A REPORT ON

Cross Cultural Management

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(Principles Of Management)

BY

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This report deals with the importance of Cross Cultural Management in the present organizations followed by some case studies which explain how important CCM is.

Contents

Definitions to Better Understand Cross Cultural Communication

Organisation:
A consciously co-ordinated social unit created by groups [of people] in society to achieve specific purposes, common aims and objectives by means of planned and co-ordinated activities.

Culture:
Culture is an explicit social product arising from social interaction either as an intentional or unintentional consequence of behavior. In other words, culture is comprised of distinct observable forms (e.g., language, use of symbols, ceremonies, customs, methods of problem solving, use of tools or technology, and design of work settings) that groups of people create through social interaction and use to confront the broader social environment.

Cultural Orientations

- The cultural orientation of the society reflects the complex interaction of values, attitudes, and behaviors displayed by its members.

- Individuals express culture and its normative qualities through the values that they hold about life and the world around them.

Examples:

- North Americans generally see themselves as dominant over nature.

- Other societies, such as Chinese and Navaho, attempt to live in harmony with nature. They see no real separation between people and their natural environment.

Cross Cultural Management (CCM):
The growing importance of world business has created a demand for managers sophisticated in global management skills and working with people from other countries.

CCM can be defined as:

'the achievement of productive diversity, intercultural effectiveness and cultural synergy in the performance of management across cultures, through processes including successful cultural adaptation and cross-cultural social engagement, and skills including the leadership of cross-cultural teams and the resolution of culturally related value dilemmas'

Or in other words

Cross–cultural management describes organizational behavior within countries and cultures; compares organizational behavior across countries and cultures; and seeks to understand how to improve the interaction of co–workers, managers, executives, clients, suppliers, and alliance partners from around the world.

Globalization:

Globalization is the increasing interconnectedness of people and places as a result of advances in transport, communication, and information technologies that cause political, economic, and cultural convergence.

It should not be narrowly confused with economic globalization, which is only one aspect. While some scholars and observers of the globalization stress convergence of patterns of production and consumption and a resulting homogenization of culture, power, stress, and hunger, others stress that globalization has the potential to take many diverse forms. In economics, globalization is the convergence of prices, products, wages, rates of interest and profits. Globalization of the economy depends on the role of human migration, international trade, movement of capital, and integration of financial markets.

Global Strategy and Culture:

To succeed, corporations must develop global strategies. Recent decades saw the growing importance of global strategies, at least among leading firms and management scholars; however, the new millennium made it imperative.

Introduction:

A mutually intertwined process of internationalization and globalization has been proceeding very quickly and it has been becoming to a greater extend a characteristic feature of the present. Multinational companies are attracted by non-filled markets, cheap qualified labour force, convenient location or tax relief and nowadays they are able to position and move very quickly any source into any territory that bears, in their opinion, the most suitable conditions for increasing their value. In this context it mainly includes opportunities and challenges of developing global society. However, the cooperation advantageous for the partners involved may change into mutual competition. In the area of management it means that management should not be limited only to performing of economic and technical operations and not to pay attention to the influence of cultural environment companies operate in. It is necessary to focus on the ability of managers to manage a company in multicultural conditions. In this context we can find quite a new term "cross cultural management".

International working teams are quite common these days. Companies more and more get into touch with members of various national cultures. This includes their employees, business partners and customers. The work of managers is more and more influenced by development of "global" economics and that is why the need to manage problems of controlling and communication in the multicultural environment of multinational companies is of prominent interest now.

Importance of Cross Cultural Management:

One of the main tasks of management is solving of problems that are may appear at encountering individual company and national cultures. At the same time it is important which of the partner companies brings know-how, capital, management and suchlike. The partner that provides the future company management usually also influences the newly created organizational culture. When trying to overcome possible misunderstandings and to create of an environment favourable for all participating partners, it is possible to use several ways of converging of partner companies.

The consequences of ignoring of cultural differences can be devastating for the results of fusions and acquisitions. Based on their fifteen-year experience in advisory practice Gancel, Rodgers a Raynaud (2002) defined the following categories of causes:

1. **Insufficient awareness of existence of differences** – managers who are not aware of the very existence of the cultural dimension of management.

2. **Insufficient understanding –** managers know about the existence of culture, but they do not understand this issue and thus underestimate the culture impact and do not have any need to deal with it.

