5.4 billion, effectively transferring control of Japan's second-largest auto manufacturer to the French firm. Renault empowered one of its most highly respected executives, Carlos Ghosn, to clean up the mess at Nissan. Ghosn first spent five months carefully reviewing Nissan's operations. In October 1999 the Brazilian-born Ghosn announced a "revival plan" for the company designed to reduce Nissan's annual costs by nearly \$10 billion. To reach this goal, five Nissan factories in Japan would have to be shuttered and 21,000 jobs eliminated. About 16,000 of the job cuts would occur in Nissan's domestic operations. Mindful of Japan's distaste for layoffs and Japanese labor laws that make firing employees expensive, the employment reductions were to be implemented via attrition, which averages about 2,000 domestic employees per year.

Other options, such as voluntary retirement programs, were initially shelved because of opposition from Nissan's union leaders, although the options have not been permanently ruled out. Further cost reductions were to be implemented by eliminating regional offices in such cities as New York and Washington and cutting the number of different vehicle models produced and marketed by Nissan. To ensure that no one misunderstood the importance of cost cutting to revive the company, Ghosn announced that "No one in purchasing, engineering, or administration will receive a pay raise until they [show] what their contribution is to this [cost cutting]." ⁶⁶

Ghosn recognized the need to hack away at Nissan's mountain of debt—some 2.4 trillion yen (in early 2001, 117 yen were worth 1 U.S. dollar)—and set a target of halving it by 2002. Ghosn also sought to streamline Nissan's dealership networks in Japan and North America. In Japan, for example, Nissan owns about half of its distributorships. Unfortunately, many of its distributors act like employees, rather than entrepreneurs, an attitude that Ghosn hoped to change by trimming company-owned outlets.

- P3-2. Suppose natural attrition fails to allow Nissan to reach its goal of reducing its workforce by 21,000 people. If this occurs, what would you advise Ghosn to do? Should he abandon the planned job cuts? Or should he begin to fire workers and risk violating one of Japan's strongest cultural norms?
- P3-3. Given Japan's culture, will the introduction of performance-based compensation schemes create any problems for Nissan in Japan? If so, what is the nature of these problems? Do you have any suggestions for overcoming these problems?
- P3-4. Prime Minister Obuchi's comments send a clear signal that Japanese politicians will resist any restructuring of Nissan's operations that lead to significant losses of domestic jobs. How important is this political threat to Ghosn's plans? What advice would you give to Ghosn to overcome or address Obuchi's concerns?
- P3-5. As it turned out, Ghosn's strategies paid off. Nissan has become one of the most dramatic turnaround success stories in years. The firm returned to profitability in 2001 and since that time has been systematically cutting costs, boosting profits, and growing market share. Some observers are now arguing that only a foreigner (a non-Japanese) could have turned Nissan around so quickly. Do you agree?

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Slimline: Marching to a Different Drummer

Globalization means different things to different people. To the CEO of a multinational enterprise, globalization reflects the changing business world: access to new consumers, opportunities to reduce production costs by siting factories in low-cost areas, and the threat of competition from foreign firms. To workers in developed countries, globalization often implies job insecurity and no raises. To human rights

activists, globalization implies exploitation of workers and denial of human rights.

Many multinational enterprises have been confronted with allegations of mistreatment of workers in developing countries. Nike, for example, has been the target of accusations that its subcontractors in China, Indonesia, and other Asian countries abuse their workers. One enterprise that has never been subjected to such criticism is Slimline, Ltd., an apparel manufacturer in Pannala, Sri Lanka. Indeed, Slimline's way of doing business stands in marked contrast to that of many apparel manufacturers in developed and developing countries alike. The company employs 5,000 workers, who produced \$50 million worth of apparel annually. Many of them have undergraduate or graduate degrees. Its payrolls have included a mathematician (a Ph.D. from Yale), a physicist, and an investment banker. Slimline goes out of its way to provide its workers with working conditions that exceed industry standards. Entry-level wages are deliberately set higher than those in the local market.

Like most apparel manufacturers, most of its employees are female sewing machine operators. Even here Slimline defies the sweatshop stereotypes that plague the industry. Its production workers use advanced pneumatic sewing machines instead of the manual models prevalent in most Asian apparel factories. Work stations are ergonomically designed, and the factory is air-conditioned. As a result, Slimline has attracted a premier workforce, and the human resources office maintains a waiting list for prospective employees.

The job is intense and demanding, to be sure. Base pay is \$80 to \$100 per month (breakfast included). Computers monitor the output of each worker, who must match factory-wide production standards to earn her monthly bonus. But, contrary to industry norms, the standards are ratcheted down for pregnant workers. All employees have access to a new gymnasium, staffed by a full-time trainer and equipped with modern exercise machines.

