

# Welcome to an International Career

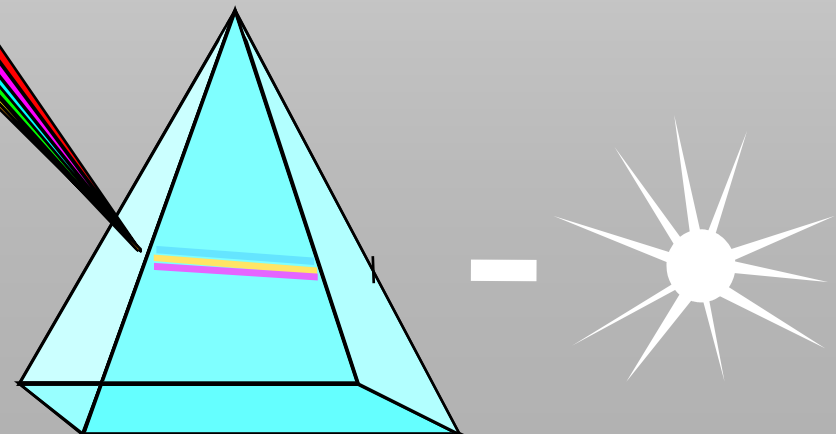
## National Stereotypes and Cultural Risk

Michael Segalla

HEC School of Management, Paris

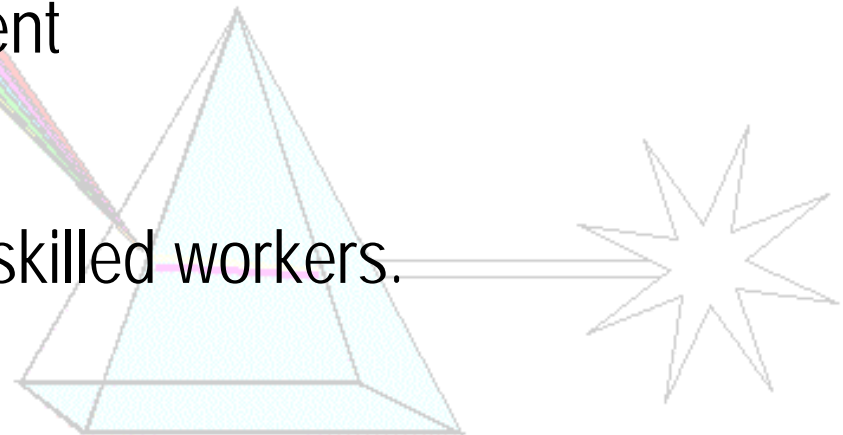
# Reversing The Prism

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# The Old Model - Strategic Advantage

- More Natural Resources
  - Material, agricultural, location
- More Financial and Industrial Capital
  - Risk capital and plant & equipment per person
- Better Technology
  - Research and development
- More Skills
  - Better managers, higher skilled workers.



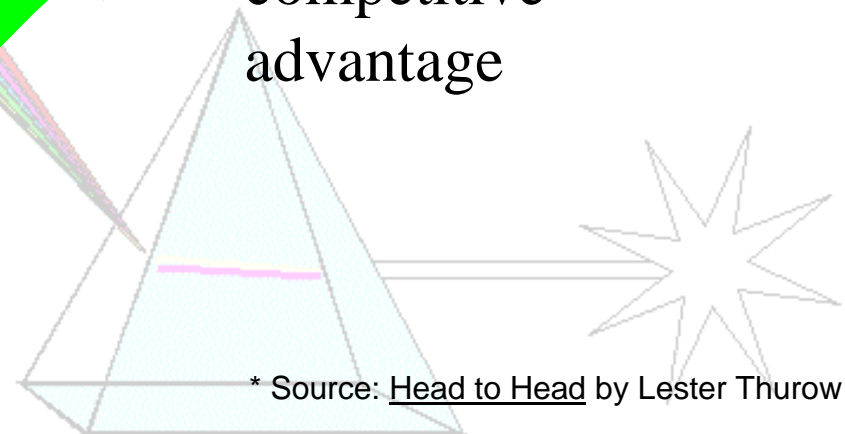
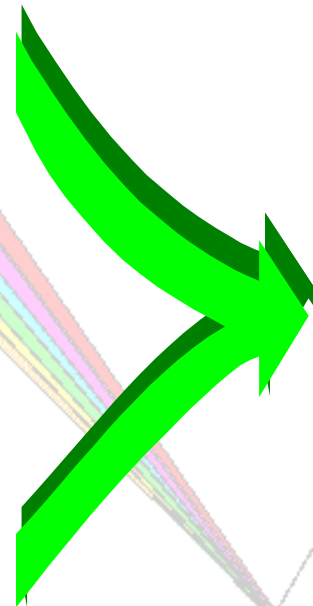
# The New Model - Hyper Competition \*

## Seven Key Industries

Microelectronics  
Biotechnology  
New Materials  
Civilian Aviation  
Telecommunications  
Robots and Machine Tools  
Computers and Software

