Engagement in the global economy

A primer on the impact of national cultures on employee engagement

Louis Pike, Ph.D.
L1pike@ryerson.ca
416-236-0118
Can we use our North American theories, beliefs and perceptions to accurately describe and assess the engagement of employees from diverse cultures?
GOAL

- A nomenclature
- Describe and predict
- Impact of culture on engagement
1. What’s ‘engagement’?

2. Video & Diagnosis: “A World of Difference”

3. A nomenclature: how to describe and compare national cultures
   • Application exercises

4. Seeds for thought: are North American theories universally applicable?
ENGAGEMENT UNPACKED

• Motivated
• Satisfied
• Committed
MOTIVATION

• Emotional and rational effort toward goals.
• High absorption in the work.
• High self-efficacy.

Persistence

Intense

Purposeful
Job Satisfaction

Do you like the work and the workplace?
Job Satisfaction has a moderate positive effect on Job Performance. People who experience higher levels of job satisfaction tend to have higher levels of Task Performance, higher levels of Citizenship Behavior and lower levels of Counterproductive Behavior.

Job Satisfaction has a strong positive effect on Organizational Commitment. People who experience higher levels of job satisfaction tend to feel higher levels of Affective Commitment and higher levels of Normative Commitment. Effects on Continuance Commitment are weaker.

- Green: Represents a strong correlation (around .50 in magnitude).
- Orange: Represents a moderate correlation (around .30 in magnitude).
- Red: Represents a weak correlation (around .10 in magnitude).
Commitment

1. **Normative commitment**: A sense of loyalty or obligation

2. **Continuance commitment**: Staying because it’s too costly to quit

3. **Affective commitment**: Emotional attachment to, identification with, and involvement in an organization
Who’s disengaged from Gavin’s point of view?
“A set of basic assumptions – shared solutions to universal problems of external adaptation (how to survive) and internal integration (how to stay together) – which have evolved over time and are handed down from one generation to the next.”
(Schein, 2004: 14)
Schein’s Three Levels of Culture

**ARTIFACTS**
- Visible organizational structure and processes (hard to decipher)

**ESPOUSED VALUES**
- Strategies, goals, philosophies, (espoused values), norms

**ASSUMPTIONS**
- Unconscious, taken-for-granted beliefs about the world.
  Perceptions, thoughts and feelings (the root of values and action)
1. Power Distance
2. Uncertainty Avoidance
3. Individual/Collective
4. Achieve/Nurture
5. Universal/Particular
6. Achieved/Ascribed
7. Inner/Outer directed
8. Specific/Diffuse
Hofstede’s Model (1980)

- IBM Employees in 70 countries
- 116,000 questionnaires
- Values and opinions
- Cultural dimensions: “central tendencies” within a culture
Power Distance
(Low – High)

The degree of inequality among people that a culture considers normal.

High-ranking countries: Russia, Spain, Thailand. Tall, centralized structures with a hierarchical management approach. Conflicts are resolved by going through specific levels of formal authority.

Low-ranking countries: Netherlands, Denmark, Israel. Value group inputs to decisions and expect their decisions to be challenged and discussed by employees. Flatter structures, smaller span of control.
Uncertainty Avoidance (Low - High)

The degree to which people in a country prefer structured over unstructured situations.

High scored countries: Germany, Denmark, and Switzerland, demonstrate a strong tendency toward applying a consistent set of rules and laws to manage situations.

Low scored countries: Russia, Greece, and Venezuela, are more tolerant of ambiguity and not so structured in their approach.
Individualism vs. Collectivism

The degree to which individuals are expected to be part of a group in their organization or in their society.

**High-ranking countries:** Denmark, Singapore, Japan, Sweden expect individuals to participate in group activities.

**Low-ranking countries:** Greece, Italy, Argentina value individualism and personal contribution to task accomplishment.
Achievement/Nurturing
(Previously called Masculine/Feminine)

Whether a culture expresses attitudes typically associated with ‘Achieving’ or ‘Nurturing’ determines whether it views gender roles as different.

High scored countries: Egypt, India, and Turkey give men higher social status than women.