3. **Insufficient willingness** – managers knowingly decided not to deal with culture. Such decision of theirs is usually connected with one or more of the following reasons:

        - managing of cultural dimensions is not a sufficient priority for them (they understand that its cultural aspects are important, but they are not as urgent for them as pressure to reach results

        – thus they focus their energy on economic issues or technical problems and they do not have enough time to manage cultural differences);

        - they experience fear of the unknown (dealing with financial problems is safer and more comfortable, because it enables falling back on numbers and facts – to manage "soft" problems means to deal with people, behavior, emotions, make decisions in a different way, which causes discomfort, fear and uncertainty);

- care of cultural integration is not "attractive" enough for them (cultural integration is not easy to measure, its contribution cannot be expressed in money and thus it is not possible to prove success – "Opening a new factory improves image. But dealing with culture? What about it?.");

- managers really believe that it is not necessary to do anything. ("Our managers are intelligent, they understand that cooperation is necessary" – this approach is, according to the authors, the most contra productive and very naive, especially if we realize deeply emotional substance of national culture);

4. **Insufficient level of abilities and skills** – managers may be aware of the need "to do something about it" and they may even try to do it, but they fail due to lack of intercultural competences (which is due to lack of knowledge, intercultural sensitiveness, lack of appropriate skills, etc.).

This shows the importance of Cross Cultural Management.

In the next few pages will cover the ways for a manager to manage the cross cultural communications in an organization.

Organisational Culture :

There is no single definition for organizational culture. The topic has been studied from a variety of perspectives ranging from disciplines such as anthropology and sociology, to the applied disciplines of organizational behavior, management science, and organizational communication. Some of the definitions are listed below:

A set of common understandings around which action is organized, . . . finding expression in language whose nuances are peculiar to the group (Becker and Geer 1960).

A set of understandings or meanings shared by a group of people that are largely tacit among members and are clearly relevant and distinctive to the particular group which are also passed on to new members (Louis 1980).

A system of knowledge, of standards for perceiving, believing, evaluating and acting . . . that serve to relate human communities to their environmental settings (Allaire and Firsirotu 1984).

The deeper level of basic assumptions and beliefs that are: learned responses to the group's problems of survival in its external environment and its problems of internal integration; are shared by members of an organization; that operate unconsciously; and that define in a basic "taken -for-granted" fashion in an organization's view of itself and its environment (Schein 1988).

Any social system arising from a network of shared ideologies consisting of two components: substance-the networks of meaning associated with ideologies, norms, and values; and forms-the practices whereby the meanings are expressed, affirmed, and communicated to members (Trice and Beyer 1984).

This sampling of definitions represents the two major camps that exist in the study of organizational culture and its "application strategies." The first camp views culture as implicit in social life. Culture is what naturally emerges as individuals transform themselves into social groups as tribes, communities, and ultimately, nations. The second camp represents the view that culture is an explicit social product arising from social interaction either as an intentional or unintentional consequence of behavior. In other words, culture is comprised of distinct observable forms (e.g., language, use of symbols, ceremonies, customs, methods of problem solving, use of tools or technology, and design of work settings) that groups of people create through social interaction and use to confront the broader

social environment. (Wuthnow and Witten 1988). This second view of culture is most relevant to the analysis and evaluation of organizational culture and to cultural change strategies that leaders can employ to improve organizational performance.

Functions of organizational culture

- Organizational culture defines boundary.

- Organizational culture conveys a sense of identity for its members.

- Organizational culture facilitates commitment by its members.

- Organizational culture provides standard code of conduct.

Management is fast realizing that organizational culture is the driving force behind its successful operations.

Here is an interesting question !

How far can a company go to implement an organizational culture across different national cultures?

- An organization should seek to evolve a culture, which complements the national one but still manages to maintain its own corporate identity and individuality.

Organisations Culture in MNCs

- To determine the organizational culture requires examination of three aspects (Trompenaars 1993):

    - The general relationship between employees and their organization.

    - The vertical or hierarchical system of authority defining superiors and subordinates.

    - Views of employees about organization's destiny, purpose, goals, and their place in it.

Types of Organisations Culture :

Trompenaars (1993) identified and described four types of organizational cultures: "family," "Eiffel tower," "guided missile," and "incubator."