Why has Slimline adopted this approach? Slimline's managers have concluded that Sri Lanka can't compete with Bangladesh or China on the basis of low wages. Instead, they believe that they must focus on producing high-quality goods for their customers, brand-name retailers such as Victoria's Secret, Express, and Marks and Spencer. But these retailers are vulnerable to antisweatshop campaigns by human rights activists in Europe and North America. Notes one Slimline official:

...in today's global economy Sri Lankan manufacturers must tie themselves to big Western retailers to survive, and the more they do that the more their factory standards have to meet the workplace norms demanded by Western consumers.⁶⁹

Slimline was founded in 1993 as a joint venture among Mast Industries, Courtaulds, and MAS Holdings Ltd. Slimline has benefited from the unique knowledge and expertise of the joint venture partners. Mast Industries, a subsidiary of Limited Brands, is a U.S.-based contract manufacturer

of apparel, with annual sales of \$1.5 billion. Among its major customers are The Limited, Intimate Brands, Victoria's Secret, Marks and Spencer, Liz Claiborne, The Gap, Ralph Lauren, C&A, and Tommy Hilfiger. Mast operates 36 factories in Sri Lanka through joint ventures, employing more than 16,300 people. Courtaulds Textiles PLC was the UK's largest apparel manufacturer until its purchase by Sara Lee in 2000. (Sara Lee sold its Courtaulds subsidiary in 2006 but retained its stake in Slimline.) The third partner, MAS Holdings Ltd., is a privately owned Sri Lankan company that has rapidly become Sri Lanka's largest apparel manufacturer and one of the island's largest employers. MAS is Victoria's Secret's largest source of goods, supplying an estimated 30–32 percent of the U.S.-based retailer's merchandise. MAS later developed the world's first carbon-neutral textile facility.

The driving force behind Slimline is Dian Gomes. In 1993, Gomes was 36 years old and employed as the finance director of another apparel factory when he was approached by Mahesh Amalean, the chairman of MAS Holdings Ltd., to launch a new business, Slimline. Gomes rose to the challenge, but the goals he set for himself and the venture were neither modest or easy:

I had a dream, and...I set out to make it a reality at Slimline. To make an ambitious garment project a state-of-the-art plant. A super efficient monolith. My aim was to be number one, and stay number one!⁷⁰

The first task confronting Gomes and his new management team was to build a state-of-the-art garment factory. Courtaulds sent an experienced team of production managers from its British operations to oversee the construction and start-up of the factory. Gomes added Japanese inventory control and production methods that cut costs and raised productivity and team-building techniques that he learned at executive education programs at Wharton and Harvard to build employee morale and commitment. He later incorporated a \$4-million computer system into the factory's operations to monitor quality and production. The system is integrated with the computer systems of its major customers, facilitating distribution and improving service to its customers. It also facilitates communication between the factory, customers, and the marketplace, allowing the factory to quickly shift production to the styles most in demand.

Although its state-of-the-art facilities and technology have played a critical role in Slimline's success, Gomes and his staff have worked to instill pride in the company. One way Slimline has bolstered its company image and enhanced employee morale is by sponsoring company sports teams. Its teams won the National Women's Cricket Championship four years in a row, and the company boxing team captured the National Boxing Championship. Slimline also sponsored Ruwini Abeymanne, who placed a respectable 31st among pistol shooters in the 2000 Sydney Olympics and won a bronze medal at the Commonwealth Pistol Championship in 2001. Nor has the company forgotten about the community. Slimline built a new auditorium

for the local high school and equipped its computer and science labs. It also provided scholarships allowing local high school graduates to attend the local university.

Although less than two decades old, Slimline has been recognized by numerous groups for its innovative approaches and commitment to its workers and the community. The company has received, for example, the Sri Lankan National Safety Award, the National Productivity Award, the Best Corporate Citizen Award, the Akimoto Award (for incorporating Japanese productivity and quality techniques into its manufacturing processes), Courtauld's Risk Management Award (placing first among Courtauld's 123 manufacturing facilities), and Mast Industries' Quality Award. In 2007 it was certified by the Sri Lankan government as a "Garments without Guilt" participant, meaning its human resources practices were in compliance with the standards established by the International Labor Organization. And with such successes has come growth: The company now operates four factories that produce more than 50 million units of women's sleepwear and intimate apparel.⁷¹

Case Questions

- P3-6. Slimline is a joint venture among three companies—a local Sri Lankan firm, a British firm, and a U.S. firm. What are the benefits of this joint venture to each of these companies?
- P3-7. Why did each choose to participate in the joint venture rather than operate its own wholly owned subsidiary?
- P3-8. From the perspective of each of the partners, are there any potential pitfalls to joining this joint venture?

Unilever Matches Strategy and Structure

Unilever is one of the world's largest packaged consumer goods companies, trailing only Procter & Gamble. In 2012 the firm has over 170,000 employees and annual revenues of around \$60 billion. Among its best-known brand names are Lipton, Dove, Helene Curtis, Vaseline, and Q-tips. As the firm has grown, Unilever occasionally has set up other businesses to support its consumer products operations. For example, the firm once established a chemical unit to process the oils it uses to make margarine. At the time managers believed this route provided them with a predictable and controllable source of materials. Fragrances and food flavorings operations were created for the same reason. In similar fashion Unilever often has grown by acquiring other consumer products businesses, many of which had supporting operations as well.

Several years ago Unilever was structured around five basic business groups: food products, personal-care products, soap/laundry products, cosmetics/perfume/hair products, and specialty chemicals. As the company continued