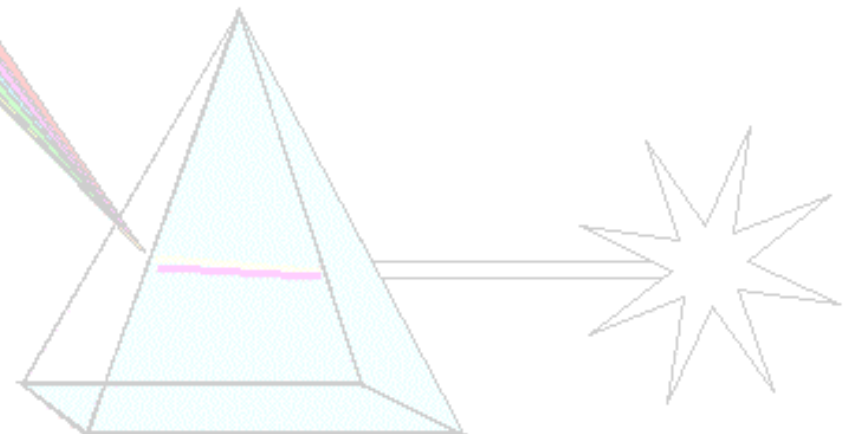
## Brain Power Industries

Organisation of  
people and ideas  
most important for  
competitive  
advantage



# Bigger Markets

- Product Markets are Expanding
  - Local to National
  - National to Regional
  - Regional to Global



# Some Observations From Ideal X

The Mclean revolution started on April 26 1956.

Since then, international trade grows 200% faster than global economic output.

Malaysia to US Midwest takes 22 days. The cost of shipping is negligible.

The U.S. worker works 1,792 hours a year, third behind Japan at 1,801 and Spain at 1,800.

The average French worker works 1,453 hours per year and the average German, 1,466.

After all social charges, pension and payroll taxes, USA workers keep about 61 % of their pay.

In Germany, they retain 34 percent and in France 36 percent.

The U.S. government research and development spending is nearly \$350 per worker

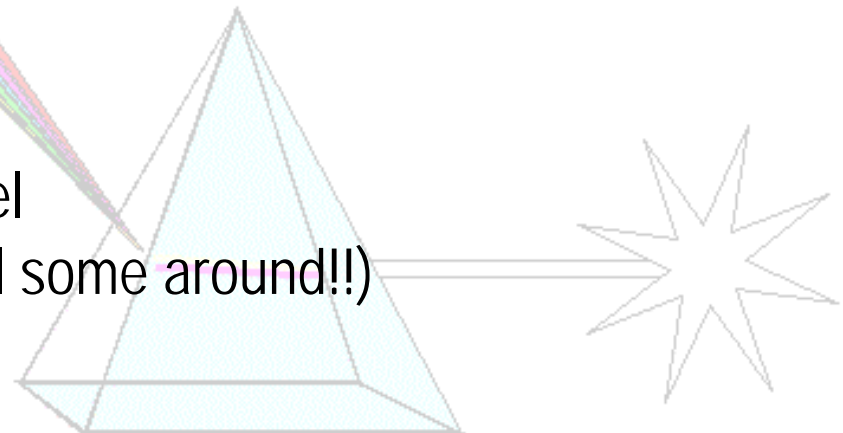
In Europe and Japan it is less than \$250.

Roughly 78 percent of European-born Ph.D. candidates plan to stay in the United States.

Marshall Loeb, CBS.MarketWatch – 2004  
Marc Levinson: “The Box” - 2006

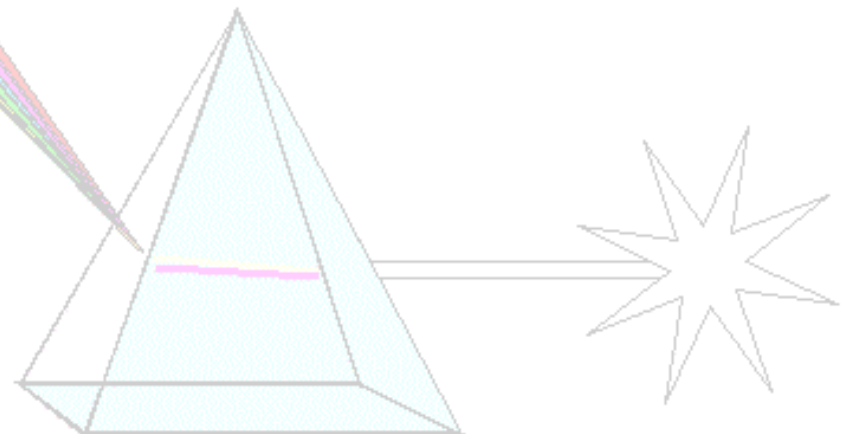
# More Inter-dependence of Markets

- Dominance "Bubbles" are Under Attack
  - European - Losing some luxury brands
  - North American - Already lost consumer electronics
  - Japanese - Losing electronics and microchips to Asian Tigers
- Big Factories Need Big Markets to Work Well
  - American Beer
  - Procter & Gamble Soap
  - German Chemicals
  - Japanese Electronics
  - European – OPPS - Indian Steel
  - Internet Start-ups (there are still some around!!)



