MANAGING ACROSS CULTURES
CONCEPTS, POLICIES AND PRACTICES

MOHAMED BRANINE
# Contents

List of Tables and Figures………………………………………………………………xxvi
List of Mini Case Studies……………………………………………………………xxxix
Author Biography…………………………………………………………………xxxix
Guided Tour………………………………………………………………………xxxii
Acknowledgements………………………………………………………………xxxiv

## Part I  Introduction

1  Why Study Managing Across Cultures?  3
   Why study the subject of managing across cultures?  3
   This book: rationale, aims and structure  5
      Rationale  5
      Aims  6
      Structure  6
   How to use the book  7
      Learning outcomes  8
      Chapter review  8
   References  9

2  The Meaning and Importance of Managing Across Cultures  11
   Emergence of managing across cultures  11
      The triggers  11
         Expatriates' failure to complete assignments abroad  12
         Recession in the 1980s  12
         Economic development of Japan and South-east Asia  13
         Economic development of China and India  13
         'Westernization' of Central and Eastern Europe  14
      The drivers  14
         Multinational companies  14
         International competition  15
         Regional economic integration  15
         Technical changes and flow of information  16
         Trade and financial services  16
         Political and cultural influences  17
**Contents**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geert Hofstede: cultural dimensions of societies</td>
<td>53</td>
</tr>
<tr>
<td>Fons Trompenaars' (1993) Cultural Framework</td>
<td>60</td>
</tr>
<tr>
<td>The Project GLOBE cultural framework (House et al., 2004)</td>
<td>62</td>
</tr>
<tr>
<td>Summary</td>
<td>65</td>
</tr>
<tr>
<td>Revision questions</td>
<td>65</td>
</tr>
<tr>
<td>References</td>
<td>65</td>
</tr>
<tr>
<td><strong>Part I Case Study</strong> Bob Over the Globe – Chevron and Saudi Aramco</td>
<td>71</td>
</tr>
<tr>
<td>Introduction</td>
<td>71</td>
</tr>
<tr>
<td>The birth and growth of Saudi Aramco</td>
<td>72</td>
</tr>
<tr>
<td>Chevron–Saudi Aramco interface</td>
<td>72</td>
</tr>
<tr>
<td>The globalizing power of business versus the localizing power</td>
<td>73</td>
</tr>
<tr>
<td>of culture in managing people internationally</td>
<td>73</td>
</tr>
<tr>
<td>Questions</td>
<td>76</td>
</tr>
<tr>
<td>References</td>
<td>76</td>
</tr>
<tr>
<td><strong>Part II Managing in Anglo-Saxon Countries</strong></td>
<td>77</td>
</tr>
</tbody>
</table>

4 The US and Canada

Introduction                                                          79

Contexts: economics, politics and culture                             80

Economics                                                            80

Politics                                                              81

Culture                                                               81

Labour market trends                                                  82

The services sector                                                   83

Unemployment                                                          83

Flexible working practices                                            83

Job insecurity and high turnover                                     84

Diversity                                                             85

Ageing working population                                             85

Management and organization                                           86

Strategic awareness                                                   87

Avoidance of trade unions                                            87

Employee–employer agreements                                          89

Managing diversity                                                    90

Managing human resources                                              91

Recruitment and Selection                                             91

Equal opportunities                                                   91

Graduate recruitment                                                  92

Selection                                                             93

Education, training and development                                   94

Organizational training                                               94
Organizational training 157
Rewards and remuneration 157
Centralized rewards system (rewards set by collective agreement) 158
Decentralized rewards system (rewards set by individual arrangements) 158
The minimum wage 159
Employee relations 160
Trade union organization, membership and density 162
Collective bargaining 163
Industrial conflicts and strikes 165
Settlement of industrial disputes 165
Employee involvement and participation 166
Summary 167
Revision questions 167
References 168

Part II Case Study  9/11 – The Effects and Organizational Response 171
Introduction 171
The impact of 9/11 on travelling and tourism 171
Dealing with and responding to the crisis 172
Redundancies – the common response to a crisis 173
Recruiting and retaining key employees 174
Training for possible attacks 175
Communication and crisis management plans 175
Conclusion 176
Questions 177
References 177