1) "Family"

   Strong emphasis on the hierarchy and orientation to the person.

2) "Eiffel Tower"

   Strong emphasis on hierarchy and orientation to the task.

3) "Guided Missile"

   Strong emphasis on equality in the work place and orientation to the task.

4) **"Incubator"**

   Strong emphasis on equality and personal orientation.

What is workforce diversity?

Today, the workforce is comprised of people who are different and who hold a wide range of attitudes, needs, desires, values, and work behaviors.

Disadvantages because of cultural diversity:
Problems most frequently occur in convergence situations when the organization needs employees to think and act in similar ways.

These problems may be:

- Attitudinal

- Perceptual

- Communicational

Advantages because of cultural diversity:
Employees from various cultural backgrounds can assist organizations in understanding cultural effects on buying decisions, marketing decisions, and in mapping strategies to respond to them

☞ Sales benefit if consumers have some opportunities to interact with organizational representatives of their own communities (Saee 1998).

☞ Enhanced creativity, flexibility, problem solving, especially for complex problems involving many qualitative factors (Hayles 1982).

Leadership across Cultures:

Definitions of leadership:

☞ The process of influencing people to direct their efforts toward the achievement of some particular goal(s) (Hodgetts & Luthans 1998).

☞ Getting the best out of subordinates individually and collectively, achieving objectives in the most effective way (Cadbury-Schweppes documentation).

Qualities of good leaders (Jackson 1993):

☞ The ability to build an effective team.

☞ The ability to listen.

☞ The capability to make decisions on their own.

☞ The ability to retain good people.

☞ The ability to surround themselves with good people.

Leadership behaviors and styles (Hodgetts 1999)

☞ Authoritarian: work-centered behavior to ensure the accomplishment of the task.

☞ Paternalistic: work-centered behavior coupled with protective employee-centered concern.

☞ Participative: both work and people-centered approach.

All these theories advance the notion that participative leadership behavior is more effective than authoritarian leadership behavior. This may be true in small power distance cultures, than in large power distance cultures, where employees tend to expect authoritative leadership.

A different Classification of Leadership:

Relationship-Oriented and Task-Oriented Leadership

- Relationship-oriented leaders place much more emphasis on maintaining a good relationship with their subordinates than they do on the performance of tasks.

- Task-oriented leaders place more importance on the performance of tasks than they do on maintaining a good relationship with their subordinates.

Basic points to successfully lead in an international environment:

- Know yourself and your culture well. Have a good idea of your strengths, development needs, and preconceptions.

- Know your personal goals.

- Gain consensus in group roles. Employees from high power distance cultures may require strong leadership from you, while others may find this offensive.

- Discuss the difficulties at the beginning and ask the team members what they think.

- Use all resources of the team.

- Make the objectives specific and clear.

- The employees from high uncertainty avoidance cultures may require a great deal of certainty in what to expect.

International Human Resource Management:

There have been notable transformations of human resource management in recent decades in order to develop cross cultural management.

Staffing Philosophies for International Enterprises:

☞ The ethnocentric approach

☞ The polycentric approach

☞ The geocentric approach

Ethnocentric:

The home country practice prevails with this approach. Headquarters from the home country makes key decisions, employees from the home country hold important jobs, and the subsidiaries follow the home country resource management practice.

Polycentric:

Each subsidiary manages on a local basis. A local employee heads a subsidiary because headquarters' managers are not considered to have adequate local knowledge. Subsidiaries usually develop human resource management practices locally.

Geocentric:

The company that applies the global integrated business strategy manages and staffs employees on a global basis. For example, Electrolux (the vacuum cleaner company) has for many years attempted to recruit and develop a group of international managers from diverse countries. These people constitute a mobile base of managers who are used in a variety of facilities as the need arises.