# Internationalised Markets Cause

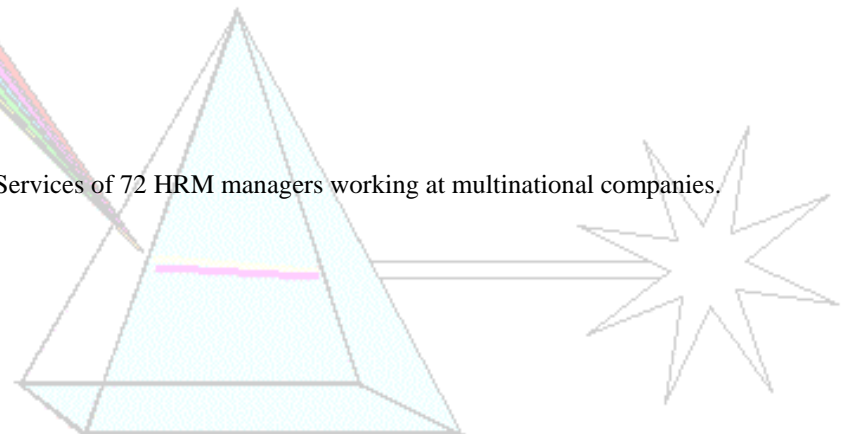
- More exposure to other cultures and viewpoints
- Greater interest in understanding other cultures
- More mistakes due to cultural differences
- More discussion of differing management styles



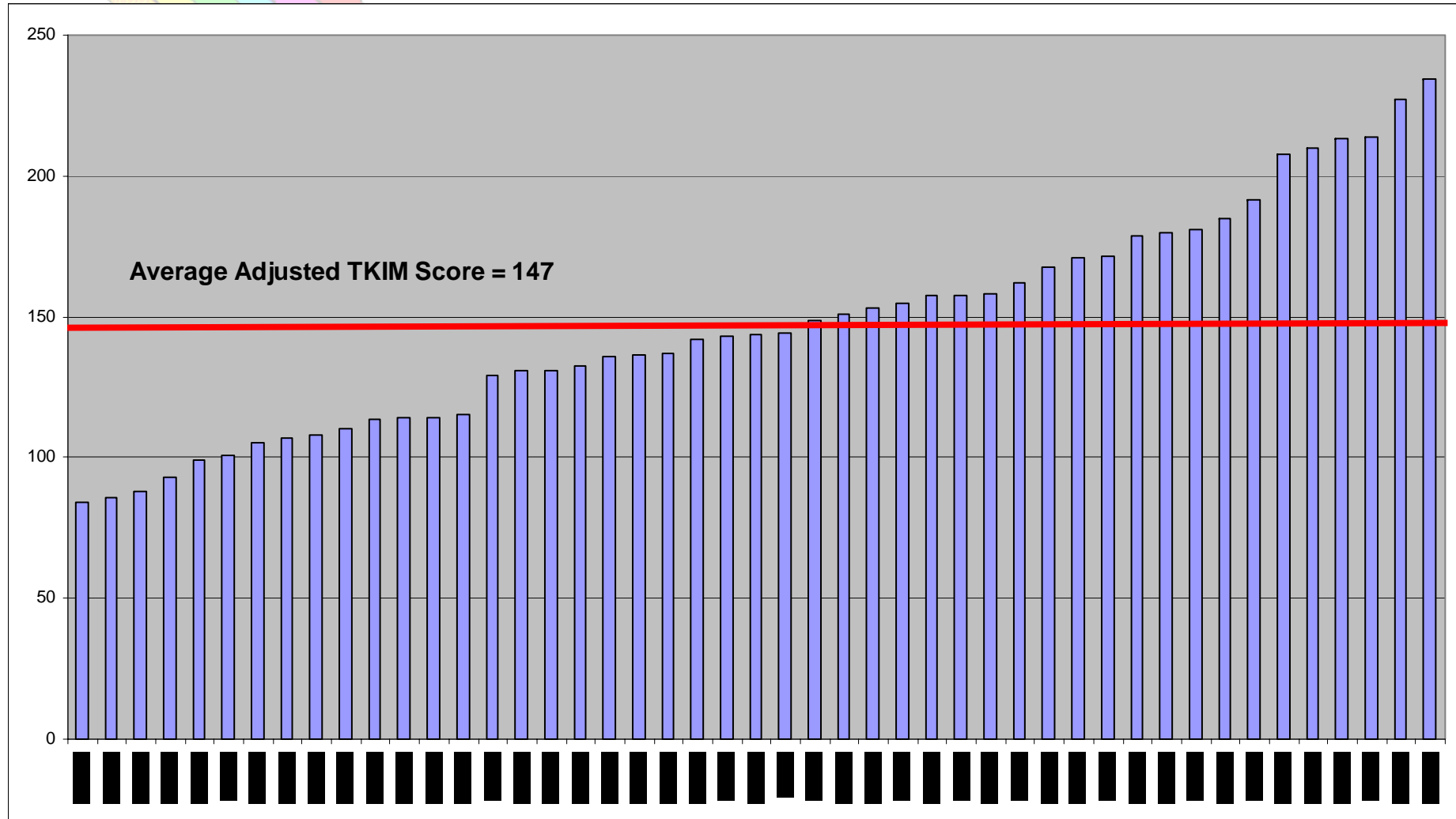
# Traits of Effective Expatriates

- Most Important \*
  - Cultural Adaptability
  - Patience
  - Flexibility
  - Tolerance of others' beliefs
- Less Important
  - Technical Skills
  - Managerial Expertise

\* Based on study conducted in 1995 by Prudential Relocation Intercultural Services of 72 HRM managers working at multinational companies.



