

Profit, Conflict and Cultures

Fighting for Freedom in Multinational Organizations

Freedom can be expressed in organizations as, among other things, entrepreneurial behavior, individual initiatives, creativity and responsibility. This is probably why we now recognize that the key assets of many organizations are their human capital. But people fight to defend their particular perceptions of freedom, and such perceptions are strongly influenced by culture.

Cultural differences can thus come to the surface in conflicts that reveal deeply felt values about rights and responsibilities. In this article I attempt to show how such conflicts arise, what we can learn from them in order to manage expectations in relation to freedom, and how we can bring about effective cooperation.

A case in point

IT International is an American company with branches in several European countries, including the Netherlands. A conflict has arisen between the American manager and the Dutch sales team. In the past year this has led to the departure of two successful Dutch workers and many sleepless nights for Mike, the CEO of IT International in the Netherlands. Mike considers the sales team to be at best “pretty undisciplined” and, at worst, a “bunch of anarchists”. He has a lot of trouble getting the Friday status reports in and has received just two responses to the system of progress reports he introduced recently. Even the ones he got were only partially filled in.

The Dutch seem to want to avoid all controls, which is, of course, unacceptable. Introducing progress reports, which was done because the status reports were handed in too late, looks like it has further lowered the level of motivation in the team. The attitude of the sales reps has become aloof, at times even dismissive. The atmosphere is frankly unfriendly, and there seems to be no real reason for this. Surely they can see that it's Mike's job to try to keep things more or less under control?

If you ask the Dutch about it, you hear that the atmosphere has been soured by the CEO's behavior. He has no clear management style and absolutely no trust in the team, as is evident from his exaggerated need for control. On the one hand, they get pep talks, encouraging them to take the initiative and spend more time with customers. On the other, he expects them to spend valuable time filling in detailed reports covering every little step they take; what a waste of time! One way of side-stepping this tedious obligation is to make appointments with customers when you are supposed to hand in your report. The resulting tensions have led to some colleagues quitting. Why can't Mike just be satisfied with the real results: i.e. the business that is being generated?

This case describes a conflict that arises from differing perceptions of effective management. As energy that could be invested in output is being wasted on internal matters, the conflict is having a negative effect on the bottom line. A struggle has developed because each side has a different understanding of the concept of individual freedom.

Such conflicts are based on a dilemma found in all organizations. Individuals need freedom of thought and action, but, if they recognize the need for authority and basic ground rules for cooperation, they have to relinquish some of this freedom in order to serve the interests of their team, department or company. The dilemma lies in the fact that, while individual contributions determine the value of the group, cooperation can be damaged by too strongly emphasizing individual contributions.

If we are to release energy that was previously wasted on internal conflicts, and thus allow organizations to focus on external goals, we need both to understand the basic

values that determine individual freedom and to develop an approach to cooperation that respects it to the highest possible degree.

First of all, it is useful to appreciate that conflicts usually signify incompatible basic values with regard to the individual's freedom. As such, these conflicts can help us find the way toward more effective cooperation. If we examine the concepts of individual freedom represented in national groups within organizations that operate internationally, we will be able to establish the effects of these various, group-related perceptions on the effectiveness of cooperation within them. It is, after all, individuals who, together with their colleagues, create a socially accepted concept of freedom.

It would appear that the concept of individual freedom is recognized worldwide. But what does this word actually mean? Perceptions are far from universal! We only have to look at the countless international conflicts or at the difficulty defining human rights around the world to see that people do not hold the same values with respect to individual freedom.

Let's have a closer look at what we call freedom

Individuals acquire social behavior through observation, giving meaning, copying, experimenting, getting feedback, adapting and so on. For most of us this starts when we are children living in a family. The family is the first group to which we belong -- it is our "archetype team." In this family we have a family culture based on shared norms and values that determines our behavior. Our experiences in this "mother of all teams" may greatly influence our behavior in future teams and organizations.

Purely based on observation, we may state that already as children we have individual needs and social needs which we will go to great lengths to obtain and secure. How these needs are met moulds our concept of freedom. On the one hand we have the need to express our opinions and wishes and to act accordingly. On the other hand we need security, support, trust and leadership. The art of growing up in a family is balancing those needs. This is not a lot different in the other teams in which we will participate later in life.

The Model of Freedom¹

When we acquire cultural behavior, we discover the limits of our freedom. We then start copying socially desired behavior: "This is how it is done here", this is acceptable or preferred behavior. Mostly we are guided by the effectiveness of our behavior.

We further discover that authorities can limit our freedom, which is accepted by us if we can do nothing about it or if we see that the power holder acts responsibly. In other words, authorities have a great impact on our actions.

