



CULTURAL DIFFERENCES AND HOW THEY INFLUENCE THE ORGANIZATIONAL CULTURE

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Abstract:

Organizačný poriadok je vidno vo vseh aspektach funkcjonowania organizacie, spravovanie pracujucich, interier, a tiez v tom ak organizacia je hodnotena z vonku. Problem kulturnych roizdelov ako sucinitela ovplyvnujuceho kulturu organizacie, ma dolezity vyznam v podmienkach postupujucej globalizacie a internacionalizacii podnikov.

Introduction

The phenomenon of the culture in an organization and the role that culture plays in the organization was brought to attention especially during the late eighties and nineties with the increasing fascination with this topic in the fields of sociology of organizations and psychology of management.

Organizational culture is at the same time connected to and borrows from various cultural processes undergoing in the organization's environment. Each organization contains some aspects of the national, regional, industry's branch, professions and experts culture – all aspects of environment in which and with which the organization functions. Every organization emerges, even if only partially, due to certain cultural processes created by various subjects existing in its vicinity. However, the most direct external factor that influences the organizational culture is located inside the organization itself – the organization's employees.[1]

Employees are being influenced by various institutions present in the culture before they even join the given organization. The mentioned institutions, such as family, society, nation, country, religious order, educational system and many others in which they participate have been shaping their beliefs, habits and identity. Employees bring that external influences with them to the organization they decide to join and because of that it is sometimes very difficult to separate the organizational culture from wider cultural processes.

1. Organizational culture

The most commonly used definition of the organizational culture was proposed by Edgar H. Schein. He defines it as “the deeper level of basic assumptions and beliefs that are shared by members of an organization, which operate unconsciously and are defined in a basic ‘taken for granted’ fashion as an organization's view of itself and its environment”. [2] Culture is viewed as a “personality” of each organization, it can be observed in ways in which the individuals and groups behave or react to changing circumstances, in their values and

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opinions, in the ways in which occurring problems are solved, in the offices' furnishing or the aesthetics of the interiors. Organizational culture can be found in every aspect of organization, it is a part of every manager and worker, their beliefs and attitudes. It is an integral part of human relations, it is present in the organization as a whole and in particular in departments. Organizations of course vary according to the strength and depth of their culture.

The organizational culture does not exist in the void and it is dependant on many internal and external factors. The basic factors influencing organizational culture are presented in figure no. 1.

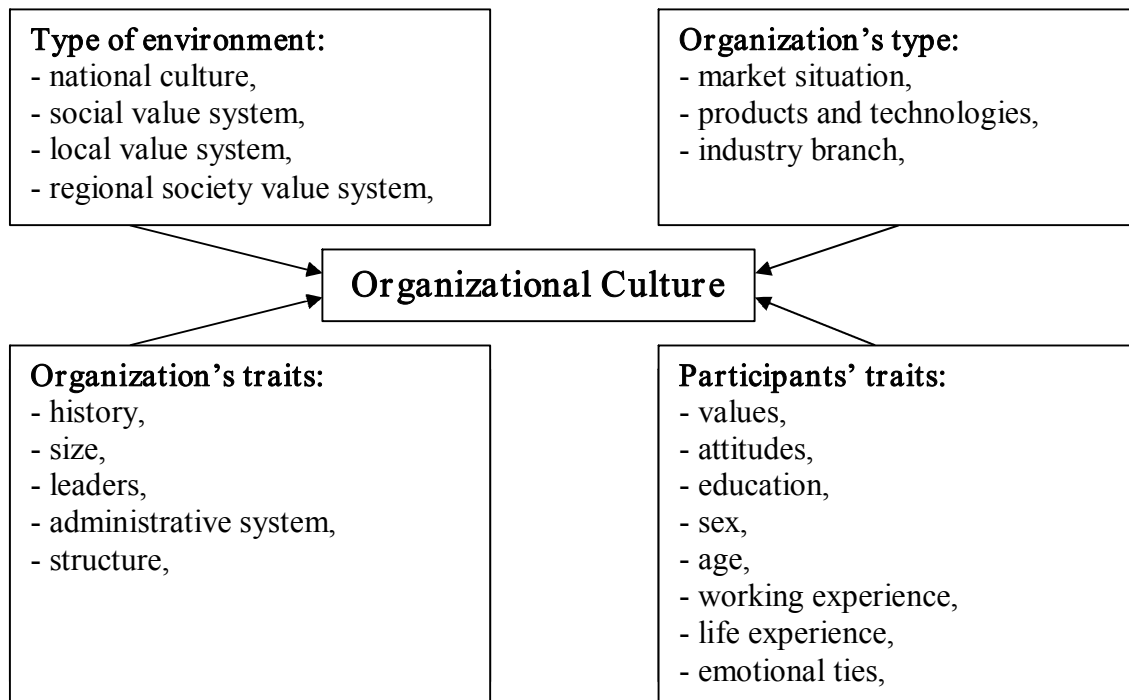


Fig. 1. Organizational culture conditioning.