# TKIM Results for Jan 2006 MBA

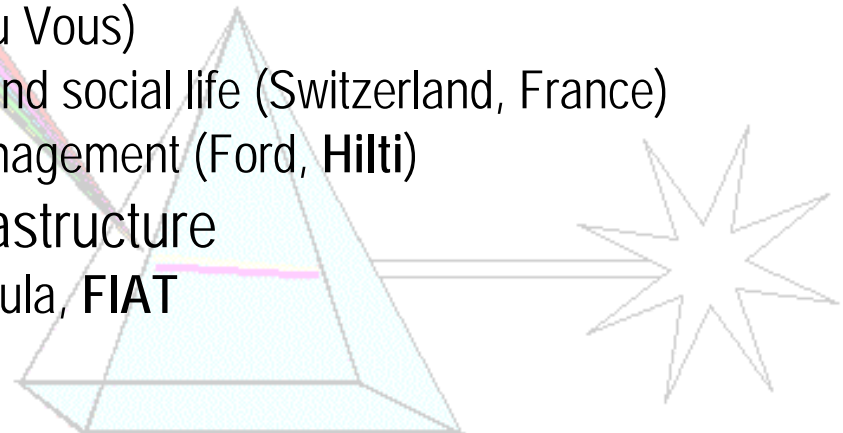


Most Like CEO Panel

Least Like CEO Panel

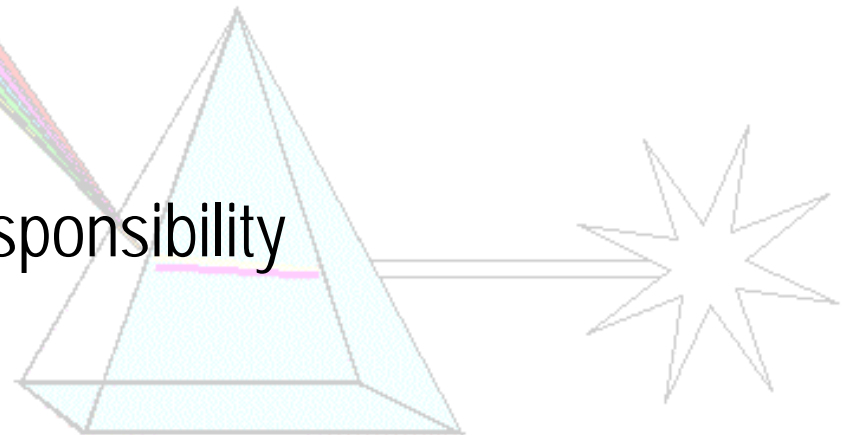
# Cultural Risk Framework - Examples

- From Language and Communication Errors
  - Nova, MR2, Pajero, [Pictographs](#), Logo Colours, High - Low Context
- From Changeable Cultural Preferences
  - Advertising Content (SEAT, [AUDI](#), [NIKE](#), [J-S](#), L'ORÉAL)
  - Shopping Expectations (Tandy, Services)
  - Work/Life Styles
    - American Hamburger Communication
    - Worker Self-Management in Czech Republic
- From Deeply Held Cultural Values
  - Korean companies in France (Fast Track Approval)
  - American companies in Italy (Vous tu Vous)
  - Little mix between work colleagues and social life (Switzerland, France)
  - Local control of human resource management (Ford, **Hilti**)
- From Slow Changing Cultural Infrastructure
  - P&G Liquid Soap, Nestle Baby Formula, **FIAT**



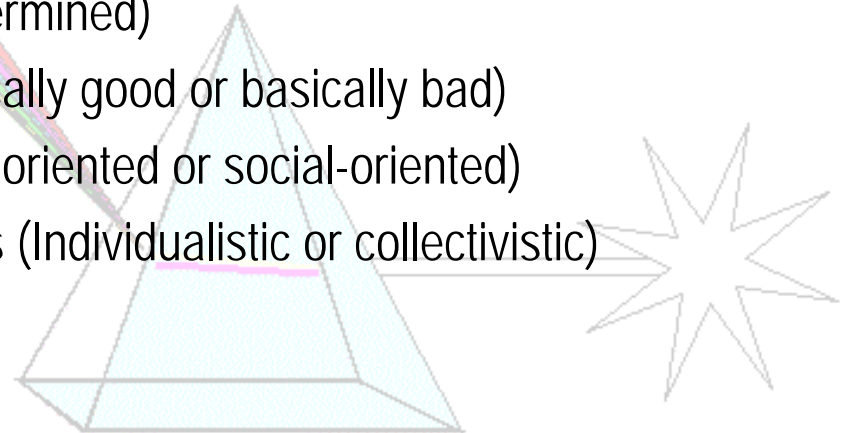
# Some Scholarly Perspectives

- Edgar Schein
  - Common Concepts
- Geert Hofstede
  - Four Basic Values (Mental Programming)
- John Mole
  - Barbarians to MNC's
- Philippe d'Iribarne
  - Rights, Privilege, and Responsibility