Advantages Disadvantages of using local nationals in foreign subsidiaries

• Lower labor costs
• Demonstrates trust in local citizenry
• Increases acceptance of the company by the local community
• Maximizes the number of options available in the local environment
• Leads to recognition of the company as a legitimate participant in the local economy
• Effectively represents local considerations and constraints in the decision-making process

• Makes it difficult to balance local demands and global priorities
• Leads to postponement of difficult local decisions until they are unavoidable, when they are more difficult, costly, and painful than they would have been if implemented earlier
• May make it difficult to recruit qualified personnel
• May reduce the amount of control exercised by headquarters

Advantages Disadvantages of expatriates

• Cultural similarity with parent company ensures transfer of business/management practices
• Permits closer control and coordination of international subsidiaries
• Gives employees a multinational orientation through experience at parent company
• Establishes a pool of internationally experienced executives • Creates problems of adaptability to foreign environment and culture
• Increases the »foreigness« of the subsidiary
• May involve high transfer and salary costs
• May result in personal and family problems
• Leads to high failure rate
• Has disincentive effect on local-management morale and motivation
• May be subject to local government restrictions

In the ethnocentric approach, the cultural values and business practices of the home country are predominant. Headquarters develops a managing and staffing approach and consistently applies it throughout the world. Companies following the ethnocentric approach assume the home country approach is best and that employees from other parts of the world can and should follow it. Managers from headquarters develop practices and hold key positions in the subsidiaries to ensure consistency.

The polycentric approach is in direct opposition. In the company that applies this approach, the assumption is that each country is different from all the others and that the subsidiaries in each country should develop locally appropriate practices under the supervision of local managers. With the geocentric approach, organizations try to combine the best from headquarters and the subsidiaries to develop consistent world-wide practices. Manager selection is based on competency rather than nationality.
There are both advantages and disadvantages to using local nationals and expatriates in foreign subsidiaries.

Most companies use expatriates only for such key positions as senior managers, high-level professionals, and technical specialists. Since expatriates tend to be very costly, it makes little financial sense to hire expatriates for positions that can be competently filled by foreign nationals. In addition, many countries require that a certain percentage of the work force be local citizens, with exceptions usually made for upper management.

SKILLS:

System skills

Level 4: Systems skills

Make ethical decisions

Build community through change

Span boundaries ⇨

Interpersonal skills

Level 3: Interpersonal skills

Mindful communication ⇨ Creating and building trust

Attitudes and orientations
Global Mindset

Level 2: Attitudes and orientations

Cognitive complexity ⇨ Cosmopolitanism

Threshold traits

Level 1: Traits

Integrity ⇨ Humility ⇨ Inquisitiveness ⇨ Hardiness

Foundation **Global knowledge**

Focus on interpersonal skills:

It's a whole new world of work, and interpersonal skills are key. Organizational change, diversity have changed the face of the workplace. Today, more than ever, success depends upon the combined cooperation, commitment and action of people—both face-to-face and across electronic and cyber channels. That's why your interpersonal skills are so critical to your own effectiveness as a manager.

Cross-Cultural Interpersonal Skills :
The identified five key skills in helping across cultures are:

- articulating the problem
- mutual goal formation
- diminishing defensiveness

- recognising resistance
- developing recovery skills

Rarely considered in considerations of cross-cultural management performance

Some more benefits of the skills are as follows:

- Solve problems by clarifying the real issues and roadblocks
- Minimize conflict and build group commitment
- Influence others and motivate them to profitable action through interpersonal skills
- Give criticism when necessary and praise to produce results
- Make trade-offs without being a pushover on big issues
- Implement plans without strong-arm tactics
- Develop credibility based on respect and trust
- Find alternatives to working with 'difficult' people
- Generate enthusiasm for your ideas and proposals
- Give direction without creating 'static'
- Save time, energy and talent by improving the entire 'people' side of your job

CULTURAL SYNERGY:
Multinational organizations have a special role not only in building cross-cultural bridges. But in innovating synergies through their practical knowledge of putting together human and natural resources with the know how of managing both in the most effective ways.

Cultural synergy is derived from the Greek word meaning 'working together'.Co-operative or combined action where the objective is to increase effectiveness. The co-operative and combined action from two or more relevant cultural sources, which produces mutually acceptable and beneficial results for participants.Cultural synergie in volves a process in which managers form organisationnel strategies, policiers, structures, and practices based on, but not limited to, the cultural patterns of individual organisation membres and clients (Adler 1997)

Synergy comes from the Greek Word meaning working together. This powerful concept :

1. Represent a dynamic process

2. Involves adapting and learning

3. involves joint action in which the total effect is greater than the sum of effects when the total effectis greater than the sum of effects when acting independently.