Source: Zarządzanie przedsiębiorstwem, edited by M. Strużycki, Difin, Warszawa, 2004, pp. 465.

As it was noted earlier the connotation of the culture and the organization has become a phenomenon of modern times. In the late eighties researchers started to realize that the deterministic rationality of techniques and organizations was becoming less and less adequate in describing complex and socially rooted occurrences which were the subjects of management. The process of globalization became important as the growing international contacts provided many occasions for cultural misunderstandings and conflicts. Technological and organizational transfers are limited by different barriers, which result mainly from cultural differences. Therefore organizations and their cultures are the subject of the ongoing researches, especially when it comes to the point of structure, strategy, controlling and human resources management.[3] The culture present in the organization reflects the strength and style of the strategic leader, it also affects the setting of goals and administrating the resources, it can be seen as a central driving force for a number of linked elements.[4]

Organizational culture is fulfilling the following functions within the organization: [5]

- integrative,
- perceptive,
- adaptable,
- allowing identity,

- stimulating organizational change.

When it comes to the integrative function of the organizational culture, the organizational culture could be compared to some kind of 'social glue' that keeps all parts of an organization together. That 'glue' can be seen as participation within the organization, which shows itself by acceptance of common goals, values, norms and opinions. The integrative function of the organizational culture can also be connected to the unification of the employees' relations toward the organization itself.[6]

Organizational culture can be described as a resultant of many external and internal factors. However, the national culture of the country in which the organization is active is always treated as an especially important factor. The intercultural management tries to determine the connections between the management and the national cultures and tries to describe in which way the national cultures are able to influence the management.[7]

2. Cultural differences

In the literature many different cultural dimensions were identified and described in works of e.g. Hofstede, Trompenaars and Hampad-Turner. These cultural dimensions blend together into unified configurations of the culture connected to other subsystems (for example strategy or structure). Some of the cultural dimensions may be treated as the primary (basic) ones, and as such being the basic for creation of the secondary cultural dimensions. The secondary dimensions can be drawn from the primary ones through semantic analysis of a given dimension. The secondary dimensions will be correlated with the primary ones if the research is representative. But it does not necessarily mean that they can be treated as identical. The primary cultural dimensions are as follows:[8]

- individualism vs. collectivism,
- hierarchy vs. equality,
- uncertainty avoidance.

The most popular typology of the cultural dimensions is the one proposed by the Hofstede. Using his four cultural dimensions it is possible to define each country's national culture and then to apply its influences to the organizational management and social life.

The French authors using the Hofstede model were able to describe the French culture as being: individualistic, risk avoiding, accepting big power distance and femininity.[9] From these traits the typical French organizational and institutional solutions can be tracked. France is a country that literally loves bureaucracy, because bureaucracy is the ideal way to realize values and norms of the French national culture – it lowers the functional risks, the people actions are based on clear, objective regulations, it accepts power distance and places people in the hierarchy accordingly to their individual efforts and skills. At the same time the social policy avoids liberalisation of the economic and social life, what can be stated in favour of the femininity of the French culture.[10]

In the same way the Japanese economy and managerial style reflect the Japanese culture which is strongly rooted in Buddhist traditions. Collectivism of the Japanese culture, small power distance, masculinity, and lack of risk acceptance had a part in creating a rather specific economic system that is based on strong role of the government and on business concentration using the collective and strong relations between the employees, the management and the whole organization. The Japanese collectivism is voiced not only by visible symbols such as collective gymnastics, behavioural unification, but especially in team

decision-making, functioning quality circles and skilful cooperation of organizations within the industrial groups or corporations.[11]

It is said that the national culture influences the organization but it is more true to state that organizational decisions are more influenced by the employees' cultures.[12] In the times of economic integration the issue of not only differences but also similarities between the cultures of the countries striving for integration emerges. Good example of such integration is of course the integration of the countries of West Europe. One may assume that it should be a quite complex and complicated process: fifteen different countries, with different languages, traditions and historical-cultural roots. However, this process not only proves to be possible but also successful enough to embrace more European countries on further notice. If we were to dwell on that topic, and investigate better the Western Europeans and compare them with for example Americans or Japanese, we might discover that they have more in common than it can be observed at the first glance. In the countries of Western Europe some historical and cultural differences can be dated back to the common traditions and ideas of ancient Greece and Rome – Greek philosophy became the root of today's science.[13]

