Managing Globally

Managing a diverse, global environment is critical today—how you do it depends on where you are.

By Dianne Nilsen, Brenda Kowske and Kshanika Anthony

Today’s global business environment makes the job of the manager more complex and difficult. Few businesses are immune from globalization’s influence as they expand into new markets, outsource across borders and encounter foreign competitors. Even if your company operates stateside, hiring domestically from a diverse array of nationalities is commonplace.

Because business decisions have gone global, so have the duties of many managers, making their job rife with cultural adaptation issues. Managers must respond to nuances in communication styles and the expectations that employees have of their leaders across cultures. Whether by globe-trotting, telephoning, e-mailing and videoconferencing across far-flung time zones, or by managing face-to-face or one-on-one, the manager’s job has to get done. A global environment puts greater pressure on managers to recognize and adapt to cultural differences in ways of doing business.

Managing employees with dissimilar backgrounds and cultures means the burden is on managers to produce results while adapting to these differences among those they manage. Personnel Decisions International (PDI) conducted extensive research on cultural differences with the use of its PROFILO tool, a widely used multi-rater managerial performance feedback instrument. The research drew on data collected from bosses around the world. Across nearly 250 companies—many of these members of the Fortune 500—more than 3,600 bosses ranked 24 managerial competencies by level of importance.

When comparing the competencies that are rated as most important for managers to have across cultures, the data suggest some striking similarities. Consistently, bosses worldwide rated the ability to “drive for results” and “analyze issues” as the most critically important competencies in mid-level managers. Most bosses worldwide also consistently rated the following managerial competencies as extremely important: "act with..."
integrity,” “sound judgment” and “manage execution.”

Think Globally and Adapt

However, other managerial skills are not so universally valued. The findings suggest that the old chestnut “think globally, act locally” calls for a new paradigm: one that moves away from the geographic concept of where you do business or merely honoring local customs and moves toward how you do business and how you manage. Thus, in the quest to drive for results, when it comes to managing globally, managers must adjust how they manage.

How a manager gets results, wins respect and leads employees varies tremendously among countries, cultures and individuals. Adjustments don’t come easily. Inherent differences among people based on their heritage as well as the historical and social lens of their culture make managing interesting.

Tensions between the culture of an organization and the culture of the local country and its management style can certainly exist. One potential arena for culture clash in business is when East meets West. Take the scenario of Western managers working in Japan. Interestingly, the PROFILOR data on bosses’ ratings of managerial competencies shows that bosses in Japan rated the importance of “championing change” considerably higher than managers from other cultures.

This finding may be indicative of the high-context, collectivistic culture of Japan, where communication tends to be more subtle and indirect. In Japan, managers often use consensus-building techniques to internalize change within the individual before anything is execut-
ed or acted on. Surely, this cultural environment is ripe for conflict with the authoritative, do-it-now leadership style so common to Western managers.

**Culture Clashes**

In the case of a Fortune 500 retailer that manages with typical U.S. flair, upper management became frustrated when its Japan operation delayed implementation of a new computerized system. When the unit finally implemented the system, however, the effort was overwhelmingly more effective than the average 65 percent success rate the retailer achieved elsewhere. U.S. management learned that although the Japan operation was slow to “pull the trigger,” it was striving to internalize ownership of the project before executing it. The result was a quick and well-executed change.

PDI’s research indicates that this management style is common in Japan: Bosses in Japan rated the importance of “establishing plans” and “providing direction” among the top five managerial competencies. Although these competencies are rated highly elsewhere as well, bosses in Japan gave them greater importance than bosses in other countries did.

In another case, a Japanese unit of a high-tech multinational company nearly missed getting a new product to market by failing to alter its project management style. Project managers in Japan found their e-mails went unanswered by European managers who didn’t understand the product design changes they needed to make. Similarly, the managers in Japan couldn’t spur on colleagues at U.S. corporate headquarters to assist in getting their needs addressed.

The lack of face-to-face communication of the Japanese business unit left managers with little ability to influence and effectively communicate across cultures. The managers in Japan learned that even a slight adjustment to their communication style, perhaps meeting with the European managers or the use of teleconferencing, would have aided their progress.

