

MANAGING CULTURALLY DIVERSE STAKEHOLDERS IN INTERNATIONAL PROJECTS: THE PROBLEM OF PLANNING

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ABSTRACT

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INTRODUCTION

Traditionally, project management education and research has focused on the management of projects at a single location either within one organization or amongst two or more organisations, occasionally considering contractors and sub-contractors at that single location. In the international project environment we operate in today, the need to recognise, understand, and manage cultural influences in the project management process (which has always been important) becomes a critical success factor (Loosemore & Al Muslmani, 1999). As the frequency of our interactions with people and organisations around the globe accelerates, so does the need to understand the styles of management and leadership of those people. Likewise, project managers who lead, manage, and supervise in other countries need to be fluent in the practices of those countries.

This paper surveys relevant literature and analyses and synthesises research findings concerning effects of cultural differences upon the project management process, focussing specifically upon planning. Well-established theories of cultural influences are discussed, and the influences of cultural values on opinions, attitudes, beliefs, and behaviours concerning planning are identified.

When it comes to planning and implementation, culture can play a large role in many aspects of the planning process. In particular, mission/vision statements and time horizons are key areas that can be greatly influenced by culture (Ball, 2006).

A company's mission statement is supposed to reflect the overall goals of the company, and should clearly state what the company is trying to achieve. Objectives can be heavily influenced by the culture of which the company is a part. For example, if a mining company is embedded in a culture that values mastery over the environment rather than harmony with the environment, attitudes toward environmentalism are certainly affected. The

company's mission statement may not mention the environment at all, but instead emphasize its commitment to providing customers with the cheapest ore possible.

During the process of goal setting, time horizons can vary greatly, depending upon the overall culture's perception of time. For example, one company may define a "short term" goal as 6 months, whereas another culture may say "short term" and mean five years. How a culture perceives time, and what the cultural expectations of "timeliness" are will have an influence on how business goals are defined and implemented.

Culture-based opinions, attitudes, beliefs, and behaviours are not static, and do not apply to everyone within a certain country or demographic. Personality characteristics and sub-cultures of particular individuals and groups mediate national cultural influences, so as in any endeavour involving human interaction, thoughtful interpretation and application of knowledge concerning interactions is required.

THE PROCESS OF MANAGEMENT

Hofstede (2007b) proposes a general definition of management, "getting things done through other people. Or more specifically: coordinating the efforts of people towards common goals. The other people involved may be subordinates, clients, customers, suppliers, authorities, or the public in general. Important is that management is always about people. Jobs in which no other people are involved are technical, not management."

It is impossible for culture not to impact domestic business operations since every country has its own culture and every company is situated within a country. Because we are so immersed in our own cultures as individuals, it is easy to forget that how we conduct business and make plans is just as culturally bound as how others conduct business in their own countries. Our domestic culture dictates how our domestic companies operate, so it is nearly universally concluded by academics and practitioners that it is impossible to separate culture from business. The question should therefore ask, "How does domestic culture impact domestic business operations", and "how is the domestic culture in another country different than mine".

Kotter (1990) provides a succinct analysis of management (compared to leadership) as a system of action required to effectively guide organizations. Companies manage complexity first by **planning and budgeting**, setting goals for the future and establishing detailed steps for achieving those goals, then allocating resources to accomplish those plans. Management develops the capacity to achieve its plan by **organizing and staffing**, creating an organizational structure and set of jobs for accomplishing plan requirements, staffing the jobs with qualified individuals, and communicating the plan to those people, delegating responsibility for carrying out the plan, and devising systems to monitor implementation. Finally, management ensures plan accomplishment by **controlling and problem solving**, monitoring results vs. the plan in some detail, both formally and informally by means of reports, meetings, and other tools; identifying deviations from the plan; and then planning an organizing to solve the problems. These are based upon the classic management roles of Fayol (1949) and Koontz (1959). Planning has been defined as:

Fayol (1949):

(1) *Planning* – determining what the organization should accomplish, both in the short and long term, and determining courses of action that achieve the organization's goals.

Koontz (1958):

1: *Planning*—the selection, from among alternatives, of enterprise objectives, policies, procedures, and programs.

(2) *Organizing* – defining the logical relationships between the organization’s physical and human resources

2. *Organizing*—the grouping of activities necessary for accomplishing enterprise purpose, the assignment of these activity groupings to managers with the necessary authority relationships horizontally and vertically in the structure to assure the degree and kind of coordination desired.

(3) *Co-ordinating* – synchronizing and harmonizing the activities of independent functions within and external to the organization

3. *Staffing*—the selection and training of subordinates.

(4) *Directing* – influencing or affecting the behaviour of members of the organization to work towards achieving the organization’s goals

4. *Directing*—the overseeing of subordinates in the undertaking of their assigned duties.

(5) *Controlling* – comparing actual performance with expected performance or goals and taking corrective action as necessary.

5. *Controlling*—the measurement and correction of activities of subordinates to make certain that plans are transformed into action.

It is interesting that these two lists do not include scheduling as an element of planning. These descriptions of the roles of management still tend to dominate management thought and education, though they have been criticized as being vague and inadequate, not prescribing specific activities that managers perform. The Malcolm Baldrige Award criteria (National Institute of Standards and Technology, 2008) refer to a process view of management:

1. Leadership
2. Information and analysis
3. Strategic planning
4. Human resource development and management
5. Process management
6. Customer focus and satisfaction
7. Business results (not really a process of management, but an outcome)

A process that is missing as a specific task in all of these discussions is *relationship building*. Relationship building is a necessary, important and accepted activity in societies that are more in-group oriented than individual orientated (Collectivist/Individualist societies, in Hofstede’s 2001 terminology; see Chen and Chen, 2004). Even in North America, with Canada and the US being Individualist, Saeed, Malhotra and Grover (2005) found inter-organizational systems of communications and networking that facilitate boundary-spanning activities of a firm enable them to effectively manage customer and supplier relationships. A well-known homily in North American business is “It’s not what you know; it’s who you know”, though more often used as a criticism of organisational functioning.