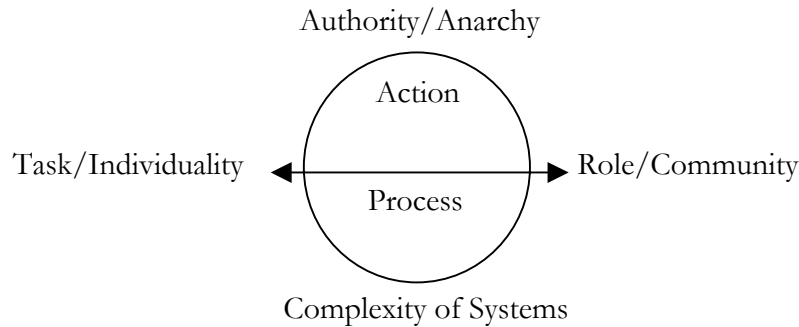
We also discover that we need to make appointments and keep them; we need rules to structure our freedom; we need a system and processes. The need for systems does not control our actions in the same way as do authorities. In the field of actions we focus on what is allowed to the content of our actions. In the field of system-needs we focus on how things will be organized, the rules, procedures and processes.

This is not the place to explain at length the model we developed. Our Model of Freedom (MOF) has its origins in the well-known model of organizational culture of Roger Harrison and the learning circle of David Kolb, collated with the outcome of our observations of the archetype team to the family. Definitions of cultural dimensions are taken from Trompenaars and rephrased to fit the MOF.

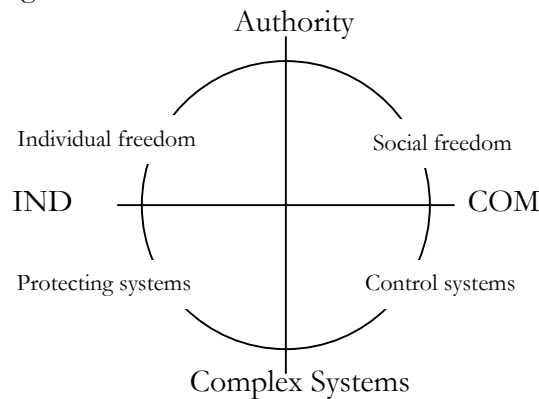
Harrison and Trompenaars use four dimensions to characterize the orientation of a (corporate) culture: Task, Person, Power and Role. We merged Harrison's Task-Person orientation and Trompenaars's Individualism vs. Communitarianism with "degree of individual needs," Role orientation with "degree of social needs." Power goes from zero

to full acceptance and is read as “from anarchy (= no order) to absolute authority,” and for a system of rules we used Trompenaars’s Universalism vs. Particularism. Particularistic cultures tend to incorporate all eventualities in their systems, making it more complex than cultures that stick to a limited set of “golden rules”. For the purpose of this article we rename this dimension, calling it Simple vs. Complex Systems.

Actions and Systems are two important elements of the Model of Freedom (MOF). They divide the model in two fields or orientations: The Action Orientation and the Process Orientation².



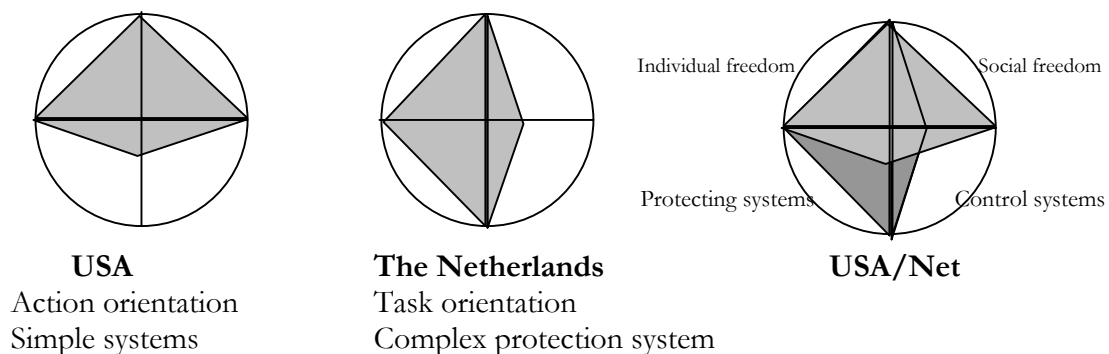
If we divide Action and Process in relation to Task/Individuality and Role/Community, we can draw the following scheme.



- Individual freedom: Individual (non-competition) acts enhancing self-actualisation.
- Social freedom: The role one chooses (competition) in a community
- Protecting systems: Rules to protect the individual, his rights put in rules
- Control systems: Rules to control people in their quest for status, their obligations put in rules.

How it looks like

Based on the Trompenaars research and our own observations, we are now able to draw the preferred cultural orientation (central tendency) of the USA and The Netherlands. Please read the diagrams below as “arrow heads”, pointing in the direction of the cultural orientation.



With regard to Individual Freedom, there are only minor differences between Dutch and American value systems. System-needs however differ considerably. Americans prefer universalistic rules: no exceptions allowed and violations are punished. Dutch are less universalistic and mainly want protecting rules. The gap widens even more once we examine not only the extent to which it is desirable for an individual to be achievement oriented (aspect of role orientation), but also the possibility of anarchy, and the concomitant need for control and regulation.