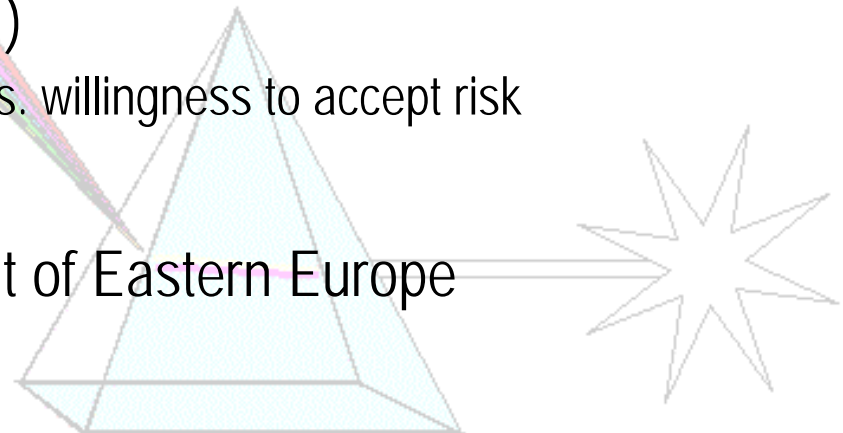
# Our Ideas about National Culture - 1

- Common Concepts - Schein
  - Artifacts/Creations (visible but often not understood)
    - Technology, Art, Behaviour
  - Values (we are implicitly aware of these)
    - Relationship between work and family
  - Basic Assumptions (invisible and taken for granted)
    - Our Relationship to the Environment (control or no control)
    - Nature of Reality (how is it determined)
    - Nature of Human Nature (basically good or basically bad)
    - Nature of Human Activity (task-oriented or social-oriented)
    - Nature of Human Relationships (Individualistic or collectivistic)