In the European schools people are taught to dispute and to solve problems through the discussion and group argumentation. That obviously influences the decision-making process in the European companies. New solutions are first brought to attention through the discussion, later on the interested parties negotiate appropriate issues and only then the consensus and agreement are reached; the decisions are made and later implemented, while in the USA the decisions are made solely by the managers and then enforced on the rest of the employees.[14] Americans do not ponder on solutions – they value facts and numbers. It can be even said that the whole decision-making process is rather formalized, and the decisions are made concerning the short time horizon. It is probably due to the strong pressure from the shareholders and the necessity to report quarterly their results, on which basis they are evaluated and accordingly punished or rewarded. If for the two following quarters the situation of a given company is not promising the positions of the managers may become endangered. Because of that they are forced to think how to earn profits in short-term, – long-term investments not only postpone the expected profits but may even result in temporary losses.

The Japanese organizations are not as much focused on short-term results as the American ones. Due to that they are able to work out long-term strategies and they are also more flexible in a short time horizon. However, they are not as profitable, because they are aiming at increasing their market share, not at returning the invested capital. They also place the interests of the employees and co-operators (stakeholders) at the same level of importance as the interests of the shareholders.[12]

In Europe the time horizon is not as long as in Japan and not as short as in the USA, and depends on the industrial branch in which the organization is active. In Japan managers personally discuss the new solutions with the regular workers, asking for their opinions. The final decision is made solely by the managers, but employees feel as if they were the part of the decision-making process, thus their morale is higher and they work more efficiently. It shows another cultural difference: in Japan the manager is present among their employees on the daily basis, while in Europe managers work separately in their respective offices. For the Americans such a problem does not even exist, since he or she makes his or her decisions only on the basis of the reports received from the employees. Similarly, in the USA the managers are not interested in the organization because the pressure is applied to the

knowledge of the methods and techniques of the management systems, not to the branch in which the company is active. Because of that the frequent changes of the managers are not uncommon – a fact that would not be accepted in European organizations. In Europe the carrier path is defined in the aspects of working the way up the hierarchy ladder in a given company and the experience and knowledge about the company's activities is taken into consideration. When one of the best managers wants to change the organization it may be hard because the rest may think that he somehow failed and they try to find out the real reasons for his decisions. In Japan an employee chooses the company for the whole life and a young worker is aware of his carrier prospects. He has to be loyal, scrupulous and hard-working to achieve in the appropriate time the highest position designed for him.[15]

In Japan the opinion of the manager is absolute and everyone respects him. Also in America all managers' decisions are respected, however they may be fulfilled in an automatic way. In Europe it is not enough to be the manager, charisma and leadership's skills are also required. It is not enough to order something, the manager must also be able to motivate and encourage employees to follow his instructions. The sluggishness and conservatism of the Europeans become evident. The American proposes one idea after another and does not hesitate to undertake a risky project, and when it fails he immediately moves to work on another, the European prefers to give the project to someone else than launch his own in fear of the failure that is undesirable in his surrounding. In Japan the situation is opposite – a manager who hesitates in promoting a new project is seen as incompetent.

Differences in the organizational behaviours result not only from the cultural differences but also from legislative and institutional factors. In the USA the main goal of the organization is to earn profit for its shareholders. In Europe the organizations have to take into account the interest of all the stakeholders: employees, suppliers, customers, creditors and even local societies. As a result the organizations cannot pursue the profits at all costs, and have to consider all the mentioned groups of the stakeholders while making strategic decisions. In Japan the employees are considered as the co-owners of the organization and the main aim of the organization is to secure the well-being of the people, the profits being only the means to achieve this goal.

Summary

The culture is viewed as a “personality” of each organization, it can be observed in ways in which the individuals and groups behave or react to changing circumstances, in their values and opinions, in the ways in which occurring problems are solved, in the offices' furnishing or the aesthetics of the interiors. The organizational culture can be found in every aspect of organization, it is a part of every manager and worker, their beliefs and attitudes. It is an integral part of human relations; it is present in the organization as a whole and particularly in departments. The issues of cultural differences and their influence on the organizational culture became especially important as a result of increasing multicultural diversify of organizations' employees brought by the ongoing process of globalization and forming of large global corporations.

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