

GLOBAL  
EDITION



# INTERNATIONAL MANAGEMENT

***Managing Across Borders and Cultures***

*Text and Cases*

TENTH EDITION

Helen Deresky | Stewart R. Miller



# International Management

**Managing Across Borders and Cultures**

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**TENTH EDITION  
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**Pearson**

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- In São Paulo and Brasília, it is important to arrive on time for meetings. In Rio de Janeiro and other cities, it is acceptable to arrive a few minutes late for a meeting.
- Do not appear impatient if you are kept waiting. Brazilians see time as something outside their control, and the demands of relationships take precedence over adhering to a strict schedule.
- Meetings are generally rather informal.
- Expect to be interrupted while you are speaking or making a presentation.
- Avoid confrontations. Do not appear frustrated with your Brazilian colleagues.

#### DRESS ETIQUETTE

- Brazilians pride themselves on dressing well.
- Men should wear conservative, dark-colored business suits. Three-piece suits typically indicate that someone is an executive.
- Women should dress appropriately for the situation.

#### BUSINESS CARDS

- Business cards are exchanged during introductions with everyone at a meeting.
- It is advisable, although not required, to have the other side of your business card translated into Portuguese.
- Present your business card with the Portuguese side facing the recipient.

*Sources:* <https://thebrazilbusiness.com/article/dining-culture-in-brazil>, August 20, 2020. <https://www.brazil.org.za/traditional-customs.html>, August 20, 2020. <https://www.everyculture.com/Bo-Co/Brazil.html>, August 20, 2020. [www.kwintessential.co.uk/resources/global-etiquette/brazil-country-profile.html](http://www.kwintessential.co.uk/resources/global-etiquette/brazil-country-profile.html), September 5, 2011. Used with permission of [www.kwintessential.co.uk](http://www.kwintessential.co.uk).

### Saudi Arabia

Understanding how business is conducted in the modern Middle East requires an understanding of the Arab culture because the Arab peoples are the majority there, and most of them are Muslim. The Arab culture is intertwined with the pervasive influence of Islam. Even though not all Middle Easterners are Arab, Arab culture and management style predominate in the Arabian Gulf region. Shared culture, religion, and language underlie behavioral similarities throughout the Arab world. Islam permeates Saudi life—Allah is always present, controls everything, and is frequently referred to in conversation.<sup>87</sup> Employees may spend more than two hours a day in prayer as part of the life pattern that intertwines work with religion, politics, and social life.

Arab history and culture are based on tribalism, with its norms of reciprocity of favors, support, obligation, and identity passed on to the family unit, which is the primary structural model. Family life is based on closer personal ties than in the West. Arabs value personal relationships, honor, and saving face for all concerned; these values take precedence over the work at hand or verbal accuracy. Outsiders must realize that establishing a trusting relationship and respect for Arab social norms has to precede any attempts at business discussions. Honor, pride, and dignity are at the core of shame societies such as the Arabs. As such, shame and honor provide the basis for social control and motivation.<sup>88</sup> Circumstances dictate what is right or wrong and what constitutes acceptable behavior.

Saudi business culture generally tends to avoid displays of what could be considered weakness. It is sometimes difficult for Westerners to get at the truth because of the Arab need to avoid showing weakness; instead, Arabs present a desired or idealized situation. Shame is also brought on someone who declines to fulfill a request or a favor; therefore, a business arrangement is left open if something has yet to be completed.

The communication style of Middle Eastern societies is high context (that is, implicit and indirect), and their use of time is polychronic; many activities can be taking place at the same time, with constant interruptions commonplace. The imposition of deadlines is considered rude, and

**EXHIBIT 3-6 Behavior That Will Likely Cause Offense in Saudi Arabia**

- Introducing business subjects too soon.
- Commenting on a man's wife or female children over 12 years of age.
- Raising colloquial questions that may be considered as an invasion of privacy.
- Using disparaging or swear words and off-color or obscene attempts at humor.
- Talking about religion or politics.
- Bringing gifts of alcohol or using alcohol, which is prohibited in Saudi Arabia.
- Requesting favors from those in authority or esteem, for it is considered impolite for Arabs to say no.
- Pointing your finger at someone or showing the soles of your feet when seated.