THE PROCESS OF PLANNING

I will define *planning* as the process of setting goals, developing strategies, and outlining tasks and schedules to accomplish the goals. Project planning is a discipline for

stating how to complete a project within a certain timeframe, usually with defined stages, and with designated resources:

- Setting measurable objectives
- Identifying deliverables
- Planning the schedule
- Making supporting plans

“Supporting plans” may include those related to specialist functions: human resources, communication methods, risk management, etc. Planning is a part of management that may or may not be attached to a specialist function. Planning is also a symbolic activity, which may or may not have an impact on what happens afterwards. Even if it does not have a direct impact, it will in some cultures still be functional because it allows management to feel more secure (Hofstede, 1984).

CULTURAL COMPARISONS

My cultural comparisons in this paper are based upon likelihood of business interactions of Brazilian businesspeople with businesspeople from other cultures. In Table 1 is a list of the top ten countries for Brazilian exports and imports in 2006. We will select 5 important partners, are Argentina, China, Germany, Japan, and the USA, for cultural comparisons. New Zealand is added as being of interest to me, and Hong Kong is added as research indicates it has different mean cultural values than Mainland China.

Table 1. Brazil’s International Business Partners

Export Customers	Import Sources	Weighted, Exports + Imports, top 5
United States (17.8% of total exports) Argentina (8.5%) China (6.1%) Netherlands (4.2%) Germany (4.1%) Mexico (3.5%) Chile (3.1%) Japan (3.0%) Italy (2.7%) Russia (2.5%)	United States (16.2%) of total imports) Argentina (8.8%) China (8.7%) Germany (7.1%) Nigeria (4.3%) Japan (4.2%) Algeria (3.9%) France (3.7%) Nigeria (3.6%) South Korea (3.2%) Italy (3.1%)	United States, 34.0 Argentina, 16.8 China, 14.8 Germany, 11.2 Japan, 7.2

Source: CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html#Econ>

CULTURE

As the global and local societal and business environments change, strategy and planning must change, but culture remains the same, or changes much more slowly than other environmental influences. Members of a culture respond to the values dictated by their culture. When using culture as an analytic or predictive variable, the practitioner must

remember that the major theories of cultural dimensions are compilations of measures of individual values, usually expressed by the mean, the average score, of a dimension. As the measure of cultural values is dependent upon measures of individual values, it becomes impossible to predict the influence of culture on individuals. Mean scores of cultural dimensions indicate a milieu, which will vary across individuals and perhaps across regions in a country.

The influential theorist Hofstede (1980, 2001) conceptualises culture as shared meanings assigned by culture members to things and persons around them, encompassed in his much-cited phrase, the “collective programming of the mind”. Herskovits (1948) favoured a much broader conceptualization captured by the phrase “the man-made part of the environment”. The major theories centre around value dimensions as the bases for conceptualising culture, as they can be expressed in a de-contextualized manner (values are internalised and operate across most or all contexts). Respondents can be asked to report their values, without the need to specify what actions might be entailed by adherence to these values, given contingent circumstances. Individual reports of values can then be used as indirect indicators of the cultural values that effect the many decisions that people make in their life within a society (Schwartz, 1999). In contrast to reports of values, behaviours are always enacted within a defined context, and this context will help to define one of various possible meanings to those who are active in that context. The contextualized quality of behaviours poses problems for anyone who wants to draw practical implications from characterizations of cultures in terms of values. In order to see why particular behaviours prevail in a given culture, we need to better understand how generalized values are linked to specific actions.

E.T. Hall (1959: 1), in *The Silent Language*, begins with two themes, cultural differences in the perception and use of time and space, topics of two later books, *The Dance of Life* (1983) and *The Hidden Dimension* (1966). In these works he discusses time, interpersonal communication and context, and space.

Monochronic and Polychronic Time

Hall's first distinctions were between what he calls monochronic and polychronic time. Monochronic time, "M-time", is one-thing-at-a-time, following a linear form. Time flows from past to present to future. Monochronic cultures stress a high degree of scheduling, and an elaborate code of behaviour built around promptness in meeting obligations and appointments. Polychronic (P-time) cultures are opposite, human relationships and interactions are valued over “arbitrary” schedules and appointments. Many things may occur at once since many people are involved in everything, and interruptions are frequent. P-time, many-things-at-a-time, is common in Mediterranean and European Colonial-Iberian-Indian cultures. Effects on business practice are listed in Table 1. Hall (1983) points out that within a single culture the ability to display both polychronic and monochronic attitudes exist. He uses the example of the French who are monochronic intellectually but polychronic in behaviour. Hall notes that in cultures that keep the past alive (Asian for example) there is less stress because their concept of “scheduling the future” is that it is less important (due to the importance of history and tradition). This can lead to a dependence upon widely held beliefs developed from the past and institutionalised as rules of behaviour and decision-making (Smith, Peterson and Schwartz, 2002).

Businesspeople in a culture that uses time as a linear function (Hall, 1976) would place greater importance on time schedules in planning, as opposed to a culture that defines time as circular or cyclical. Members of a culture with an economy that is industrial or technology based and that competes globally and needs to obtain required raw materials in

time to product products meet customer requirements, requiring planning into the future tend to converge toward M-time, at least in business operations (see Cunha and Cunha, 2004).

High and Low-Context Cultures

High and low context culture refers to the fact that when people communicate, they make assumptions as to how much the listener knows about the subject under discussion. In low-context communication, the assumption is that the listener knows very little and must be told practically everything. In high-context communication the listener is already “in-context” and does not need to be given much background information. This of course influences information-gathering behaviour, based upon the expectations of the members of a culture. Chinese, Japanese, Arabs, and Mediterranean peoples, who develop extensive information networks among family, friends, colleagues and clients and who are involved in close personal relationships, tend to be high-context (Hall and Hall, 1990). Low-context people include Americans, Germans, Swiss, Scandinavians, and other northern Europeans. Low-context people compartmentalize their personal relationships, their work, and many aspects of day-to-day life. Consequently, each time they interact with others they need detailed background information.