Part III Managing in South-East Asian Countries 179

7 Japan and South Korea 181
Introduction 181
Contexts: economics, politics and culture 182
Economics 182
Politics 183
Culture 184
Labour market trends 184
Low unemployment rates 185
Chaebol and zaibatsu 186
A hard-working, committed and loyal workforce 187
Female employment 187
Older working population 188
<table>
<thead>
<tr>
<th>Contents</th>
<th>xiii</th>
</tr>
</thead>
<tbody>
<tr>
<td>From full-time employment to flexible employment</td>
<td>189</td>
</tr>
<tr>
<td>Management and organization</td>
<td>190</td>
</tr>
<tr>
<td>Quality improvement</td>
<td>190</td>
</tr>
<tr>
<td>Consultation, communication and decision-making: the <em>ringi</em> system</td>
<td>191</td>
</tr>
<tr>
<td>Paternalistic leadership</td>
<td>192</td>
</tr>
<tr>
<td>Job security: from lifetime employment to employment adjustment</td>
<td>192</td>
</tr>
<tr>
<td>Managing human resources</td>
<td>193</td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td>193</td>
</tr>
<tr>
<td>Recruitment</td>
<td>193</td>
</tr>
<tr>
<td>Graduate recruitment</td>
<td>194</td>
</tr>
<tr>
<td>Selection</td>
<td>194</td>
</tr>
<tr>
<td>Training and development</td>
<td>195</td>
</tr>
<tr>
<td>Company induction training</td>
<td>196</td>
</tr>
<tr>
<td>On-the-job training and job rotation</td>
<td>197</td>
</tr>
<tr>
<td>Enterprise-specific skills training</td>
<td>197</td>
</tr>
<tr>
<td>Continuous training</td>
<td>198</td>
</tr>
<tr>
<td>Self-development</td>
<td>198</td>
</tr>
<tr>
<td>Management training and development</td>
<td>198</td>
</tr>
<tr>
<td>Rewards and remuneration</td>
<td>200</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>200</td>
</tr>
<tr>
<td>Seniority-based rewards</td>
<td>201</td>
</tr>
<tr>
<td>Rewards and organizational size and sector</td>
<td>201</td>
</tr>
<tr>
<td>Bonus systems</td>
<td>201</td>
</tr>
<tr>
<td>Performance-related pay</td>
<td>202</td>
</tr>
<tr>
<td>Promotion</td>
<td>203</td>
</tr>
<tr>
<td>Employee relations</td>
<td>204</td>
</tr>
<tr>
<td>Trade unions</td>
<td>204</td>
</tr>
<tr>
<td>Enterprise unions</td>
<td>205</td>
</tr>
<tr>
<td>Collective bargaining</td>
<td>206</td>
</tr>
<tr>
<td>Industrial action</td>
<td>207</td>
</tr>
<tr>
<td>The settlement of industrial disputes</td>
<td>209</td>
</tr>
<tr>
<td>Summary</td>
<td>210</td>
</tr>
<tr>
<td>Revision questions</td>
<td>210</td>
</tr>
<tr>
<td>References</td>
<td>211</td>
</tr>
</tbody>
</table>

8 China and Hong Kong

Introduction | 215
Contexts: economics, politics and culture | 216
Economics | 216
Politics | 217
Culture | 218
Labour market trends 219
Skills shortages 220
Rural-urban migration 221
Joint ventures and foreign-owned companies 221
Stratification and exploitation of the labour force 222
Management and organization 223
State- and party-orientated management 224
Heavily regulated management 225
Culturally determined management 226
Western management 227
Managing human resources 228
Recruitment and selection 228
From lifetime employment to labour contract assignments 229
From centralized to decentralized recruitment 229
From non-existent to more formalized recruitment and selection methods 230
Training and development 232
Education and learning process 232
Vocational training and education 234
Organizational training 235
Management education, training and development 235
Management education on a wider scale 236
Training as many managers as possible at home and abroad 236
Supporting Chinese managers in learning from joint ventures and foreign-owned companies 236
Rewards and remuneration 237
Minimum wage 238
Performance appraisal and performance-related pay 239
Employee relations 240
Trade union composition and membership 240
The role of trade unions 241
The workers' congress 242
Industrial action 243
Settlement of industrial disputes 244
Summary 244
Revision questions 245
References 245