4. creates an integrated solution

5. Does not signify compromise,yet in true synergy nothing is given up or lost

6. Develops the potential of members by facilitating the release of team energies.

Synergy is cooperative or combined action. It occurs when diverse or disparate individuals or grups collaborate for a common cause.The objective is to increase effectiveness by sharing perceptions ans experiences, insights and knowledge. The complexity of today's shrinking global marketplace literally forces people to capitalize on their differences to progress together, as the mini-cases illustrate :

SYNERGY BEGINS BETWEEN COLLEAGUES, THEN EXTENDS TO THEIR ORGANIZATIONS, AND FINALLY TO COUNTRIES !

A Case Study :
AN AMERICAN FROM BANGALORE :

From a rooftop winpro Technologies'development center in Electronics city near Bangalore,you can watch the company grow. On a saturdaymorning, the center,where some 6000 winpro's 13,000 staff work,is in a weekend mode. The open air amphitheatre where Bill Gates, a sort of touring messiah, spoke to his disciples in deserted. The restaurants and classrooms and underused. Inside the computer terminals are unattended. But new buildings are rising relentlessly. The campus is supposed to accommodate 17,000 by 2005. With hardly a machine in sight, streams of men and women shift earth and rubble in baskets underneath their saftey helmets :the old india is building the new.

   Managing Winpro's part in modernisation is vivek paul, president of Winpro Technologies. If the campus- earth shifting technology aside- seems more californian than indian,then so does he. Although Indiaan born, he has the crunching handshake, steady gaze, in America running General Electric's medical scanner business, and then a GE joint venture with Winpro. He now has his corporate headquarters in santa clara, California.

    Winpro's history is one of succesful opportunistic diversifications. This has lead it out of the vegetable (cooking oil and soap) into the mineral, and ultimately into the cerebral, renting out software expertise , largely to Americans. Winpro is a body shop- aglobal back office for hire – a business more elegantly described…by the national industry association as « brain arbitrage »… For Mr. Paul this part of the unstoppable globalization of services.

Negotiations:

Processes of overcoming cultural differences
Every worker who fulfils his/her tasks in multicultural environment, no matter if he or she is a company representative for a prearranged period or as an employee, should know several basic rules that can make the orientation in a strange environment easier. When overcoming cultural differences, it is necessary to know oneself perfectly, which means to know one's culture, which is neither obvious nor simple. An enormous pitfall is the fact that within one's own culture the approach to the others as well as interpretation of their behaviour is verified and does not cause big problems, because despite the globalisation tendencies, the depth of cultural roots, patterns and standards influences perception and evaluation of gained information. The starting point for managing intercultural standards is realization of validity of the patterns of the own culture and recognition of cultural groundwork of the partner. The awareness of the fact that for example the Czech culture is optimal for solving of life situations just in the Czech society is a very important point in the effort to manage smooth operation in multicultural conditions.

Schroll-Machl, Nový et al. (2001) recommend quite a simple procedure consisting of three consequent steps leading to a successful cooperation in international environment:

1. Good knowledge of foreign culture

The first step means acknowledging and admitting the existence of differences between cultures. This mainly includes differences in perceptions, interpretations and evaluations of social situations and people who create them and act within them. These differences than have to be named, described, explained and understood. Recognition of the culture of a partner is considered to be the first condition of mutual understanding and good cooperation. This step is definitely neither common nor easy.

2. Respect of a foreign culture

Respect of a foreign culture means most of all accepting their differences without any judgement. It isnot possible to claim that a certain culture is more perfect, "better" than another culture. Cultures are different and for their members they represent optimum to manage life situations in conditions they have been living in for a long time.

3. Helpful steps in the relationship to a foreign culture

The last stem of the recommended process should be the effort to find common solution, mutual understanding and simplification of the complicated and demanding process of behaving in different cultural conditions. These helpful steps in no case mean that the participating partners should give up their cultural background, but it suggests that they should use their knowledge of own culture to gain knowledge about the partner's culture, which can be quite easy after all. Very often it is enough to sacrifice something that is not too important for us, but it means a lot for another culture. The main condition is a very good knowledge of partners and their cultural environment, though.

The main condition of a successful international cooperation is then understanding, respect and getting closer to the culture of foreign partners. Workers operating in international environment should be introduced to this procedure and through these simple steps they should try to avoid possible misunderstandings and conflicts in their everyday working lives. The mentioned recommendations can be used in contact with members of different cultures operating in international environment in both local and foreign environment.