Table 1. Some Predictable Patterns Between Cultures With Differing Time Use Systems

Edward T. Hall and Mildred Reed Hall in <i>Understanding Cultural Differences</i> (1990):	
Members of Monochronic Cultures Tend to be Low Context and:	Members of Polychronic Cultures Tend to be High Context and:
<ul style="list-style-type: none"> • do one thing at a time • concentrate on the job • take time commitments (deadlines, schedules) seriously • are low-context and need information • are committed to the job • adhere to plans • are concerned about not disturbing others; follow rules of privacy and consideration • show great respect for private property; seldom borrow or lend • emphasize promptness • are accustomed to short-term relationships 	<ul style="list-style-type: none"> • do many things at once • are highly distractible and subject to attending to interruptions before the issue at hand • focus on an objective to be achieved, but may not be concerned about creating plans to achieve it • are high-context and already have information • are committed to people and human relationships • change plans often and easily • are more concerned with those who are closely related (family, friends, close business associates) than with privacy • borrow and lend things often and easily • base promptness on the relationship • have a strong tendency to build lifetime relationships

Clock and Event Time

Brislin and Kim (2003) find that in international business people will encounter cultures that operation on “clock time” or “event time”, that is, whether the clock directs behaviour or whether behaviour is determined by the natural evolving of events in which people find themselves. If people in a culture behave according to clock time, this means that they are careful about the times of scheduled appointments, make sure that their watches have the correct time, and become irritated if others are careless about scheduled meetings. If people in a culture behave according to event time, then they organise their days around various events and participate in one event until it reaches its natural end and then begin another event. Clock time is found in North America, Western Europe, East Asia, Australia, and New Zealand; event time is often found in South America, South Asia (Singapore may be an exception), and countries with developing economies where the necessity of attention to clock time, e.g. bank and stock market openings and closings, just in time scheduling, is not yet fully part of people’s work habits.

Brisling and Kim (2003) specify these time orientations:

- The USA, New Zealand, and Germany: The pace of life is fast, emphasis on clock time, traditionally monochronic but moving toward polychronic due to pace and complexity of business demands; emphasis is on time; sensitive to time; schedule revolves around the clock.
- Japan, China, Hongkong: The pace of life is fast. Traditionally Asian countries have operated on event time; however, economic development and interactions with North American and Northern European Cultures have led to a clock time orientation. Generally monochronic in business operations.
- Brazil and Argentina: The pace of life is slower. Emphasis is on people; time insensitive; schedule evolves from events; not overly keen to specify definite schedules; business and social activities often mix.

Space: The Hidden Dimension

By “space”, Hall and Hall (1990) refer to the invisible boundary around an individual that is considered “personal”. This sense of personal space can include an area, or objects, that have come to be considered that individual's “territory”. This sense of personal space can be perceived not only visually, but "by the ears, thermal space by the skin, kinesthetic space by the muscles, and olfactory space by the nose" as well (Hall and Hall, 1990: 11).

In humans, territoriality is highly developed and strongly influenced by culture. It is particularly well developed in the Germans and the Americans. Americans tend to establish places that they label "mine", a cook's feeling about a kitchen or a child's view of her or her bedroom. In Germany, this same feeling of territoriality is commonly extended to all possessions, including the automobile. If a German's car is touched, it is as though the individual himself has been touched. Space also communicates power. In Germans and Americans the top floor is more important than others, while for the French middle floors are more important (Hall, 1990: 11).

Personal space is another form of territory. Each person has around him an invisible bubble of space which expands and contracts depending on a number of things: the relationship to the people nearby, the person's emotional state, cultural background, and the activity being performed. Few people are allowed to penetrate this bit of mobile territory and then only for short periods of time. Changes in the bubble brought about by cramped quarters

or crowding cause people to feel uncomfortable or aggressive. In northern Europe, the bubbles are quite large and people keep their distance. In southern France, Italy, Greece, and Spain, the bubbles get smaller and smaller so that the distance that is perceived as intimate in the north overlaps normal conversational distance in the south. This means that Mediterranean Europeans "get too close" to the Germans, the Scandinavians, the English and those Americans of Northern European ancestry. In northern Europe, one does not touch others. Even the brushing of the overcoat sleeve can to elicit an apology (Hall, 1990).

CULTURAL DIFFERENCES: A THEORY OF CULTURAL VALUE DIMENSIONS

The well-known cultural value dimension projects of Geert Hofstede (2001), Shalom Schwartz (1999), Ronald Inglehart (1997), and the Global Leadership and Organisational Effectiveness (GLOBE, House et al., 2004) project, propose that cultural value emphases guide and justify individual and group beliefs, goals, and actions. Institutional arrangements and policies, norms, and every day practices express underlying cultural value emphases in societies. I am using Hofstede's (n.d.) theory as a basis of cultural value dimensions in this paper.

Cultures appear to vary in managerial cultural value dimensions (e.g., Hofstede, 1980, 1984, 2001). Work goal importance is part of a person's total life situation (Hofstede, 1977: 8). Hofstede (1982: 18) points out that by identifying differences in work-related values amongst countries, the answers to what motivates people of different nationalities will become more accessible. Work-related values provide a link between broader cultural values and the behaviour of people at the workplace.

Management in its broadest sense consists in the co-ordination of the efforts of people and of the use of economic and technologic resources in order to obtain desired ends. Management is a socio-technologic activity in the sense that it implies dealing with people (the human or "socio" side) and with non-human resources (the technologic side), as well as with the interaction between these two. Some kinds of management focus more on the human side, e.g., managing a retail sales staff, others more on the technical side, e.g., managing computer programmers. However, neither the technologic nor the human component is ever completely absent. The technologic side of management is less culture-dependent than the human side, but because the two interact, no management activity can be culture-free.

In one of the earliest articles concerning the relationships of national culture and management, Hofstede (1984) points out that the processes of management are carried out in an environment that is man-made. People build organizations according to their values, and societies are composed of institutions and organizations that reflect the dominant values within their culture. Organization theorists are slowly realising that their theories are much less universal than they once assumed; theories also reflect the culture of the society in which they were developed. The nature of management behaviour is such that it is culturally specific, a management technique or philosophy that is appropriate in one national culture is not necessarily appropriate in another (Hofstede, 1984).

Meyer (2006) and Hofstede (2007a) have pointed out that academic management research appears to be trapped between the apparently contradictory objectives of local relevance and publication in "international" journals. The majority of management scholars in many regions are overwhelmingly educated and trained in the USA, and their research has to meet US standards if they want to publish in international journals, that are generally US journals. This effect of a rich and successful society believing that its solutions are universal and selling them to the rest of the world has led to some confusing and ineffective results in practice. As we further develop ownership of global businesses outside of the USA, and

understanding of management expertise will indicate that the processes of the practice of management is not universal. Take for example, the term “Western” management, which usually means US management. What German, French, Italian, Danish, British or Australian authors write and publish locally about management in their own society does not necessarily follow American models. Within Asia, management is a very different process depending whether we focus on China, India, Iran, or Japan. Frequently we cannot even generalize across different provinces within the same country, see, e.g., Littrell, Alon and Chan (2006).