Low scored countries: Canada, Denmark, Hungary, Poland; women get a higher status in society, play a stronger role in decision making, and they tend to hold positions of power and authority.
Being vs. Doing Cultures
Kluckholn & Strodtbeck

Live to work?

Work to live?
## CANADA and USA

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>CANADA</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>POWER DISTANCE</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>UNCERTAINTY AVOIDANCE</td>
<td>48</td>
<td>46</td>
</tr>
<tr>
<td>ACHIEVEMENT (Masculine)</td>
<td>52</td>
<td>62</td>
</tr>
<tr>
<td>NURTURING (Feminine)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDIVIDUALISM vs. COLLECTIVISM</td>
<td>80</td>
<td>91</td>
</tr>
</tbody>
</table>

http://geert-hofstede.com/countries.html
Over a 14 year period, data collected from over 46,000 managers representing more than 40 national cultures
Trompenaars’ Dimensions of Culture

1. Universalism vs. Particularism
2. Status is Achieved vs. Ascribed
3. Specific vs. Diffuse
4. Inner vs. Outer Directed
Trompenaars’ Cultural Dimensions: Specific vs. Diffuse

• **Specific**: large public space shared with others and small private space guarded closely.
  - Open, extroverted; strong separation work and personal life (e.g., Austria, U.K., U.S.)
  - We stay “in role”. E.g. I don’t tell you about my relationship with my wife. You’d feel uncomfortable.

• **Diffuse**: public and private spaces similar size, public space guarded because shared with private space; people indirect and introverted, work/private life closely linked (e.g., Venezuela, China, Spain)
  - Losing face: is making public what is considered private
Universalism – Particularism

UNIVERSALISM
Ideas and practices can and should be applied everywhere in the world without modification.
Reliance on ‘objective’ laws, rules, contracts.

PARTICULARISM
Circumstances and special relationships should be factored into how ideas practices, agreements are applied.
Trompenaars’ Cultural Dimensions

Achievement vs. Ascription

- How one gains social status and privilege.
- Is it what you’ve done or who you are?
Trompenaars: The Environment

**Inner-directed**: people believe in control of outcomes
- U.S., Switzerland, Canada, Japan

**Outer-directed**: people believe in letting things take own course
- China and many Asian and Middle Eastern countries

“God helps those who help themselves.”
“Just do it!”

“If Allah is willing”
“C’est la vie!”
Fundamental Attribution Error

- The assumption that someone's behaviour is caused by something inside them rather than an external factor.

E.g. personality, personal values

E.g. cultural norms
ACHEIVEMENT MOTIVATION THEORY
McClelland’s Learned Needs Theory

- **Need for Achievement**
  - Concern for establishing and maintaining high levels of performance quality.
  - Aren’t great managers or team players
  - Like immediate concrete feedback.
  - Want to take personal responsibility for finding solutions to problems
  - They tend to be moderate risk-takers rather than high or low risk-takers

- **Need for Power**
  - Concern for reputation, responsibility, influence, impact, and control over others
  - Above average attendance.

- **Need for Affiliation**
  - Concern for establishing and maintaining social relationships.
  - Prefer to cooperate vs. compete
Selected Countries on the Uncertainty-Avoidance and Masculinity Scales

High scores on McClelland’s N(ach)
Hofstede, 1980

Physiological Safety & Security Belongingness Esteem
Needs hierarchy in collectivist cultures

Outcomes of Equity Theory Comparisons

<table>
<thead>
<tr>
<th>COMPARISON RESULT:</th>
<th>WAYS TO RESTORE BALANCE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
</tr>
<tr>
<td>Your Outcomes</td>
<td>Other's Outcomes</td>
</tr>
<tr>
<td>Your Inputs</td>
<td>Other's Inputs</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>No actions needed.</td>
<td></td>
</tr>
</tbody>
</table>

- Pay for Performance
- Equal pay for work of equal value
- Pay grades
# Individualistic & Collectivistic Approaches to Equity