Process of assimilation with a foreign culture
The process of assimilation with a foreign culture should be introduced especially to those workers who operate in a foreign cultural environment on a long-term basis. According to Weber and co. (1998) this process is very similar for many workers operating in multicultural conditions and it can be described by four phases:

1. Observation phase

Observation phase starts with the arrival of the representative worker into the hosting country. In most cases it happens without serious problems because everything is usually prearranged and a great attention is paid by the accepting organization to the worker. He creates new contacts with workers from the same country as well as with workers from the hosting organization quite quickly. The worker usually gains a very positive impression.

2. Collision phase

During the so-called collision phase the first problems occur. The new colleagues are not as reliable in some situations as they originally seemed to be. It is more difficult to make new contacts with people, especially out of work, than it was at the beginning. The worker continuously develops a critical attitude towards the foreign environment. This phase can also be called a critical phase and it usually lasts two to six months. The worker starts to be uncertain, which may decrease his or her self-confidence, especially if the expectancy and demands on his or her efficiency are simultaneously increasing. In this phase the danger of interruption of the stay by the worker is quite likely. He or she may experience the so called cultural shock that is usually defined as an emotional reaction of an individual resulting from loss of a culture familiar to him. Stressful situations, the intensity of which depends on how strongly the worker perceives the cultural departure, may occur.

3. Consolidation phase

In the third phase the worker recovers from the previous crisis, if he manages to find balance after the collision phase. He continuously adapts to the conditions of the hosting country, which is often connected to improvement of the language knowledge and identifying of reasons of different ways of behaviour of the other individuals. In an ideal case the system of relationships is settled and one's own ideas are becoming a possible alternative of evaluating measures.

4. Departure phase

Departure phase starts already with the preparations for the return from a foreign stay to the home country. An uncertainty about future in both working and

personal life may appear. The worker clearly understands that the habits and ways of behaviour he acquired abroad will be lost in the home country. His found balance and satisfaction can get lower and go again through the so-called contra-cultural shock, this time at the arrival to his own country. This shock is specific by repeated process of adoption.

During their stay abroad the workers may get into various life and work situations and go through different personal experience. That is why it is not possible to generalize this process. The length of each phase is also different for each individual. Despite this fact, knowledge of this process is very beneficial for the workers, especially from the point of view of preparations for a long-term stay in the environment of a foreign culture. The more distant is the hosting culture and its culture for the visiting worker, the more important is his preparation and consequent ability to adapt to the culture that is strange to him.

Conclusion

In the period of enlargement of the business, orientation in international environment is definitely vital not only for its members but also for other people. Many of them meet the differences of national cultures not only as tourists but also in everyday working life, because the fast process of internationalization and overall globalization brings requirements for inevitable integration of cultures and cooperation within the framework of multinational organizations. Traditional companies operating only inside of the borders of the individual countries are very rare these days. Culture and cultural differences play an important role in international companies, at work of multicultural teams and at international meetings. Different understanding of approaches, different cultural patterns may cause that it is not possible to efficiently and successfully execute good intentions and ideas. People in various countries may view and interpret the same facts differently. The meanings given to them are a place where the different cultural traditions can be seen the most. The knowledge of cultural differences may help the workers operating in multicultural environment to reduce the possible misunderstandings and it enables them to foresee the possible reactions of their partners. The workers who are ready to admit, understand and respect the cultural differences of other nations and to take helpful steps have a great advantage at fulfilling tasks in multicultural environment. Intercultural management is not only a marginal area but it has been gaining more and more significance for international as well as purely national companies, if they want to succeed in the demanding competitive environment. The development trend in this area goes towards converging individual nations, communication and understanding of intercultural differences, which represents a possible way to mutual cooperation reaching beyond the contemporary borders of individual states or groups.

Case Studies:

The two case studies which are dealt in here clearly shows how cross cultural management is done, and how it shouldn't be done!

Marketing The Big Mac

The Golden Arches have successfully spanned cultural gaps for decades. McDonald's formula seems to work all over the world with only minor modifications. I happened to witness one such modification when the first Indonesian 'McD' opened in the early 1990s in Jakarta. Scanning the new restaurant's offerings, I was at first puzzled and then impressed when the word 'hamburger' appeared nowhere on the extensive. Big Mac, yes. Burgers, sure. But no hamburger.