Hofstede in 2008

In the latest expansion of Hofstede’s theory, from comprehensive studies Hofstede (n.d.), by Geert Hofstede, Gert-Jan Hofstede, Michael Minkov, and Henk Vinken, seven value/belief dimensions that differentiated among cultures are proposed: power distance, uncertainty avoidance, individualism, masculinity, long-term orientation, indulgence, and monumentalism. These dimensions are selected as an organizing framework for distinguishing among the cultures examined in this study.

Power distance refers to the degree to which people accept centralized authority and status differences in society and their organizations. High power distance cultures (e.g., European Latin) tend to centralize power more than moderate (e.g., Anglo) or low (e.g., Germanic and Nordic) power distance cultures.

Uncertainty avoidance refers to the extent to which people feel threatened by uncertain or ambiguous situations and seek to avoid them. Cultures that are high on uncertainty avoidance (e.g., European Latin and Germanic) seek stability and security; whereas, weaker uncertainty avoidance cultures (e.g., Anglo and Nordic) can live with more uncertainty. In Japan, uncertainty and ambiguity are actively managed by engaging in information generating activities.

Individualism/Collectivism refers to people’s self-concept as independent actors versus members of a collective or in-group. Cultures that value some collectivism (e.g., Germanic, European Latin, and Nordic) prefer tight social structures in which the group looks after its members; whereas, highly individualistic cultures (e.g., Anglo) prefer looser structures in which individuals look after themselves. The in-group to which people relate in most cases is the extended family, but in Japan the employer fulfils part of the in-group role.

Masculinity/Femininity refers to the extent to which the dominant social values are masculine versus feminine. People from very masculine cultures (e.g., Anglo) tend to be assertive and value things while those from feminine cultures (e.g., Nordic) value cooperation and aesthetics. This dimension relates to the flexibility of roles in society (e.g., men as nurturing parents and homemakers). In high Masculinity societies the roles are rigidly structured, and deviance is looked down upon; in high Feminist societies, either sex may engage in societal roles as family provider, nurturing parent, managerial leader, etc.

Long-Term/Short-Term Orientation is a rather complex and confusing dimension, apparently to both “Western” and Chinese businesspeople, with the problems discussed at length in Fang (2003). The dimension generally consists of opposed values, focusing on the future vs. values stressing the past and present (Chinese Culture Connection, 1987), with the initial label being “Confucian Dynamism” (Hofstede & Bond, 1988). The label was changed to “Long-Term versus Short-Term Orientation” (Hofstede, 1991) when it was publically adopted by Hofstede as a fifth universal dimension of national cultures, due to the dimension being identified outside Confucian-heritage cultures, e.g., India and Brazil.

Recently, Hofstede added two more dimensions to his national cultural values model (Hofstede, n.d.). These dimensions are based on the work of Minkov (2007) which delineates the values of *Indulgence vs. Restraint* and *Monumentalism vs. Flexumility*. Indulgence refers

to the allowance of relatively free gratification with respect to leisure, merrymaking, spending, consumption and sex. Restraint refers to the control of such gratification, where people feel less able to enjoy their lives. Monumentalism (which is correlated with short-term orientation) occurs in societies that reward people for behaviour that embodies pride and resistance to change. *Flexumility*, flexibility plus humility, reflect self-effacing behaviour, and have been re-labelled *Self-Effacement* by Hofstede in his updated dimensional model. The addition of dimensions to Hofstede’s model and the variety of dimensions offered by other researchers above illustrates the limitations of dimensional models of culture as deep analytical constructs for culture. Researchers are immersed in their own cultural experiences and will tend to devise dimensions that speak to their own understanding of what they are observing. The LTO dimension, for example, was not originally identified by Hofstede, but rather by researchers of Asian origin, and originally labelled Confucian Dynamism. Minkov’s dimensions are another example that derives from his experiences in the countries of Eastern Europe and Arabic speaking countries. The advantage to these dimensional models, however, insofar as concerns this ethno-relative framework, is that they are extensible. More dimensions can be added as a way of enhancing the creation of cultural geographies.

Indulgence vs. Restraint: Indulgence defines a society that allows relatively free gratification of some desires and feelings, especially those that have to do with leisure, merrymaking with friends, spending, consumption, and sex. Its opposite pole, Restraint, defines a society which restricts such gratification, and where people feel less free and able to enjoy their lives. Indulgence is analogous to Schwartz’ (1999) Hedonism; inspection of Schwartz Value Survey (SVS) items opposite Hedonism in the Multidimensional Scaling Smallest Space Analysis reveals items similar to those defining Restraint.

Monumentalism vs. Flexumility (a created word, with the dimension name changed to *Self Effacement* by the theorists): Monumentalism is related to pride in self, national pride, making parents proud, and believing religion to be important, similar to McClelland’s (1961) concept of *need for achievement*, which is also a theoretical basis of the GLOBE dimensions. The Flexumility pole identifies societies valuing humility, with members seeing themselves as not having a stable, invariant self-concept, and a flexible attitude toward Truth. Minkov (2007) reports similarities between this dimension and Hofstede’s Masculinity-Femininity role-based dimension. Minkov also relates the dimension to Gelfand’s “tight vs. loose” (Gelfand, Nishii and Raver, 2006). It also resembles Schwartz’ (1999) *Universalism / Benevolence / Conformity / Tradition vs. Power / Achievement* arrays of items in the Schwartz Values Survey.

Table 2 provides z-Score comparisons of the country mean scores for those nationalities of interest.