*Source:* Based on excerpts from P. R. Harris and R. T. Moran, *Managing Cultural Differences*, 5th ed. (Houston: Gulf Publishing, 2000).

business schedules take a backseat to the perspective that events will occur sometime when Allah wills (*bukra insha Allah*). Arabs give primary importance to hospitality; they are cordial to business associates and lavish in their entertainment, constantly offering strong black coffee (which you should not refuse) and banquets before considering business transactions. Westerners must realize the importance of personal contacts and networking, socializing and building close relationships and trust, practicing patience regarding schedules, and doing business in person. Exhibit 3-6 gives some selected actions and nonverbal behaviors that may offend Arabs. The relationship between cultural values and norms in Saudi Arabia and managerial behaviors is illustrated in Exhibit 3-7.

**EXHIBIT 3-7 The Relationship between Culture and Managerial Behaviors in Saudi Arabia**

Cultural Values	Managerial Behaviors
Tribal and family loyalty	Work group loyalty Paternal sociability Careful selection of employees Nepotism
Arabic language	Business as an intellectual activity Access to employees and peers Management by walking around Conversation as recreation
Close and warm friendships	People orientation Theory Y management Avoidance of judgment
Islam	Sensitivity to Islamic virtues Observance of the Qur'an and Sharia Work as personal or spiritual growth Adherence to norms
Honor and shame	Conflict avoidance Positive reinforcement Private correction of mistakes Avoidance of competition
Polychronic use of time	Responsibility Right- and left-brain facility Action oriented
Male domination	Patience and flexibility Separation of sexes Open work life; closed family life

*Source:* Based on excerpts from P. R. Harris and R. T. Moran, *Managing Cultural Differences*, 5th ed. (Houston: Gulf Publishing, 2000).

## Chinese Family Small Businesses

The predominance of small businesses in China and the region highlights the need for managers from around the world to gain an understanding of how such businesses operate. Many small businesses—most of which are family or extended-family businesses—become part of the value chain (suppliers, buyers, retailers, etc.) within industries in which foreign firms may compete.

Some specifics of Chinese management style and practices in particular are presented here as they apply to small businesses. (Further discussion of the Chinese culture continues in Chapter 5 in the context of negotiation.) It is important to note that no matter the size of a Chinese company, but especially in small businesses, it is the all-pervasive presence and use of *guanxi* that facilitate business transactions in China. *Guanxi* means “connections”—the network of relationships the Chinese cultivate through friendship and affection; it entails the exchange of favors and gifts to provide an obligation to reciprocate favors. Those who share a *guanxi* network share an unwritten code.<sup>89</sup> The philosophy and structure of Chinese businesses comprise paternalism, mutual obligation, responsibility, hierarchy, familialism, personalism, and connections. Autocratic leadership is the norm with the owners using their powers—but caring for people may predominate over efficiency.

According to Lee, the major differences between Chinese management styles and those of their Western counterparts are human-centeredness, family-centeredness, centralization of power, and small size.<sup>90</sup> Their human-centered management style puts people ahead of a business relationship and focuses on friendship, loyalty, and trustworthiness.<sup>91</sup> The family is extremely important in Chinese culture, and any small business tends to be run like a family.

Globalization has resulted in ethnic Chinese businesses (in China or other Asian countries) adapting to more competitive management styles. They are moving away from the traditional centralized power structure in Chinese organizations that comprised the boss and a few family members at the top and the employees at the bottom, with no ranking among the workers. In fact, family members no longer manage many Chinese businesses. Frequently, the managers are those sons and daughters who have studied and worked overseas before returning to the family company—or even foreign expatriates. Examples of Chinese capitalism responding to change and working to globalize through growth are Eu Yan Sang Holdings Ltd., the Hiap Moh Printing businesses, and the Pacific International Line.<sup>92</sup>

As Chinese firms in many modern regions in the Pacific Rim seek to modernize and compete locally and globally, a tug of war has begun between the old and the new: the traditional Chinese management practices and the increasingly imported Western management styles. As Lee discusses, this struggle is encapsulated in the different management perspectives of the old and young generations. A two-generational study of Chinese managers by Ralston et al. also found generational shifts in work values in China. They concluded that the new generation manager is more individualistic, more independent, and less risk averse in the pursuit of profits. However, they also found the new generation holding on to their Confucian values, concluding that the new generation may be viewed as “crossverging their Eastern and Western influences, while on the road of modernization.”<sup>93</sup>

## CONCLUSION

This chapter has explored various cultural values and how managers can be prepared to understand them with the help of some general cultural profiles. The following chapters focus on application of this cultural knowledge to management in an international environment (or, alternatively in a domestic multicultural environment)—especially as relevant to cross-cultural communication (Chapter 4), negotiation and decision making (Chapter 5), and motivating and leading (Chapter 11). Culture and communication are essentially synonymous. What happens when people from different cultures communicate, and how can international managers understand the underlying process and adapt their styles and expectations accordingly? For the answers, read the next chapter.