Then it hit me. In the world's most populous Muslim country, any reference to 'ham' might well offend some customers. Few Jakartans would be likely to know that the word 'hamburger' is actually derived from the German city of Hamburg, and that burgers are made of beef, not pork.

Under the Golden Arches in India the word hamburger is also absent, but for a different reason: India's majority Hindus venerate the cow and would never tolerate beef on the menu. No pork sausages for breakfast either, since both Hindus and Muslims avoid pork products. So for a while the only meat offered was the Maharaja Mac, a mutton burger. And even that item has since been withdrawn from the menu.

Today the most popular items at McDonald's Indian restaurants are the McVeggie Burger and the McAloo, a spicy potato-based burger. These products are part of a distinct trend towards beefing up (sorry!) menu offerings for vegetarians, and McDonald's vegetarian items are now prepared in separate parts of the kitchen to avoid contamination with meat. Moreover, the mayonnaise used in India is made without eggs, and menu items have been spiced up to better match local tastes.

McDonald's is a highly successful global marketer because although they provide their customers with a basically identical eating experi-

ence wherever the Golden Arches appear, they also pay close attention to local tastes and expectations. Some more examples:

– In Singapore the Sausage McMuffin served at breakfast time is made from spicy ground chicken rather than pork. Some 15 percent of the Lion City's population is Muslim.
– In Japan the first Golden Arches arose not in suburban shopping malls as in the USA but in small satellite restaurants close to train and subway stations, serving mostly take-out customers.
– Responding to traditional Japanese tastes, teriyaki burgers often appear on the menu alongside the Big Mac. Mild curries, rice dishes and rice balls have been added from time to time in an attempt to beat tough local competitors.
– In Moscow, restaurant employees had to be specially trained to smile in the friendly McDonald's way, because Russians do not feel comfortable smiling at strangers.
– McDonald's first restaurant in Israel, near Tel Aviv, served kosher food. And its Mecca site in Saudi Arabia serves only halal beef, slaughtered according to Islamic law.
– Over the years European customers have been able to order black currant milk shakes in Poland, veggie burgers in the Netherlands, and salmon burgers in Norway.

These local variations on a global theme have helped McDonald's become the number one fast food provider just about everywhere.

A slip of the Tongue!

TransOceanic is a worldwide logistics services company involved in freight forwarding and container consolidation, based in the United States. For almost six months they had been working hard to expand their network of local representatives throughout the Middle East. TO's number one regional priority was to conclude a representation agreement with Arabco, one of Saudi Arabia's largest and most established logistics companies.

To achieve this goal, Regional Manager Ted Goodfellow of Trans-Oceanic had been meeting once or twice a month with Arabco. By now the two companies had agreed on all the financial, legal and technical issues. Ted was now back in Riyadh to wrap up the final details and sign the contract. This visit was largely a formality – both sides clearly wanted this agreement.

During the pleasant meeting with the top Arabco executives Goodfellow casually mentioned, "We at TransOceanic are really looking forward to working with you here in the Persian Gulf!" At that there was a moment of shocked silence on the Arabco side of the conference table. Then the three senior executives arose and strode angrily out of the room, breaking off negotiations.

Bewildered, Ted looked at the two junior Saudis who had remained behind. He hated to see six months of hard work going up in smoke. "What happened here?" he asked the young Arabs across the table. "Did I say something wrong?"

After some hesitation one of the Arabco employees explained that in Saudi Arabia, the body of water in question is called the *Arabian* Gulf. By misnaming it Ted had unintentionally implied that the Gulf belonged to Iran, a country which Saudi Arabia at that time considered hostile and threatening.

The bosses of Arabco were now too upset with Ted to listen to an apology from him. "Well, what should we do then to get these talks back on track?" asked Ted. At this the young Arabs shrugged, smiled faintly and ushered the American to the door. On the way back to his hotel Ted Goodfellow focused his mind on finding a way to repair the damaged relationship.

This regrettable incident happened in the early 1990's. Cases like this are generally used in the negotiation seminars to demonstrate the importance of understanding local sensitivities.

We have seen that cultural differences create invisible barriers to organizations. So Cross Cultural Management is very important. And all the managers in the world, especially managers of huge organizations, have to take care that cross cultural management is done properly and things are negotiated.