Table 2.
Cultural Value Dimension Z-scores, Sorted by Individualism

Country	UAI	PDI	MAS	LTO	IDV	Exclusionism (Collectivism)	Indulgence	Monumentalism
China	-1.1	1.1	0.12	2.8	-0.9	-0.2	-1.1	-1.7
China-Hkg	-1.5	0.6	0.22	2.1	-0.6			
Brazil	0.3	0.6	-0.2	0.8	-0.1	0.4	0.7	0.9
Argentina	0.7	-0.3	0.2		0.24	0.4	1.0	0.2
Japan	0.9	-0.1	2.19	1.4	0.24	-0.4	-1.0	-1.7
Germany, West	-0.1	-1.0	0.7		1.0	-1.3	-0.4	Estimate: High
New Zealand	-0.7	-1.6	0.3	-0.5	1.5	-1.3	0.8	-0.5
United States	-0.8	-0.8	0.5	-0.6	1.9	-1.1	1.3	0.2

“Control” and Decision Making

Another way culture may affect strategic processes is through its effects on strategic decision-making. Schneider (1989) identified two decision modes. The “controlling” mode is a top-down process involving formal planning and analytic techniques. According to Schneider, this favours cultures high on power distance, uncertainty avoidance, and individualism. At the other extreme is the “adapting” mode, which is a bottom up activity, relying on qualitative methods and intuition. This favours collective cultures low on power distance and uncertainty avoidance. The decision processes of Anglo and Germanic cultures fall between these two modes. Innovation decision processes are likely to differ between cultures whose top managers use different modes of decision-making.

Lammers (1976) has argued for viewing culture as a moderator and not simply as an independent variable. Moreover, Hoffman (1987) has demonstrated the moderating effects of culture on strategic decision processes. Methodologically, when examining the contingent effects of culture on the average executive characteristics and behaviour, the relationships should be examined across different levels of the moderator, i.e., culture (Venkatraman, 1989).

Brazilian Culture

Hess (1995) believes Brazil has cultural similarities to the USA/Canada and Europe, but is a country where these cultures have mixed and mingled with indigenous cultures for centuries. This mixture is what Da Matta (1997a) has called the *Brazilian dilemma*, or what Brazilians call the *Brazilian reality* (Garibaldi de Hilal, 2006). Brazil is a country where institutions operate through personal relationships as much as by rules. *Diversity* is not the best word for describing Brazil and Brazilians; *mixture* is better (Garibaldi de Hilal, 2006). Brazil is a nation of mixed races, religions, and cultures, mixed in diasporas and the borderlands. Hess (1995) describes Brazil as the product of a particular colonial legacy that includes a class of wealthy landowners who supported a highly centralized Portuguese state. In support, the state imposed a *latifundia*, or plantation agricultural system in Brazil, where the plantations were controlled by patriarchs who exercised nearly absolute authority over their dominions, including the relatively weak government institutions in the geographic area; personal loyalties tend to prevail in Brazil.

Generally in Latin American countries inequalities of authoritarian and hierarchical systems are mediated by the existence of a number of social institutions such as extended kin networks, nepotism, the Brazilian *jeitinho* and Argentine *gauchada*, the art of bending rules, and many practices that might appear corrupt in North America and Western Europe. *Personalism* is resource that people can use to get around the official rules of the hierarchical society. *Personalism* does not work the same way for everyone. The networks of the weak are usually smaller and less influential. As a result, although *personalism* can be used as a resource to subvert hierarchy, as an overall system it ends up reproducing the general hierarchical order (Hess, 1995). In Brazil the workplace is modelled on the home. Da Matta (1998a) studies *mediation in the street and the home*. The space of the *home* is identified with the hierarchical and relational/personalistic moral world, whereas that of the *street* is egalitarian and individualistic. In Latin America, and especially in Brazil, the two worlds of *home* and *street* interact considerably. As a social space, the *home*, and institutions modelled on the *home*, such as the workplace, are places where relations among family members and servants or among superiors and subordinates institute hierarchies of race, class, age, and gender. The *street* is a different sort of place where those hierarchies are suspended. The street is the place where the egalitarian and individualistic principles of the marketplace or legal system are in operation. The *home* is the place where people find their identity, while

the *street* is the place of individual anonymity. In certain situations the *home* encompasses the *street* and all matters are treated in a personal, familiar domestic way; in others the *street* encompasses the *home*: the domain of personal relations is submerged and the axis of impersonal laws and rules prevails. There is, therefore, an ethical duality that operates simultaneously and that determines different behaviours that apply to the *street* (where behaviour is free of the sense of loyalty, free of the meaning of *us*, ruled by the criteria of individualism, by laws and by the rules of the market) and to the *home* (where behaviour is ruled by personal relations, the sense of loyalty and emotions, by reciprocity and friendship). Behaviours are context dependent in Brazil in particular and in Latin America in general: people can express apparently different or even contradictory opinions and behaviours depending on whether they position themselves in the *street* or in the *home*.

Networking and Obligatory Exchange of Favours

All cultures put some sort of a premium on networking, information, and institutions, as we see with the Brazilian *jeitinho* and Argentine *gauchada*. The Chinese place a premium on individuals' social capital within their group of friends, relatives, and close associates. *Guanxi* (*kuan hsi* in Wade-Giles spelling, heavily influenced by the Cantonese dialect) are increasingly complex relationships that expand, day by day, throughout the lives of ethnic Chinese. One is born into a social network of family members, and as one grows up, group memberships involving education, occupation, and residential neighbours provide additional opportunities for expanding the network (see Bond, 1996, where *guanxi* is discussed in most chapters). There are two philosophies which seem to define *quanxi*, the Confucian, or socio-cultural, and the socio-political.

King's (1991) work portrayed *guanxi* as Confucian in its principle logic. *Guanxi*, as a socio-cultural concept, is "deeply embedded in Confucian social theory" (Kipnis 1996, Kipnis 1991: 79). *Guanxi* serves a purpose to reinforce societal bonds between individuals within an organization. The process in which these networks were established is time consuming and highly ceremonial. This area of the process would be defined by the Confucian term *li*, or ritualized social relationship formation (Stockman 2000: 73). These processes occur within certain stages and sequences, and result in a social networking of individuals who are mutually dependent upon each other to achieve personal needs.

Alternatively, *guanxi* is described in the works of scholars such as Yang (1994, 2002) as a socioeconomic and political adaptation to outside power structures implemented by restrictive forces upon the ordinary individual. These theorists insist that such practices as *guanxi* are the "practical adaptations to communist socioeconomic structures" (Kipnis 1997: 6). Regardless, both theoretical groups define *guanxi* as intensive social networks of mutually interdependent individuals, and the excesses of the Cultural Revolution era rendered *guanxi/renqing* networks as essential for life itself (Stockman, 2000: 85). Yang (2002: 459) believes that *guanxi* is evolving as Chinese culture evolves,

"The fact that the Chinese social order was changing (and continues to change) so quickly has meant that *guanxixue* is best treated as a multifaceted ever-changing set of practices which make acts of interpretation and representation a very complex and difficult undertaking. Therefore, the final word on *guanxi* can never be concluded, caught as this social phenomenon is, in the fluctuating stream of history, and resilient as it is in adapting to new institutional arrangements with the introduction of capitalism."