## Summary of Key Points

- The culture of a society comprises the shared values, understandings, assumptions, and goals that are passed down through generations and imposed by members of the society. These unique sets of cultural and national differences strongly influence the attitudes and expectations—and therefore the on-the-job behavior—of individuals and groups.
- Managers must develop cultural sensitivity to anticipate and accommodate behavioral differences in various societies. As part of that sensitivity, they must avoid parochialism—an attitude that assumes one's own management techniques are best in any situation or location and that other people should follow one's patterns of behavior.
- From his original research in 50 countries, Hofstede proposed four underlying value dimensions that help identify and describe the cultural profile of a country and affect organizational processes: power distance, uncertainty avoidance, individualism, and masculinity. In his later research, Hofstede explored the concept of Confucian Dynamism (i.e., long-term versus short-term orientation) to explain the cultural variation of the types of decisions people make.
- Through his research, Fons Trompenaars confirmed some similar dimensions and found other unique dimensions: obligation, emotional orientation, privacy, and source of power and status.
- The GLOBE project team of 170 researchers in 62 countries concluded the presence of a number of other dimensions and ranked countries on those dimensions, including assertiveness, performance orientation, future orientation, and humane orientation. Gupta et al. from that team found geographical clusters on nine of the GLOBE project cultural dimensions.
- On-the-job conflicts in international management frequently arise out of conflicting values and orientations regarding time, change, material factors, and individualism.
- Managers can use research results and personal observations to develop a character sketch, or cultural profile, of a country. This profile can help managers anticipate how to motivate people and coordinate work processes in a particular international context.

## Discussion Questions

- 3-1. What should an international manager appreciate in another culture in order to be empathetic and understand it?
- 3-2. Describe four cultural dimensions identified in the GLOBE Project. Give some concrete examples where they can help managers to be more successful.
- 3-3. What is meant by “the local language of time,” and how does time relate to task-oriented versus relationship-oriented situations?
- 3-4. When using the Internet, explain how attitudes toward information privacy are rooted in culture and what this means for multinational e-businesses.
- 3-5. Why should managers develop cultural profiles? What benefits can they expect?
- 3-6. How does understanding culture relate to a contingency management style? Can you cite some examples?
- 3-7. What is meant by parochialism, and why should it be avoided?

## Application Exercises

- 3-8. Working in pairs, choose a country each from the different continents. For each country, look for evidence where the Internet and other cultural interactions have changed or influenced a culture. What foreign cultures have influenced them and how?
- 3-9. Choose a country that scores very differently than your own on Hofstede's cultural dimensions of power distance, masculinity, and individualism. How would these differences require a different management style than your own country? What conflicts or misunderstandings do you think might arise?
- 3-10. In small groups, discuss Hofstede's perhaps most misunderstood cultural dimension: uncertainty avoidance. Compare two Northern European to two Southern European countries. What are their uncertainty avoidance scores? How does uncertainty avoidance manifest itself in societies?

## Experiential Exercises

- 3-11.** In 1976, Edward T. Hall developed the iceberg analogy of culture. Hall posits that the only way to understand an internal culture, which is below the tip of the iceberg, is to actively participate in that culture. Form groups of four and prepare an iceberg presentation of a familiar culture. What are the most overt behaviors? What are the underlying beliefs, values, and thought patterns that dictate implicit behaviors? Do your fellow group members and members of the other groups agree?
- 3-12.** Imagine your department head has asked your team to apply and update Hofstede's value dimensions to understand Internet and social media usage. What behaviors can you identify and how can you apply Hofstede's clusters? Where do you see similarities and where do you see differences?
- 3-13.** One of the GLOBE Project team's nine cultural variables is future orientation, which refers to the level of importance a society attaches to future-oriented behaviors, such as planning and investing in the future. Find examples from at least three countries on how future orientation is manifested in a country's industries.

## CASE STUDY

### An Australian Manager in an American Company

"Qantas Flight 23 to Sydney is now boarding. Please have your boarding passes and passports ready for the attendant at the gate."

Les Collins picked up his briefcase and started toward the jet way. He paused to look around the waiting area and, as had been the case so often here in Houston, he saw nothing to indicate that he was in a foreign country. Certainly the accents were different from in Sydney, but the language was English and readily understandable. This superficial familiarity, he concluded, must help explain why he had had difficulties adjusting to his role at the Global Oil Company office in Houston.