9 Indonesia and Malaysia 249
Introduction 249
Contexts: economics, politics and culture 250
Economics 250
Politics 252
Culture
Labour market trends
   Unemployment rate
   Employee turnover
   Demand for skilled and professional labour
   Employment of women and ethnic groups
   Employment of immigrant workers
Management and organization
   Regulated management
   Paternalistic management
   Integrated management
   Quality-based management
   Adopted management
Managing human resources
   Recruitment and selection
      Affirmative action
      Word of mouth
      Kinship recruitment
      Need-based recruitment
   Training and development
      Education
      Training
   Rewards and remuneration
      Minimum wage
   Performance appraisal and performance-related pay
Employee relations
   Trade unions
   From state unions to company unions
   Collective bargaining
   Industrial action
   The settlement of industrial disputes
Summary
Revision questions
References

Part III Case Study  The 1997 Asian Financial Crisis
   Introduction
   Causes
   The effects
   Responses and recovery measures
   Conclusion
   Questions
   References
Part IV Managing in Western European Countries 285

10 Belgium and France 287
   Introduction 287
   Contexts: economics, politics and culture 288
      Economics 288
      Politics 289
      Culture 289
   Labour market trends 290
      Unemployment 291
      Flexible working practices 292
      Female participation 293
      Migrant labour 294
      Older working population 295
   Management and organization 296
      Formality and bureaucracy 296
      Elitism and intellect 297
   Strategic awareness 298
      Internal partnership and empowerment of line managers 298
   Managing human resources 298
      Recruitment and selection 299
         Recruitment 299
         Graduate recruitment 299
         Selection 300
      Training and development 300
         Education 301
         Vocational and employer-provided training 302
         Vocational training for young people 302
         Employer-provided training 303
      Rewards and remuneration 304
         Minimum wage 305
         Performance-related pay 305
      Employee relations 306
         Trade unions 306
         Trade union membership and density 307
         Collective bargaining 307
         Worker participation 308
         Industrial action 310
         Settlement of industrial disputes 310
   Summary 311
   Revision questions 312
   References 312
# Contents

11 Germany and the Netherlands 315
   Introduction 315
   Contexts: economics, politics and culture 316
      Economics 316
      Politics 316
      Culture 317
   Labour market trends 318
      Unemployment 319
      Equal opportunities and diversity 320
      Older versus younger workers 321
      Immigrant workers 323
   Management and organization 323
      Integrated management 323
      Strategic management 324
      Participative management (co-determination) 324
   Managing human resources 325
      Recruitment and selection 325
         Recruitment 326
         Selection 327
      Training and development 327
         Education 328
         Vocational training 329
      Rewards and remuneration 331
         The minimum wage 332
         Allowances and benefits 333
         Performance-related pay 333
   Employee relations 334
      Trade unions 334
      Works councils 335
      Collective bargaining 338
      Industrial action 339
         Settlement of industrial disputes 340
   Summary 341
   Revision questions 342
   References 342

12 Denmark, Norway and Sweden 345
   Introduction 345
   Contexts: economics, politics and culture 346
      Economics 346
      Politics 347
      Culture 347
Ownership and management practice 377
Internationalized management 377
Managing human resources 378
Recruitment and selection 379
Recruitment 379
Graduate recruitment 380
Selection 380
Training and development 381
Education 381
Vocational training 383
Organizational training 383
Rewards and remuneration 384
The minimum wage 384
Performance appraisal and performance-related pay 385
Employee relations 385
Trade unions 386
Trade union membership and density 387
Collective bargaining 388
Industrial action 390
Settlement of industrial disputes 391
Summary 392
Revision questions 392
References 393

Part IV Case Study  EU Enlargement and its Implications for Work and Employment 395
Introduction 395
The transitional clause 396
Drivers of immigration 397
Implications and responses 398
Questions 400
References 400