In contrast to the social patterns in “Western” societies, especially the USA, the *guanxi* relationships persist long after the groups are dissolved, reducing face-to-face interaction on the part of members.

Renqing (favours) has many implications in Chinese cultures (Hwang, 1987; Chu, 1991, Littrell, 2002). The direct translation of the Chinese characters for *renqing* is “human feelings”. The dictates of *renqing* are that the human element should not be removed from human affairs, and a sympathetic give-and-take compromise should govern the relationships of men.

The Chinese form lifelong, rich, networks of mutual relations, usually involving reciprocal obligations similar to the Confucian rules, but with the obligations and reciprocity running much deeper. The relative permanence of such social networks contributes to the importance and enforceability of the Chinese conception of reciprocity in the form of *renqing* and *bao*, that is, morality (*bao ying*) based upon obligatory reciprocity of favours. See Yum (1988) for a comparison of reciprocity in Western and Chinese societies. The *guanxi* relationships are useful and used. Hwang (1987) thoroughly analyses the implications of this long-term reciprocity.

Ideally, *renqing* is an informal and unselfish give-and-take among people. In reality, accounts are kept carefully and strictly, and favours and obligations are weighed carefully, and the balances owed between people are known as well as if they were recorded in a ledger. The debts of *renqing* are not often written down or discharged rigidly and exactly, but they are remembered in minute detail and enforced by deeply rooted feelings of guilt and shame in those who fail in the fulfilment of their obligations. From the author’s experience living in China, almost always, when a friend or relation telephones, early in the conversation he or she will be asked, “What do you want?”, with the expectation that some sort of exchange of *renqing* debts and credits is in the offing.

Renqing is often the basis of manipulation of adversaries in business negotiations. An obligation is created through a gesture that might cost little, and the debt is called due when the adversary can only repay it with a more valuable concession. This aspect of *renqing* is worth remembering when engaged in business negotiations. Chu (1991), in *The Asian Mind Game*, presents an informative and entertaining treatment of *renqing* and Chinese, Korean and Japanese cultures in general.

Guanxi – An Ubiquitous Behaviour Paradigm

Societies sharing a heritage of Confucian practice also incorporate the process of *guanxi*; in Vietnam, “quan tri”; Korea, called *Kwankye*; and Japan, called “*Kankei* or *Toyama no Kusuri*”. Additionally, the *guanxi* behaviour paradigm is prevalent in societies that are or were based on centralized command economies, and in the absence of market systems, both engendered a dynamic realm of informal social exchange and networking practices, albeit drawn from different cultural resources of their past. Ludeneva (1998) details how *blat*, or the Russian economy of favours, personal networks and reciprocity operated in both the Soviet and post-Soviet periods. Concerning *blat* in the post-Soviet era, where privatization of state enterprises proceeded much more radically and quickly than in China, she writes: “The forms *blat* now assumes extend beyond the areas to which the term was applied before. It is important to consider these changes, but also to see the continuity of *blat* – the ways in which non-monetary forms of exchange are adapting to new conditions.” What she found among her respondents was that, while *blat* was no longer used to obtain commodities for personal consumption, its sphere of influence had moved to the needs of business, where the business world had to deal with authorities in charge of “tax, customs, banking and regional administration.” This move has meant that “*blat* practices stretched beyond their Soviet limits

tend to be destructive of the national economy,” with corruption a key social problem today. Where once *blat* was functional as a way to make the austere state command economy more reasonable for ordinary people, where it was based on personal ethics, and where *blat*'s damage to social equity was limited by its modest goals of personal consumption, today, the profit motive and monetary calculations in *blat*-corruption practices, and its linking of the business and official worlds and the criminal underworld magnifies the scale of its destruction to Russian society as a whole. King (1991) discusses a similar evolution of *guanxi* and *renqing* practices in China.

Making accurate judgements and conducting reliable and valid research across national cultures is difficult, if not impossible, without including team members who actually reside in and are members of the cultures studied, AND who are knowledgeable of other cultures. As is common in academic literature, our use of secondary and tertiary levels of sources without a thorough reading of the originals can lead to creation and perpetuation of significant errors in theory and practice.

SPECIFIC CULTURAL VALUE INFLUENCES ON MANAGEMENT

Using Hofstede's theoretical model as a basis, high uncertainty avoiding cultures (e.g., Germanic) versus low (Anglo and Nordic) uncertainty avoidance cultures favour administrative structures and systems with more rules and controls (Hofstede, 1980; Horowitz, 1980). Hofstede also found that individualistic versus collective cultures prefer structures with greater autonomy while masculine versus feminine cultures (e.g., Anglo vs. Nordic) prefer job structures based on individual versus group performance. Hofstede found that high versus low uncertainty avoidance cultures seek more control over their environments, e.g., markets, suggesting different forms of marketing processes in each type of culture. Masculine versus feminine cultures show a strong preference for outputs (e.g., products) versus processes (Haiss, 1990; Schneider, 1989) and emphasize performance over aesthetics (Hofstede, 1980) indicating differences in product innovations. Considering the newly defined dimensions:

Higher Power Distance means will indicate a cultural milieu with more centralised control and decision-making structure, with the necessity that key decisions be concluded by higher or the top authority.

High Collectivism means indicate a need for stable relationships, so that business can be carried out among persons who have become familiar with each other over a long period. Every replacement of an individual involved in the business relationship is a serious disturbance of the relationship, which generally must be re-established from a near-zero point. In Collectivist cultures, third parties have a much more important role in relationships than is the case in Individualist cultures. Formal, outward expressions of harmony are very important in a collectivist setting, with public overt conflict to be avoided. Mediators can be used to raise sensitive issues outside formal meetings with both parties to a conflict, avoiding public confrontation.