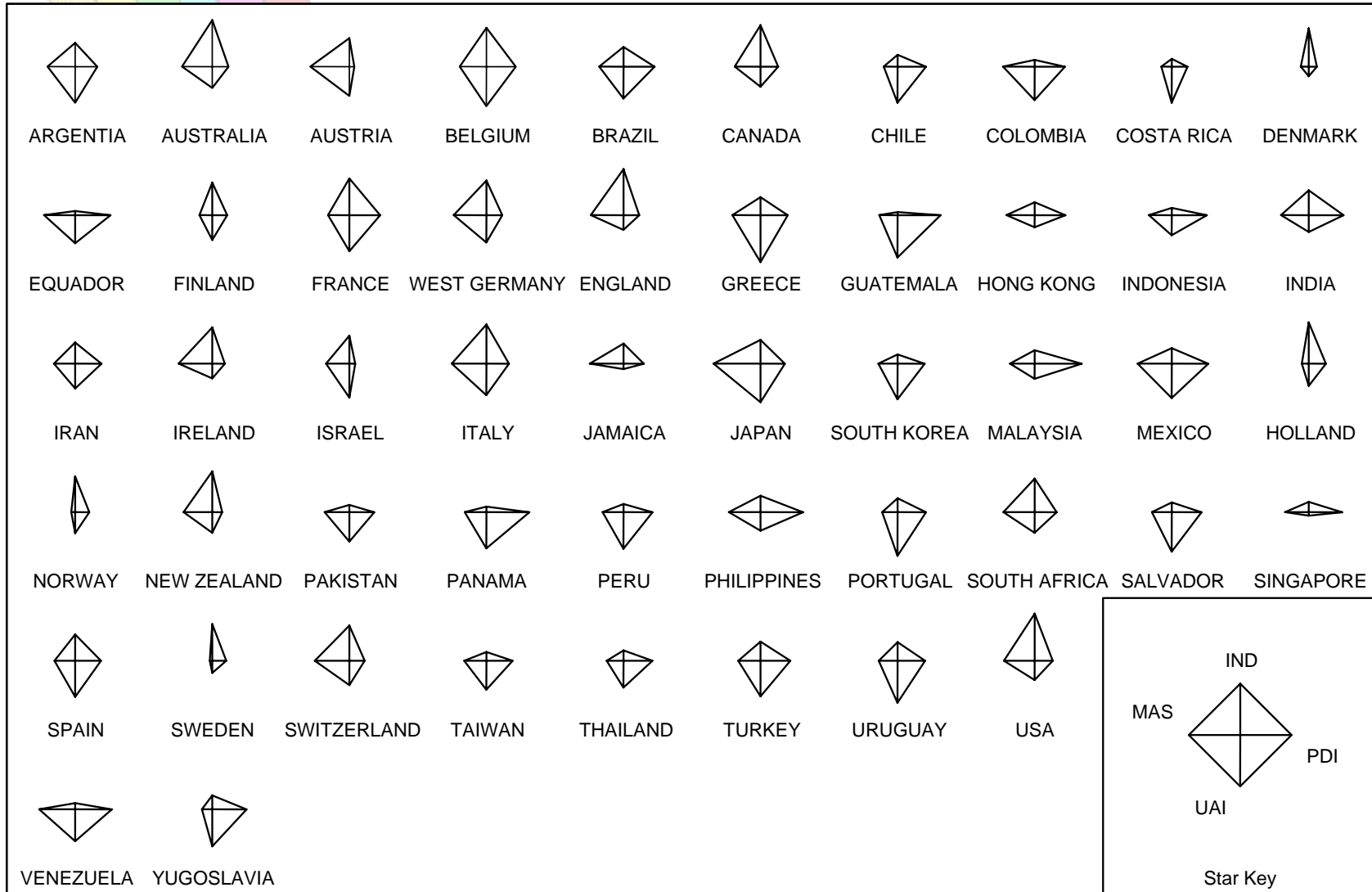


# Our Ideas about National Culture - 2

- Hofstede - Four Basic Values
  - Collectivistic vs. Individualistic (IND)
    - individual responsibility vs. group responsibility
  - Masculine vs. Feminine (MAS)
    - Masculine values: achievement, assertiveness, material success
    - Feminine values: relationships, modesty, caring for weak, quality of life
  - Power Hoarders vs. Egalitarian (PDI)
    - accepting of power differences vs. expectation of equality
  - Risk Averse vs. Risk Takers (UAI)
    - desire to avoid uncertain situations vs. willingness to accept risk
- Potential Consequences
  - Impact on economic development of Eastern Europe