Global Oil Company, or GOC, was headquartered in Houston, Texas, with partners and subsidiaries in countries around the world. Les had worked at GOC's Sydney office for eight years before being offered the chance to work at Houston headquarters for two years. His boss, Jim Branson, had encouraged Les to apply for the job in Houston because he knew it would enhance Les's chances for promotion within GOC-Australia. Although Les's family—his wife and two middle school-age children—was not very enthusiastic about the move, he reluctantly applied for the job because he knew it was critical to his success at GOC.

As he settled back in his seat on the flight to Sydney, Les thought back to the day he arrived in Houston over a year ago. Les had left Sydney on a hot, humid day in January and arrived 30 hours later to find Houston almost closed down due to a sleet and ice storm. That juxtaposition of



seasons probably should have alerted him that there would be many differences between Australia and the United States. When he hailed a taxi outside the terminal at IAH, the driver looked at him in amazement when Les opened the door to the front seat and sat down next to the driver.

During his first few weeks at the Houston office, everything seemed to go well. He met with his staff to introduce himself and his goals for his two-year assignment. Everyone seemed friendly enough, although he didn't get much feedback at that meeting or in subsequent meetings on his request for their ideas and input on how he could fit in and be effective. Thinking that maybe he needed to get to know the staff in a more informal setting, he invited them to join him after work one day at a local pub. Several staff members begged off, citing personal commitments, and the three senior managers who did come were clearly uncomfortable and left after about 30 minutes of awkward conversation.

Over the next six months, Les stayed busy learning operations for his area at GOC headquarters. He met often with his Houston boss, Tom Sanchez, to discuss the changes Tom wanted Les to help him realize during his tenure there.

"I'm counting on you, Les, to help me bring the staff around on the changes we've discussed. Your group hasn't moved nearly as fast as I think they could and that's partly due to the staff's reluctance to change the ways they've always done things. I'm confident that a new leader, especially someone from a completely different country, will convince them of the soundness of what I'm proposing.

"Keep me posted on your progress," Tom concluded, as he walked Les to the reception area outside his office.

One of the things Les noticed soon after arriving in Houston was how many more management levels the U.S. operation had than comparable offices in Australia. The hierarchy seemed excessive to Les, and he sought to break down some of the communication barriers he perceived by meeting with all staff members in one large meeting.

At one of these meetings, Les brought up the proposed changes in procedures that he had discussed with Sanchez. "I know that some of you may not be in favor of the changes we're proposing and I'd like to know your reasons for this. Let's have an open discussion of the changes in general and see where our major disagreement lies."

After a few minutes of silence, one of the senior managers explained his reasons for resisting a change in their reporting procedures for expenses. "I'm not sure that the new method will capture a true picture of expenses and outlay if we change what we're doing now. I'm not opposed to making changes that improve our work—I just am not convinced that the new method will be better."

"Okay, I'd like to hear from others on that specific change. Let's table this discussion," Les said.

The managers and staff at the table looked at each other in confusion at that point. No one said anything for several minutes, and Les concluded that no one else had an objection or concern on this particular point. The meeting continued for another hour as Les moved through the list of changes he was charged with making and when no one offered much objection or proposed any alternatives, he concluded that his predecessor and Sanchez had misinterpreted the staff's resistance to the changes.

A week later, in a meeting with Bill Crosby, one of the senior managers in his department, Les decided to get his manager's views on how to involve junior managers in decisions and how to encourage their ideas on various topics.

"I notice that in most meetings only the senior managers seem to participate in discussions," Les began. "I'm eager to have more input on some ideas I have for a new marketing plan, and I'm wondering how I can get junior managers and staff to contribute in our meetings."

Bill hesitated before saying, "Sometimes staff are reluctant to put forward ideas when their bosses are in the same meeting. Perhaps you should have some of the senior managers solicit ideas in their own staff meetings and then bring these to the meeting with you."

"But what about the synergy we can create if we have people from different levels discussing an idea together? Especially if the idea will affect the work staff are expected to do. I think there's too much separation of people by level in our department. I'd like to eliminate some of the impediments to collaboration that hierarchy creates," Les said. "What are your thoughts on how to do that?"

"I'll need to take some time to think about that," Bill said. "Maybe we can talk about it in our next one-on-one."

Later that day, during lunch with one of his peers in the company cafeteria, Bill brought up his discussion with Les. "He wants to eliminate some of the barriers that the hierarchy puts in