If we make a distinction between Action and Process, we can see that Americans focus much more on the former than do the Dutch. Their basic attitude (neatly summed up by the Nike slogan “Just do it” is “learn from your experience and modify your strategy accordingly.” In the distinction Individuality - Community, the Americans also focus more than the Dutch on their position in society. Success is more visible in the US than it is in the Netherlands, and a great deal more effort is put into achieving tangible signs of success.

The *individual freedom* quadrant embraces the right to hold your own opinions and live according to your own principles. The American concept of freedom is epitomized in the popularity of Frank Sinatra's song “My Way” and in the image of the lone cowboy in the Marlboro cigarette advertisement. In contrast, the Dutch find it more important to express their opinions directly (in a way that many people from other countries find exceptionally blunt). Freedom is the quadrant in which people from the Netherlands and the US have most in common: personal initiatives are valued, and people like to be delegated tasks and responsibilities.

The two groups also have distinct needs for *protection*, and this is expressed differently. Whereas the emphasis in the Netherlands is generally on equal rights, in the US there is a tendency to take the law into one's own hands, by way of self-defense, whether with firearms or through action in court.

The main differences between the two countries can be seen on the right-hand side of the diagram – in the extent to which people choose to be part of a society that emphasizes competition, achievement, and showing off social success. Another difference is the degree to which, in this type of society, a *control* system is considered desirable to limit *anarchy*.

Conflicts

Conflicts often develop when members of groups with different perceptions of freedom judge one another without being aware either of their own mental preferences or of the fact that there are different perceptions of freedom. In other words, their perceptions tend to be colored.

In the conflict at IT International, Mike sees the behavior of the Dutch sales reps as anarchic. If he were dealing with Americans, this might be a correct assessment, since they could be spending a lot of company time on their own paths to success. The status report and other systems that collect data for purposes of evaluation and control are instruments designed to limit organization-unfriendly behavior, or to transform it into output-raising behavior. However, if you manage a group with few anarchic tendencies as if they are anarchists, this will be perceived as a lack of trust and inefficient management. The Dutch, with their perceptions colored in their own particular way, see Mike as someone who does not trust them and wastes their time with unnecessary reports. This offends their deepest feelings about freedom. As a result, tempers quickly become heated.

At this point we should remember that many conclusions about a lack of trust, or about other people's low motivation, or even incompetence, may flow from insufficient awareness of the differences in the perceptions of freedom held by others.

When we realize that a conflict has its origins in cultural differences, we open the road to reciprocal respect, and are then on our way to reconcile the differences at an operational level.

Myths

People the world over maintain myths about the stupidity, naiveté, incompetence, laziness or unreliability of peoples of a different culture. However, none of these negative characteristics apply to any culture: While they may be found in particular individuals, they are most probably unrelated to the desirable behavior within the groups to which these individuals belong.

The example I have used refers to an American-Dutch conflict, but we can plot freedom diagrams for many countries by using the values for the four key dimensions of culture available from the mentioned sources. If, for instance, we identify the differences in perceptions of freedom between Great Britain and France, Russia and the Czech Republic, Spain and Portugal, Turkey and Greece, Norway and Sweden, Belgium and the Netherlands, and Japan and just about every other nation, we may gain insight into the roots of many of the conflicts in the world of multicultural corporations.

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¹ Available resources giving meaning to the Model of Freedom

Geert Hofstede's study (*Culture's Consequences, International Differences in Work-Related Values*, Sage Publications 1985) contributed largely to cultural understanding in the past. His data are based on a research dating from the early seventies and draw from a single company sample. We choose not to use his data for these (outdated and limited) and other reasons.

Fons Trompenaars delivers quantified cultural preferences based on recent (continuing) research, which can help us out in our attempt to understand those aspects of human behavior that give rise to conflicts within organizations today. (*Building Cross-Cultural Competence*, Charles Hampden-Turner & Fons Trompenaars, John Wiley & Sons 2000.) Besides the research mentioned, we have gained additional insight from the valuable feedback of participants in the many seminars we have conducted all over the world during the past ten years. Culture is not static; it is influenced by developments and changes in our world. We found a strong correlation between the increase of GNP and the increase in "individuality." Access to information through the Internet influences people's appreciation of authorities. The threat of (armed) conflicts raises people's needs for protective rules and systems.

² The fields of Action/Process also correspond to the categories of Action and Being defined by other authors (see: Edgar H Schein, *Organizational Culture and Leadership*, 1987 Jossey-Bass Publishers, chapter 1). In Action, we believe that the world can be shaped to meet human needs and learn about it through our actions. In Being, we prefer to analyze and philosophize and attempt to understand the world by deduction from what cannot be doubted (incontrovertible basic principles) and to feel secure by accepting and understanding the systems.