Part V Managing in Developing Countries 403
14 African Countries 405
Introduction 405
Contexts: economics, politics, and culture 406
Economics 406
Politics 408
Culture 409
Labour market trends 410
High unemployment 410
<table>
<thead>
<tr>
<th>Contents</th>
<th>xxii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour market trends</td>
<td>443</td>
</tr>
<tr>
<td>Uneven composition and distribution of labour</td>
<td>443</td>
</tr>
<tr>
<td>Unemployment and youth unemployment</td>
<td>444</td>
</tr>
<tr>
<td>From foreign to national labour employment: localization</td>
<td>445</td>
</tr>
<tr>
<td>Public versus private sector employment</td>
<td>446</td>
</tr>
<tr>
<td>Foreign investment</td>
<td>447</td>
</tr>
<tr>
<td>Female employment</td>
<td>448</td>
</tr>
<tr>
<td>Child labour and illegal employment practices</td>
<td>449</td>
</tr>
<tr>
<td>Immigration of skilled and professional labour</td>
<td>449</td>
</tr>
<tr>
<td>Management and organization</td>
<td>449</td>
</tr>
<tr>
<td>Inherited management policies and practices</td>
<td>450</td>
</tr>
<tr>
<td>Authoritarianism</td>
<td>450</td>
</tr>
<tr>
<td>Paternalism</td>
<td>451</td>
</tr>
<tr>
<td>Centralization of decision-making</td>
<td>451</td>
</tr>
<tr>
<td>Politically oriented management</td>
<td>451</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>452</td>
</tr>
<tr>
<td>Adopted management policies and practices</td>
<td>452</td>
</tr>
<tr>
<td>Adopted socialist management systems</td>
<td>452</td>
</tr>
<tr>
<td>Adopted capitalist management systems</td>
<td>452</td>
</tr>
<tr>
<td>Factors conditioning management and organization in Arab countries</td>
<td>453</td>
</tr>
<tr>
<td>Traditional norms and values</td>
<td>453</td>
</tr>
<tr>
<td>Islamic values and principles</td>
<td>456</td>
</tr>
<tr>
<td>Managing human resources</td>
<td>461</td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td>461</td>
</tr>
<tr>
<td>Recruitment</td>
<td>461</td>
</tr>
<tr>
<td>Selection</td>
<td>462</td>
</tr>
<tr>
<td>Training and development</td>
<td>463</td>
</tr>
<tr>
<td>Vocational training</td>
<td>464</td>
</tr>
<tr>
<td>Organizational training</td>
<td>464</td>
</tr>
<tr>
<td>Management development</td>
<td>464</td>
</tr>
<tr>
<td>Rewards and remuneration</td>
<td>465</td>
</tr>
<tr>
<td>Seniority-based pay</td>
<td>465</td>
</tr>
<tr>
<td>Nationality-based pay</td>
<td>466</td>
</tr>
<tr>
<td>Pay for goodwill</td>
<td>466</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>467</td>
</tr>
<tr>
<td>Performance-related pay</td>
<td>467</td>
</tr>
<tr>
<td>Employee relations</td>
<td>468</td>
</tr>
<tr>
<td>Trade unions</td>
<td>468</td>
</tr>
<tr>
<td>Collective bargaining</td>
<td>469</td>
</tr>
<tr>
<td>Industrial action</td>
<td>469</td>
</tr>
<tr>
<td>Settlement of industrial disputes</td>
<td>469</td>
</tr>
</tbody>
</table>
Labour market trends 533
  Unemployment 534
  Agricultural employment 535
  Declining public sector employment 536
  Informal sector employment 536
  Self-employment 537
  Temporary, seasonal and short-term employment 537
  Multinationals and employment 538
  Increasing employment of women 539
  Child labour 539
  Labour migration 540

Management and organization 540
  Person-centred approach 540
  Authoritarian management 541
  Centralized approach 541
  Procedural formality and formal behaviour 542
  Paternalism 542
  Face-to-face communication 543

Managing human resources 543
  Recruitment and selection 543
    Recruitment 544
    Selection 544
  Training and development 545
    Organizational training 545
    Apprenticeships 546
    Vocational training 546
    Management education and training 547
  Rewards and remuneration 548
    Minimum wage 548
    Rewards and the family 549
    Pay inequalities 549
    Limited employment benefits 550
    Performance appraisal 550
  Employee relations 550
    Trade unions 551
    Collective bargaining 552
    Industrial action 552
    Settlement of industrial disputes 553
Summary 553
Revision questions 554
References 554
## Part V Case Study  Making Poverty History

- Introduction 557
- Aid, trade and security 558
  - The need for sustainable and developmental aid programmes 559
  - The need for fair international trade and more foreign direct investment 559
  - The need for peace, equality and justice 560
- Management and organization 561
- Conclusion 562
- Questions 562
- References 562

## Part VI Conclusion

19 Emerging Issues and Future Challenges in Managing Across Cultures

- Introduction 565
- Managing diversity 566
- Managing equality 568
  - Employment of women 569
  - Employment of ethnic minorities 571
  - Employment of older people 571
  - The need for international equal opportunities policies 571
- Managing flexibility 572
  - Flexible working practices 573
  - Family-friendly policies 574
- Ethics in managing across cultures 576
- Managing information technologies 577
- Managing environmental awareness and employee well-being 579
- Summary 580
- Revision questions 580
- References 581

**Glossary** 585

**Index** 599