High Masculinity cultures may engage in ego-boosting behaviours, favouring of the strong, and resolution of conflict by adversarial behaviour rather than compromise. High Femininity cultures tend to engage in self-effacing behaviours and favouring of the weak. Business relationships between groups from two high Masculinity cultures may be more difficult than if at least one of the cultures is higher on the Femininity dimension. An indication of these tendencies is discussed by Hofstede and Usunier (2003: 147); in international conflicts France and Sweden, two countries with higher Femininity means, settled the 1921 Aland Island conflict through negotiations and a plebiscite, while Argentina

and the UK, two countries with higher Masculinity means, went to war over the 1983 Falkland/Maldives Islands crisis.

Higher Uncertainty Avoidance means for cultures lead to a low tolerance for ambiguity and distrust of partners who engage in unfamiliar behaviours. Businesspeople from high Uncertainty Avoidance Cultures prefer highly structure, ritualistic procedures in business processes.

An aspect of high Long-Term Orientation cultures is perseverance in achieving business goals, even if this leads to sacrifices.

Indulgence vs. Restraint. Minkov (2007: 114) specifies that at the societal level, happiness is associated with a perception of life control, with life control being a source of freedom and of leisure. Societies with high means for Indulgence tend to co-mingle work and social activities, and generally have a less “serious” attitude toward work than societies with high means for Restraint.

Monumentalism vs. Flexibility and Humility. The Monumentalism vs. Flexumility (a created word, with the dimension name changed to *Self Effacement* in the VSM 08) dimension is related to pride in self, national pride, making parents proud, and believing religion to be important, similar to McClelland’s (1961) concept of *need for achievement*, which is also a theoretical basis of the GLOBE dimensions. The Flexumility pole identifies societies valuing humility, with members seeing themselves as not having a stable, invariant self-concept, and a flexible attitude toward Truth. Minkov reports similarities between this dimension and Hofstede’s Masculinity-Femininity role-based dimension. Minkov also relates the dimension to Gelfand’s “tight vs. loose” (Gelfand, Nishii and Raver, 2006). It also resembles Schwartz’ (1992) *Universalism / Benevolence / Conformity / Tradition vs. Power / Achievement* arrays of items in the SVS.

Some cultural characteristics tend to occur together, for example, high or low combinations of Individualism or Collectivism (Exclusionism), Mono- or Polychronic time use, and high and low communication context. Some expectations based upon combinations may be seen in Table 3.

**Table 3. Some Predictable Patterns Between Cultures
With Differing Combinations of Values**

Low-Context, Monochronic, Individualistic	High-Context, Polychronic, Collective
What is said is more important than how or where it is said	What is said and how or where it is said are significant in interpreting what is meant
Mastery over Nature	Harmony with Nature
Personal Control over the Environment	Fate Controls
Doing	Being
Future Orientation	Past or Present Orientation
Change is improvement	Tradition is valued
Time Dominates	Focus on Relationships
Human Equality	Hierarchy/Rank/Status Important
Youth Is Valued	Elders Respected and Valued
Self-Help Valued	Birthright Inheritance
Individualism, Privacy Valued	Group Welfare Important
Competition Important	Cooperation Important
Informal	Formal
Directness/Openness/Honesty Valued	Indirectness/Ritual/"Face" Valued
Practicality/Efficiency Valued	Idealism/Theory Important
Materialist	Spiritualist/Detachment from World

GOALS OF BUSINESS PEOPLE ACROSS CULTURES

Hofstede, Van Deussen, Mueller and Charles (2002) investigated the opinions of junior managers and professionals working during the day and attending evening MBA classes at local universities in 15 countries as to the goals of business leaders in their countries. A hierarchical cluster analysis of perceived goals divided the countries into seven clusters. The relative ordering of goals within these clusters suggested seven different archetypal business leader roles. The top 6 goals for our selection of countries are depicted in Table 4. In this table we see that the values of business leaders in Brazil are considerably different from the other countries in our sample.

Table 4
Top Six Most Important Goals Attributed to Business Leader for Countries

Rank	Latin Countries*	USA	UK, NZ	Germany	Hong Kong	China	Japan**
1	Family interests	Growth of the business	<u>This year's profits</u>	Responsibility towards employees	<u>Profits 10 years from now</u>	Respecting ethical norms	Not ranked: Capturing market share Annual profitability, profit maximisation Productivity Organisational stability
2	<i>Personal wealth</i>	<u>This year's profits</u>	Staying within the law	Responsibility towards society	Creating something new	Patriotism, national pride	
3	<i>Power</i>	<i>Personal wealth</i>	Responsibility towards employees	Creating something new	<i>Game and gambling spirit</i>	Honour, face, reputation	
4	<u>This year's profits</u>	<i>Power</i>	Continuity of the business	<i>Game and gambling spirit</i>	Growth of the business	<i>Power</i>	
5	<i>Game and gambling spirit</i>	Staying within the law	Patriotism, national pride	Continuity of the business	Honour, face, reputation	Responsibility towards society	
6	Growth of the business	Respecting ethical norms	Respecting ethical norms	Honor, face, reputation	<i>Personal wealth</i>	<u>Profits 10 years from now</u>	

*Brazil, Panama, France

** Hitt, Dacin, Tyler and Park (1997)

WHO PEOPLE GO TO FOR ADVICE

In a situation where cultural dimensions have not proven to be completely accurate predictors of the behaviour of businesspeople, Smith, Peterson and Schwartz (2002) investigated middle managers in 47 countries report regarding handling specific work events. The researchers focussed upon sources of guidance and advice used in the work situations. Values are strongly predictive of reliance on those sources of guidance that are relevant to vertical relationships within organizations, however values are less successful in predicting reliance on peers and on more tacit sources of guidance. National differences in these neglected aspects of organizational processes will require greater sensitivity to the culture-specific contexts within which they occur. The results can indicate patterns of influence when engaged in work developing plans in multicultural teams. Z-scores from the data provided in Smith et al. (2002). The implications from Table 5 are for example, that middle managers tend to seek advice and guidance from specialists within the company, and tend to follow established practices that have proven workable in the past. Working with

Argentineans would add the dimension of a business partner who placed great reliance on consultation with peers in the middle management cadre. When working with Germans, Brazilians might find that the Germans place little or no reliance on unwritten rules within the organisation. This kind of data can provide useful information to project managers as to who and what to consider when working toward agreement in planning.