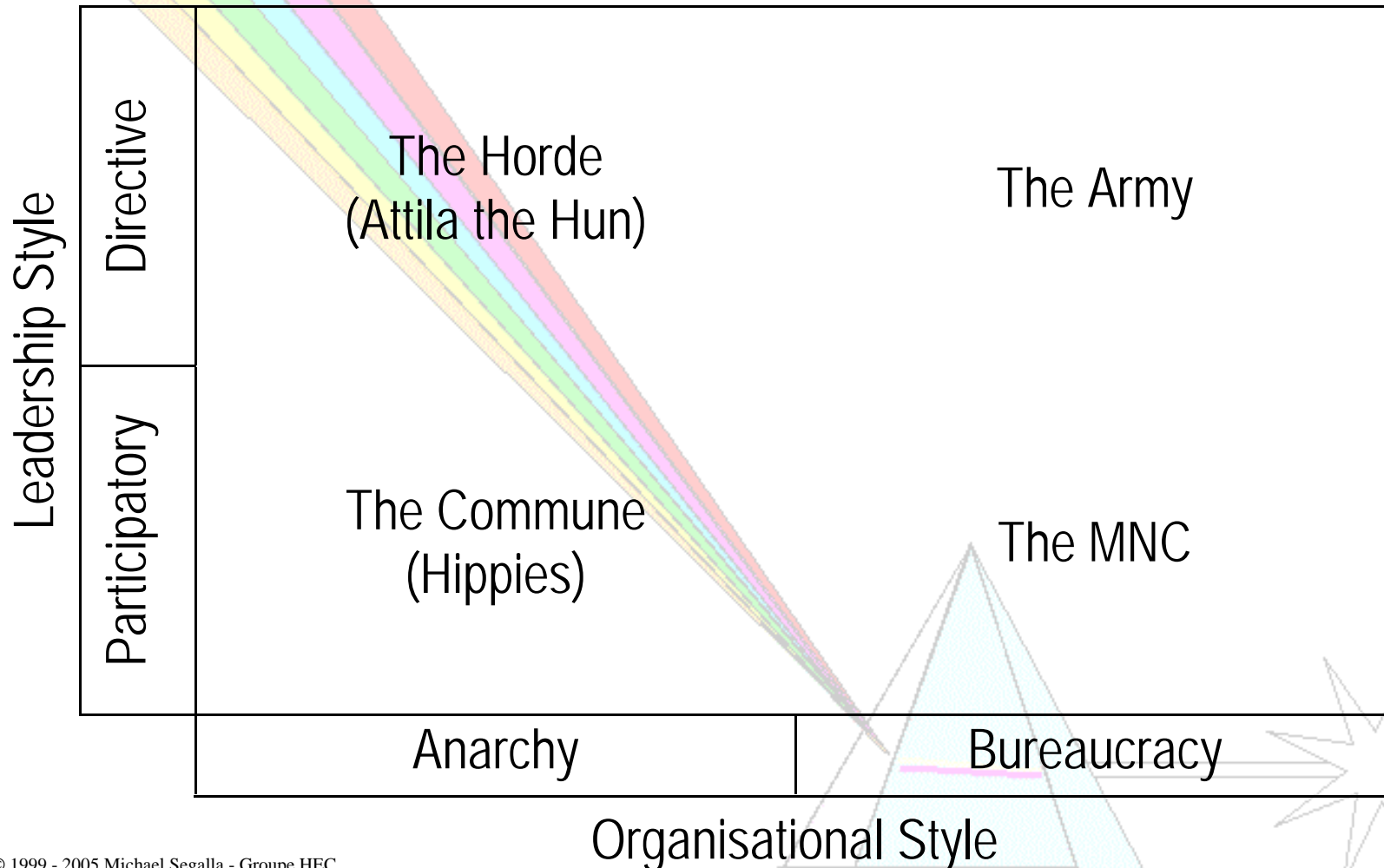
# Cultural Profiles for 40 Countries



Source: Culture's Consequences by Geert Hofstede

# Our Ideas about National Culture - 3

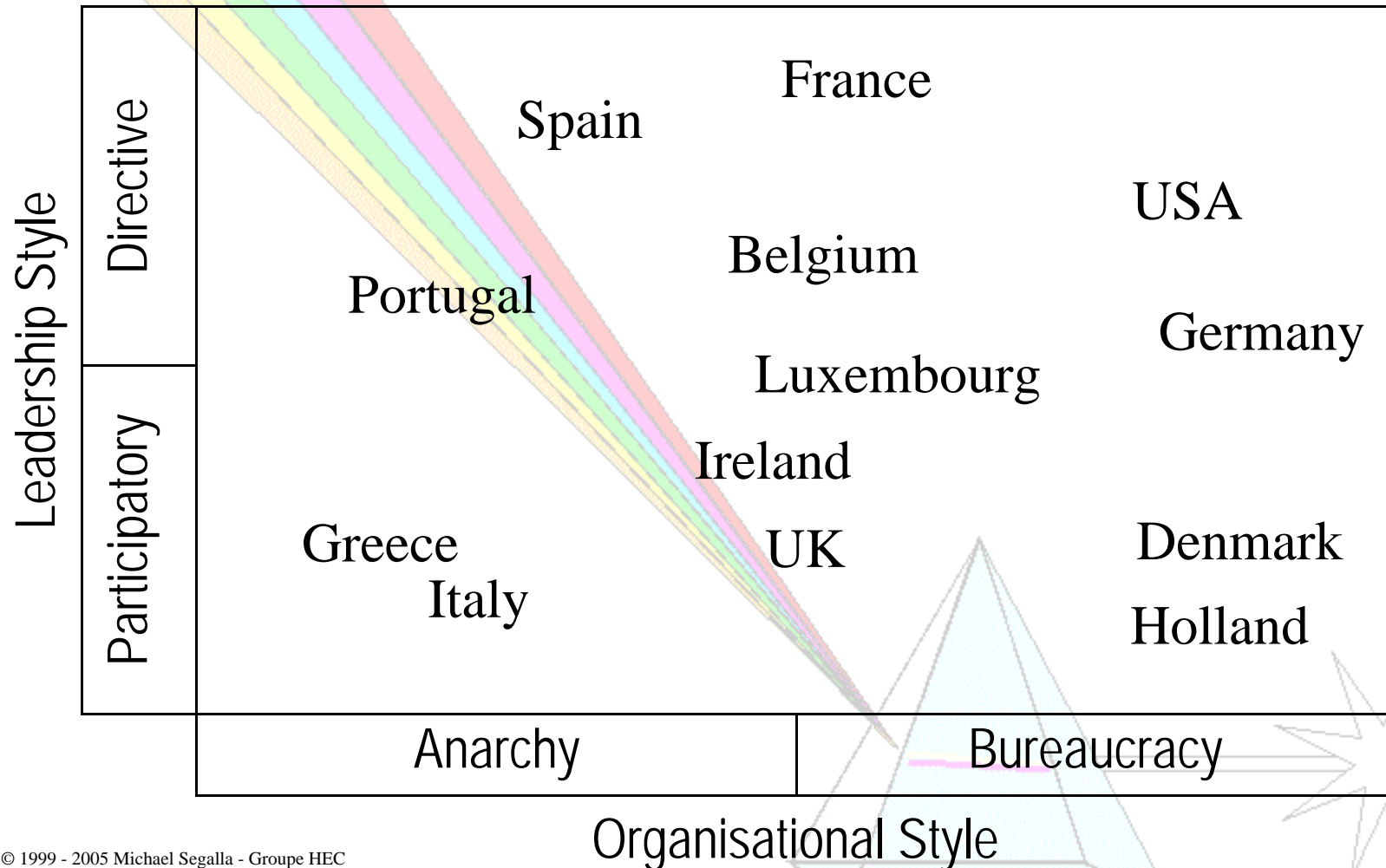
- Mole - From Barbarians to MNCs



Source: Mind your Manners by John Mole

# Our Ideas about National Culture - 3a

- Mole - From Barbarians to MNCs





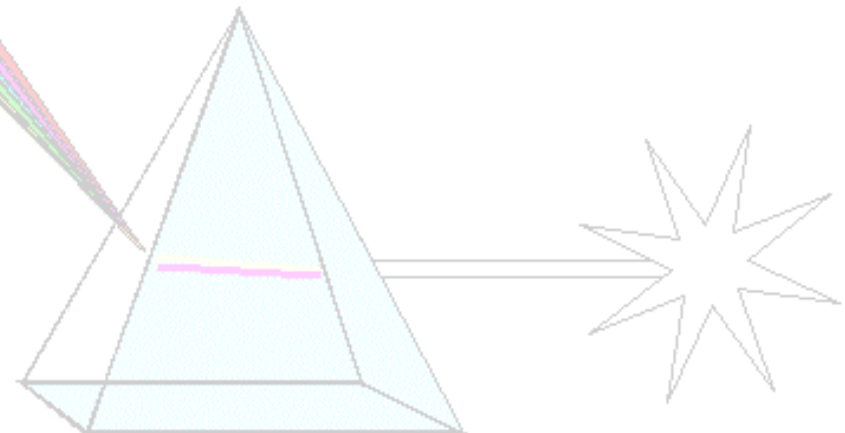
# Our Ideas about National Culture - 4

- d'Iribarne - Rights, Privileges, and Responsibilities
  - After studying the aluminium industry in 11 countries d'Iribarne and his colleagues found that the "managerial class" has implicit and explicit rights, privileges, and responsibilities. Since these are deeply embedded in the culture many managers do not consciously think about these characteristics of their role. According to d'Iribarne their exact nature vary across cultures.