The PROFILOR research showed that the “foster open communication” competency was rated nearly equally in importance in both the United States and Japan, indicating it’s not either culture that values communication more, but each has different communication styles that must be considered when conducting business cross-culturally.

In Latin America, previous research suggests that cultural behavior is commonly steeped in being specifically directed what to do. Here, the high “power distance” seen at some enterprises can stem from a hierarchical reporting structure and autocratic leadership style.

In Latin cultures, inquiries into personal lives are often expected before business is transacted. Typically, it’s assumed that business relationships will be built over time, based on trust. Notably, PDI’s research showed that bosses in Mexico rated “act with integrity” as the most important managerial competency, followed by “drive for results” and “sound judgment.”

Similar to Latin cultures, what’s known as micromanaging in the United States is a more common way of man-
aging in mainland China. Generally speaking, direct reports expect to receive specific directions and detailed explanations from their managers, not broad goals. Previous research on culture has demonstrated that China's culture could be considered more risk averse due to the social ramifications of failure. Failing can mean losing face in front of your employees, clients, leadership or society—a fate that many Chinese consider shameful.

Likewise, managers in China, as bosses, are seen as highly respected pillars of authority to which employees traditionally assign parental-like attributes. It's not uncommon for workers in China to seek personal advice from their supervisor, and white-collar workers might expect to be coached by their boss. Bosses in China rated the importance of "fostering teamwork" higher than bosses in most other countries—as a top five managerial competency.

In the Middle East, it's commonly held that business has a strong social component: Personal and face-to-face communications are highly valued. Similar to Asian cultures, less emphasis is given to winning immediate results in this consensus-driven and non-confrontational culture. Networks take on heightened importance to take care of business in the Middle East. Western-style managers may find it difficult to come in and bulldoze their way to get results. Rather, managers must engage elders, who may not necessarily be the highest-level executives of the organization, but nonetheless wield informal influence and power.

Avoiding Cultural Pitfalls
Managers are only human. Cultural biases can easily compel a manager to jump to the wrong conclusion or make a bad decision. These global scenarios suggest that relegating managers to expatriate assignments in countries they know little about can court failure. Even the highest-performing managers can easily stumble over their own prejudgments involving a person's appearance, attitude or behavior.

Consider the case of a European manager who met with high-level government officials in a Middle Eastern country. Prior to the meeting, he noticed a woman who was completely covered and assumed she was a secretary. To him, the dress implied she was subservient, perhaps a low-level staffer. The manager was surprised to discover she was one of the officials he was meeting. The female official had been educated in the West but chose to cover up when she returned to her native country.

The culture of an organization can also override national or geographic cultural norms, impeding business progress. Is the conflict or business problem arising from organizational or cultural influences? As the examples from Japan illustrate, sometimes it's a little of both. Within any country, managers may encounter subcultural differences from one region to another and certainly among organizations. For example, a U.S. manager with a long career in a decentralized company with an informal style of communicating and managing might clash with employees when transferring to a hi-

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In the midst of day-to-day business, getting perspective on these organizational-cultural issues is difficult at best. Managers are busy doing their jobs, not dealing with these broader, systemic issues of the organization. These difficult situations aren't typically reported to headquarters, and firms may provide little to no training in global management.

Globalization Increases Complexity

The job of the manager will only get more difficult in the context of managing globally. Currently, China is a great example of these challenges. As China emerges as a power in the global market and as multinationals raise their expectations for revenue growth in the region, managers and expatriates in China alike are struggling, spread thinly as they take on broader spans of responsibility and supervision.

The fast-growth environment makes it more difficult for managers to give employees the support and direction they crave. Moreover, as workers in China increasingly migrate between different regions in the country, where subcultural environments vary widely, managers must deal with a melting pot of employee expectations.

How managers go about their own “drive for results,” the leading managerial competency, varies tremendously across cultures. Nevertheless, managing within a different culture is really only an extension of what managers do every day, and that's working with differences. When managers fail to adapt and respond to these differences, projects may fail and employees clash.

As these scenarios of cultural differences illustrate, it behooves managers to delve outside their comfort zones, get to know the people they're working with and challenge their prejudices. Managers who are cross-culturally sensitive while recognizing individual differences stand to do well in their own performance while raising the bar of the entire enterprise.

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