Table 5
Selected Country Culture Means and Adjusted Means for Sources of Guidance,
Country z-Scores Calculated from 53 Samples from Smith, Peterson & Schwartz
(2002)

Source of Advice / Country	Culture Mean	Vertical Sources: Superiors, Subordinates	Unwritten Rules	Specialists	Co-Workers, Peers	Beliefs that are Widespread in My Nation
China	0.5	0.6	-0.1	1.0	0.1	2.1
Argentina	0.3	-0.3	0.5	0.8	1.4	0.0
Brazil	0.1	-0.1	0.4	1.0	-0.5	-0.3
Japan	0.0	0.3	-0.6	-0.5	0.4	0.3
Hong Kong	-0.1	1.0	1.2	-2.0	-1.1	0.3
New Zealand	-0.2	-0.3	0.3	-1.2	0.9	-0.5
USA	-0.2	0.2	-0.1	-1.1	0.0	-0.1
Germany	-0.7	-1.8	-1.1	1.4	-0.7	-1.1

CONCLUSIONS: CULTURE AND PLANNING

In monochronic, individualist, “Western” countries such as Germany, the USA, New Zealand, and over the past several decades, Japan, a major part of planning is making a schedule of events and when the events must happen for the plan to succeed. Cultural motivators influence the processes.

- Setting measurable objectives: are the objectives task objectives or relationship objectives?
- Identifying deliverables: are the deliverables accomplishing tasks, or accomplishing tasks by a specific time?
- Planning the schedule: does the schedule consist of accomplishing tasks, or accomplishing tasks by a specific time?
- Does a “true” plan consist of accomplishing the goal of the plan, or accomplishing the goal of the plan by a specific date?

We see that a major cultural issue in what defines success in planning relates to clock time or event time. You as a project manager must make that decision, and convince others from other cultures that your tactics and strategy are correct and appropriate. Table xx defines some

of the issues that must be dealt with. Does your goal mesh with the usual and expected goals of the cultures you are dealing with?

Table 6. Some Cultural Behavioural Tendencies at Work That Affect Planning

	Brazil	Argentina	China	Japan	Hongkong	New Zealand	USA	Germany
Business goals of managers	Development of family interests and personal wealth	Development of family interests and personal wealth	Respecting norms, national pride	Capturing market share, profitability	Profits in 10 years, creating something new	This year's profits, staying within the law	Growth of the business, this year's profits	Responsibility towards employees and society
Interaction with others concerning rules, laws, contracts	Inter-personal networks and <i>jeitinho</i>	Inter-personal networks and <i>gauchada</i>	Inter-personal Networks, <i>guanxi</i> and <i>renqing</i>	<i>Kankei</i> or <i>Toyama no Kusuri</i>	Inter-personal Networks, <i>guanxi</i> and <i>renqing</i>	Tend toward rules, laws, and contracts	Tend toward rules, laws, and contracts	Tend toward rules, laws, and contracts
Seek advice from	Specialists	Peers, co-workers, specialists	Wide-spread beliefs	Vertical sources, co-workers	Vertical sources, unwritten rules	Peers, co-workers	Vertical sources	Specialists
Punctuality	Event-oriented	Event-oriented	Clock-oriented in business	Clock-oriented in business	Clock-oriented in business	On time	On time	On time
Time Horizon	Moderate between long and short term oriented	Moderate between long and short term oriented	Long term oriented	Long term oriented	Long term oriented	Short term oriented	Short term oriented	Short term oriented
Attitude toward truth	Truth is absolute	Truth may be dependent upon the situation	Truth is variable, highly dependent upon the situation	Truth is variable, highly dependent upon the situation	Truth is variable, highly dependent upon the situation	Truth is variable, highly dependent upon the situation	Truth may be dependent upon the situation	Truth is absolute
Mix social life and work	Frequently	Frequently	Very rarely, relationship development is work oriented	Very rarely, relationship development is work oriented	Very rarely, relationship development is work oriented	Frequently	Frequently	Rarely

As an example, let us consider a small sample of cultural tendencies that might affect the situation of a Brazilian project manager engaging in the planning process with a US project manager.

Process

Brazil

USA

Business goals of managers	The planning goal will revolve around that is best in supporting family interests and development of personal wealth.	The typical US goals, growth of the business, this year's profits, are not incompatible with Brazilian goals. The Brazilian's objective must be to co-ordinate growth and profit objects in such a way as to develop family interests and wealth.
Interaction with others concerning rules, laws, contracts	With a tradition of using interpersonal networks and <i>jeitinho</i> to accomplish goals, this area is a potential problem.	US managers tend toward utilisation of rules, laws, and contracts in finalising agreements. The effect will of course depend upon where the project events are taking place. If in Brazil, US managers must be convinced of the absence of legal ramifications of <i>jeitinho</i> . A homily that originated with St. Jerome in the 4 th Century, "When in Rome, live as the Romans do; when elsewhere, live as they live elsewhere" is a widely recognised in the USA as good advice.
Seek advice from	Brazilian project managers are not task oriented, and are not imbued with a "management science" proclivity; they tend to use specialists as advisors.	US managers would tend to have a more general management science background, believe, correctly or incorrectly, in their own competence and in that of those above and below them in the reporting structure. This should not be a critical problem, as specialists exist and are used in US organisations.
Punctuality	Brazilians being event-oriented in the use of time is perhaps the most probable source of conflict, and difficult for either of the two cultures to accept.	The USA runs on clock time. An accepted practice for competitive swimming coaches from event-oriented cultures is to send competitors to train in the US, as everything is time-oriented there. As culture is "what goes without saying", both cultures may have difficulty comprehending exactly why the other has its attitude toward use of time.
Time Horizon	Planning horizons are moderate between long and short term oriented.	The US is short term oriented, and the organisation may be under the US Securities and Exchange Commission quarterly reporting system, with obvious consequences, but US managers recognise the value of long-range planning, but not, perhaps, as a first priority.
Attitude toward truth	Truth is absolute.	Truth may be dependent upon the situation, but the idea that truth is absolute is acceptable in US business practice.
Mix social life and work	Frequently.	Frequently, probably no problem here.

From the brief analysis above, we see that while potential exists for significant cultural influences on behaviour exist, few of them are insurmountable, given prior knowledge and education. The only insurmountable problem is willing ignorance.

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