<table>
<thead>
<tr>
<th>Western Individualistic Cultures</th>
<th>Eastern Collectivistic Cultures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INPUTS</strong></td>
<td><strong>INPUTS</strong></td>
</tr>
<tr>
<td>• <em>Effort</em></td>
<td>• <em>Loyalty</em></td>
</tr>
<tr>
<td>• Effort</td>
<td>• Support</td>
</tr>
<tr>
<td>• Intelligence</td>
<td>• Respect</td>
</tr>
<tr>
<td>• Education</td>
<td>• Tenure</td>
</tr>
<tr>
<td>• Skills</td>
<td>• Status</td>
</tr>
<tr>
<td>• Social status</td>
<td></td>
</tr>
<tr>
<td><strong>OUTPUTS</strong></td>
<td><strong>OUTPUTS</strong></td>
</tr>
<tr>
<td>• <em>Pay</em></td>
<td>• <em>Harmony</em></td>
</tr>
<tr>
<td>• Pay</td>
<td>• Social status</td>
</tr>
<tr>
<td>• Autonomy</td>
<td>• Acceptance</td>
</tr>
<tr>
<td>• Seniority</td>
<td>• Solidarity</td>
</tr>
<tr>
<td>• Benefits</td>
<td>• Cohesion</td>
</tr>
<tr>
<td>• Job Status</td>
<td></td>
</tr>
</tbody>
</table>
In what kind of culture would this practice work well?

In the USA, Inner-directed (Achievement)
Engagement and Work Centrality

- **Work centrality**: The importance of work in an individual’s life relative to other areas of interest.
Variations in Work Centrality

- Japan: highest level
- Israel: moderately high
- U.S. and Belgium: average
- Holland and Germany: moderately low
- Britain has low levels
Employees are more likely to be engaged if they can understand and identify with the organization’s mission, goals and style.
Non-Western Structures

- **Family Business**
  - Take various forms
  - Some small and local, others dispersed multinational conglomerates

- **Chinese Family Business**
  - Patrimonialism (inheritance)
  - Leadership is changing: Autocratic/Paternalistic, Participative
  - Personalistic management

What cultural dimensions would be in/compatible with these structures?
Non-Western Structures

● Japanese Keiretsu
  ● Complex inter-firm networks that combine market exchange and non-economic social relations

What cultural dimensions would be in/compatible with these structures?

● Business group consisting of large companies, owned and managed by family members or relatives in many diversified business areas
Leader-Subordinate Interactions

One-way downward flow of information and influence from authoritarian leader to subordinates.

Continual interaction and exchange of information and influence between leader and subordinates.

Continual interaction and exchange of information and influence between leader and subordinates and between subordinates.

DOES ‘TEAM’ TRANSLATE?
Cultures have different assumptions about the purpose of teams

1. To spread information and discuss problems?
2. To make decisions and take action?
3. To create social relations?
4. None of the above?
Cultural Factors: The Forming Stage

- Americans, Germans and Swiss (and probably Canadians) typically spend relatively little time getting to know each other. They find out the nature of the task of set about pursuing it on their own without first building trust and cohesion.

- Latin American, Southern European and Middle Eastern members spend a great deal of initial time getting to know each other.

**WHY?**
“Planned Change in Organizations: The Influence of National Culture”

“The subject of organizational change simply does not seem to generate as much attention outside the Anglo and Nordic countries and outside the English language literature. Implicit in much of the literature on organizational change that we studied is the idea that change is good, resistance to change is bad, and that the best way to implement change is by participation.”

1. International leadership development program
2. Mergers and acquisitions
3. Team facilitator training
4. Cross-cultural consulting
5. Performance management
6. Diversity in organizations
USEFUL LINKS

- **WEB SITES**
  - Alfons (Fons) Trompenaars: Trompenaars Hampden-Turner: [http://www2.thtconsulting.com/about/people/fons-trompenaars/](http://www2.thtconsulting.com/about/people/fons-trompenaars/)
  - Centre for Intercultural Learning (Foreign Affairs and International Trade – Canada): [www.intercultures.gc.ca](http://www.intercultures.gc.ca)

- **ARTICLES**
  - Organizational consulting in international contexts: An integrative perspective.
    - Author: Fulkerson, John R.; Fulkerson Consulting, LLC, New Canaan, CT, US johnfulkerson@earthlink.net