# Business Leaders Search for Cultural Allies

- Some Common Concepts
  - Rules (Contract vs. Relations)
  - Work vs. Family
  - Competition (Type and Level)
  - Management Practices



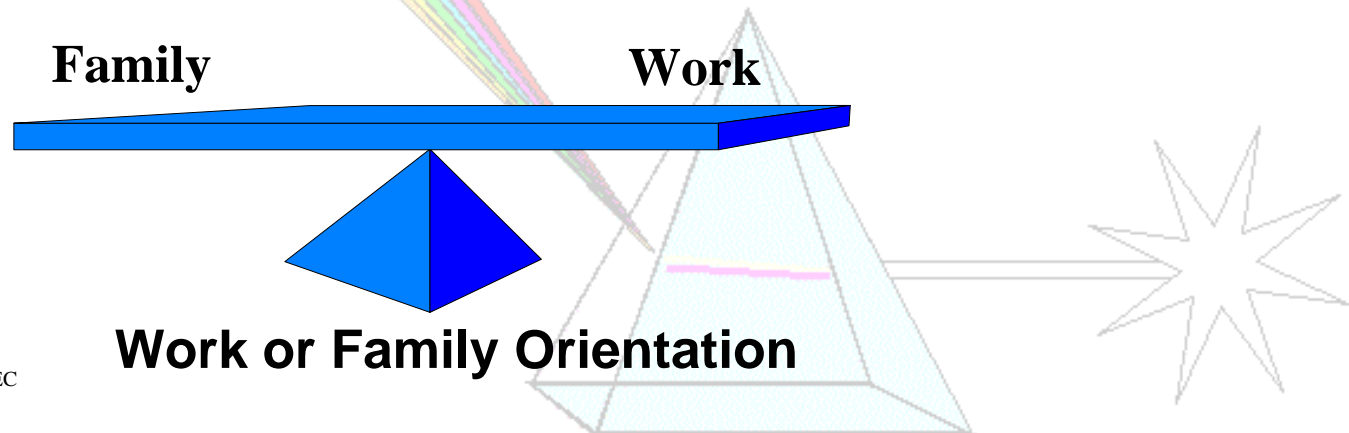
# Common Concepts



**Type of Competition**

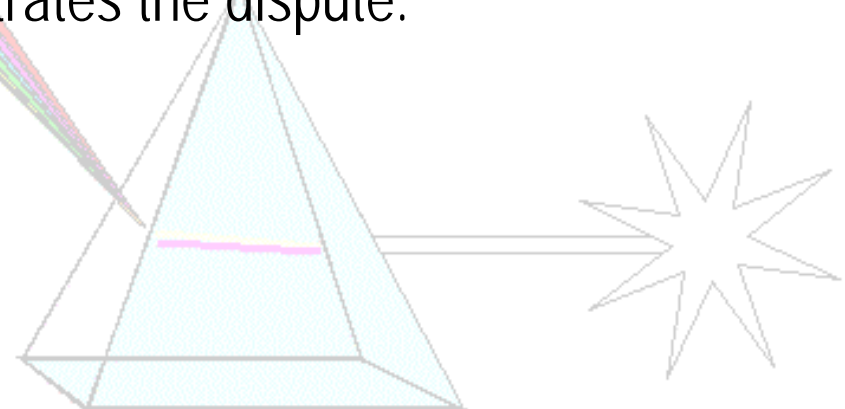


**Relationships or Rules**



# Choosing Business Partners and Markets

- Contracts or Relationships?
  - Certain societies are governed by well defined legal principles or rules. Disputes are often settled in a non personalised way.
  - Other societies are governed by implicit or informal principles. The goal of these principles is to maintain social, class, or family relationships. Disputes are settled in a very personal way often involving a "go between" who arbitrates the dispute.



# Choosing Business Partners and Markets

- Cultural Allies\*
  - Group A (Australia, Canada, New Zealand, Singapore, UK, US)
    - family before work
    - least cosmopolitan (language, foreign experience)
  - Group B (Argentina, Brazil, Italy, Mexico, Spain, Venezuela)
    - privately held companies, protected industries
    - few joint ventures
  - Group C (Austria, Belgium, Finland, France, Germany, Netherlands, Sweden)
    - most cosmopolitan
    - more close partnerships
    - more pessimistic about future
  - Island - Japan
    - strong work ethic
    - favour free trade
  - Island - South Korea
    - favours protectionism, optimistic toward future
    - country before company, corporate paternalism

